



Ministry of  
**Fisheries**  
Te Tautiaki i nga tini a Tangaroa

## Annual Report 2005/2006

*Presented to the House of Representatives pursuant to section 39 of the Public Finance Act 1989*



The value New Zealanders obtain through the sustainable use of fisheries resources and protection of the aquatic environment is maximised

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## ■ Foreword

The Ministry of Fisheries has the task of protecting and preserving our fisheries for the future, while ensuring that people today can continue to use, enjoy and benefit from them. As our Māori name states – we are the guardians of our fisheries.

New Zealand's fisheries reflect our heritage as fishers, as sailors, and as people who love that they live in a country where they can drop a line in the sea and catch fish, gather pipi or paua, or drop a pot to catch lobster.

New Zealanders expect that our fisheries will be managed in a way that ensures they continue to be sustainable, while ensuring that growth and innovation in this primary sector is fostered. They also expect us to manage the effects that fishing activities have on our marine environment.

Improvements in management and outcomes will not only rebuild and retain healthy fish stocks, but ensure that both people and the environment we share can benefit from this sound management.

This year has been highlighted by achievements against a number of fisheries objectives and outcomes. We made strong progress in developing strategic frameworks that will help us manage fisheries effectively and transparently, continued our research into sustainability and worked as part of the international community on a number of initiatives including a key role in the establishment of the South Pacific Regional Fisheries Management Organisation.

The implementation of settlement provisions under the Māori Commercial Aquaculture Claims Settlement Act 2004 has progressed. The last year also saw a range of innovative strategies introduced to deter poaching and black market activities, and increasing sector engagement and consultation.

On 1 October, we also marked twenty years since the introduction in 1986 of the Quota Management System, which is a cornerstone of New Zealand's fisheries management. The coming year will see us continue to improve on our record of engagement with fisheries stakeholders. Fisheries plans will become operational and we will make progress on managing shared fisheries. Our investment in the future of fisheries will continue.

We have a reputation as leaders in fisheries management and I trust that this too will continue.

**Pursuant to section 39 of the Public Finance Act 1989, I am pleased to present my Annual Report on the operations of the Ministry of Fisheries for the year ended 30 June 2006.**



**Dr John Glaister**  
September 2006

## ■ New Zealand Fisheries at a Glance

NZ Marine Fisheries Waters (EEZ and Territorial Sea)	4.4 million km <sup>2</sup>
NZ coastline	15,000 km
Marine species described <sup>1</sup>	8,000
Species commercially fished	130
Productivity of the fishery	Medium
Ecosystems	Diverse
Climate	Sub-tropical to sub-Antarctic

### Quota Management System Stocks

Number of species/species complexes in the QMS	94
Individual stocks in the QMS	619
Information available on stock status <sup>2</sup>	60-70%
Stocks at or near target level <sup>3</sup>	82%

### Commercial Fisheries and Aquaculture

Total export value 2005 (FOB)	\$1.2 billion
Capture fisheries	\$1.0 billion
Aquaculture	\$200 million
Direct subsidies	Nil
Total quota value <sup>4</sup>	\$3.5 billion
Persons with quota holding	2,432
Commercial fishing vessels	1,365
Processors and Licensed Fish Receivers	227
Direct employment (full time equivalents) <sup>5</sup>	10,500
Direct and indirect employment (full time equivalents)	26,000
Annual take (in NZ EEZ)	505,000 tonnes

### Customary Fisheries

Tangata Tiaki appointed (South Island)	134
Tangata Kaitiaki appointed (North Island)	148
Temporary closures	6
Taiapure-local fisheries	7
Mātaitai reserves	5
Estimated annual take	not known

### Recreational Fisheries<sup>6</sup>

Estimated participation (as a % of the total NZ population)	20%
Estimated annual take	25,000 tonnes

### Ministry of Fisheries

Budget 2006/07 (excl GST)	\$89.4 million
Net assets	\$12.8 million
Staff as at 30 June 2006 (FTEs)	408
Honorary Fishery Officers	149

- 1 New Zealand Biodiversity Strategy, 2000.
- 2 Percentage of stocks calculated by weight and value.
- 3 Of the 93 stocks for which we have information for current stock size, 76 (82%) are at or near target levels. For the remainder of those stocks, rebuild strategies are in place. These represent the main commercial stocks.
- 4 Statistics New Zealand. Fish monetary stock accounts. Calculated on basis of average quota trade price x TACC.
- 5 McDermott Fairgray Group, 2000, Economic impact assessment for NZ regions. Prepared for the NZ Seafood Industry Council.
- 6 1999/00 Survey of Recreational Fishing.

## A Shared Vision



## A shared vision

### Sustainability

Fisheries are one of this country's most important natural resources and the work of the Ministry of Fisheries reflects our varied interests at a local, regional, national and global level. From scientific research, to policy development; from Fishery Officers helping fishers to comply with local regulations, to mitigating accidental bycatch of seabirds or marine mammals.

We aim to protect and maintain stock levels so that people can continue to fish. Fundamental to this is working together to ensure our actions and the effect they have on the species we harvest, and the environment on which they depend, are sustainable – a mission that is best expressed in our Māori name – Te Tautiaki i nga tini a Tangaroa. In translation it reads *Guardians of the Multitudes of Tangaroa*. The role of a guardian is to watch over and safeguard the interests of another.

Our fisheries resources and the aquatic environment on which they depend are an intrinsic part of the cultural heritage of all New Zealanders. Most New Zealanders live a short distance from the coast. Tens of thousands of New Zealanders earn their living from the fishing industry, which brings in more than \$1 billion in foreign exchange each year. There are an estimated one million recreational or non-commercial fishing trips made each year. Fishing and gathering feeds many families and the sea provides important kaimoana for cultural events such as hui and tangi.

It is important that we work together towards a future where all fishing activities are sustainable and everyone in New Zealand is able to get the best value from this wonderful resource.

## Working together for sustainability

### Leadership, consultation and collaboration

During 2005 we stated our intention of increasing our leadership role within the fisheries sector. Part of our leadership role is ensuring that stakeholders are heard and represented. The Ministry of Fisheries consults on its strategic direction, providing stakeholders with an opportunity to provide comment on our proposed work plan. This is published each year in our Statement of Intent, the blueprint for the Ministry's work of the coming financial year and beyond.

Consultation continues to be a key part of the Ministry's work at the individual work programme level as well.

Any resource in which different groups share an interest can be the subject of competition over access and use. Fisheries are no exception. Commercial, recreational and Māori customary fishers all seek to use them, and even more enjoy non-extractive activities offered by the marine environment and ecosystem, such as diving and whale watching. So finding a way to balance non-commercial and commercial fishing interests and expectations, and determining how best to manage individual fish stocks, has been the focus of the developmental work under the Fisheries Plans and Shared Fisheries projects.

In late 2005, the Ministry released its Fisheries Plan Framework, detailing the proposed evolution of fisheries management. First outlined in the Ministry of Fisheries' 2005-2008 Statement of Intent, the framework is based on developing plans in Ministry-led consultation and collaboration with tangata whenua and stakeholders. The planning process and its successful implementation provide the potential for improved effectiveness and efficiency.

Following the release of the Fisheries Plan Framework document, the Ministry has been developing – in collaboration with stakeholders – the first three Ministry-led fisheries plans for southern blue whiting, Foveaux Strait oysters and Coromandel scallops.

From the experience gained through this process, plans will be developed for particular fisheries, outlining management objectives for those resources and describing the tools and services that will be used to help achieve the objectives. At the same time, the plans will ensure that legislative obligations and government-established standards are met.

The consultation process is vital, as it helps tangata whenua and stakeholders increase their involvement and engagement in fisheries management and agree on objectives and other plan components. This, in turn, improves compliance with management measures required to meet environmental standards and ensure sustainability. All these steps add towards maximising the value that can be gained from these fisheries.

Late last year, the Minister of Fisheries asked the Ministry to talk with key stakeholder groups about the main issues that should be considered under a shared fisheries framework, and practical options to address them. Meetings were held in the first half of 2006 with all regional recreational fora, the Recreational Fishing Ministerial Advisory Committee, representatives of the New Zealand Recreational Fishing Council, option4, commercial inshore fisheries representatives, the New Zealand Seafood Industry Council, Te Ohu Kai Moana, and a number of iwi fora and iwi forum executives.

The Ministry used the information from these meetings as part of preparations for wider public consultation on the issue. The aim is to increase the value of New Zealand's shared fisheries, by ensuring that both the commercial and non-commercial concepts of 'value' are considered as much as possible.

### Industry proposals

Public consultation took place on an industry proposal to close off to trawling and dredging 1.2 million square kilometres of sea bed within New Zealand's 200 nautical mile Exclusive Economic Zone (EEZ). When added to New Zealand deepwater areas already closed, the proposed closures would mean that 42 percent of seamounts in New Zealand waters will be under some form of protection, making it one of the largest marine protection measures ever proposed within a nation state's EEZ.

The proposed closures would extend from the sub-Antarctic waters south of Campbell Island to our sub-tropical Kermadec region. They lie across a range of depths, and cover a range of habitats that broadly represent New Zealand offshore waters. The Ministry of Fisheries sought public submissions on the industry proposal and has been analysing these submissions.

### Interagency cooperation

Stakeholders vary in their areas of interest and the level of involvement they seek to have, and in many instances are working within the operational frameworks of more than one government agency.

Where the work of other government agencies overlaps that of the Ministry of Fisheries, it is in everyone's best interest to consult and cooperate with one another as much as possible. For areas of common interest, such as protected species, it makes sense for the Ministry of Fisheries and the Department of Conservation (DOC) to share knowledge, discuss issues and reach agreement on courses of action.

The flow-on effect for tangata whenua and our stakeholders is increased certainty that issues under consultation have the shared focus of relevant government agencies. As a result, all parties have the opportunity to work together, discussing and developing ideas and initiatives.

Last year, Fisheries Science staff worked closely with DOC to harmonise the two organisations' research streams, a move which met with a positive response from stakeholders.

The Aquatic Environment Mid-Term Research Plan and the National Plan of Action on Seabirds were the focus of numerous research planning meetings between the two organisations. Stakeholders were then invited to take part in consultative sessions where the coordinated approaches were presented. Interested parties were then able to present their views. Feedback indicates the process has been well received and parties are keen to see it continue.

The Ministry will continue to look for such opportunities and champion efforts for all parties to work collaboratively.

Other interagency projects include Biosecurity initiatives with the Ministry of Agriculture and Forestry (MAF) and cooperative relationships with the New Zealand Police, the New Zealand Customs Service and the Ministry of Defence in relation to surveillance, patrol and enforcement. The Ministry continues to work with DOC on proposals for developing Marine Protected Areas.

There are 'whole-of-government' initiatives that the Ministry has supported. Specifically, we have actively supported the development of the National Maritime Co-ordination Centre (NMCC) through funding and staff time and taken part in the NMCC working group and the Chief Executives' network overseeing the Centre's establishment.

The Ministry contributed to preparations for the operation of new Navy patrol vessels to be delivered in 2007 under Project Protector. The vessels will undertake a variety of non-military patrol activities that support all agencies with an interest in the marine environment. Patrolling fisheries will form a significant component of the vessels' work and the Ministry has coordinated a report requested by Ministers on the options for delivering short- and medium-range aerial surveillance to meet the high priority requirements of all civilian agencies with maritime patrol and surveillance responsibilities.

## Biodiversity

The Biodiversity Research Programme administered by the Ministry has been in place for five years. Results from early studies in the Programme are now being published, while some new and exciting projects have been initiated during 2005/2006.

The Programme has evolved from primarily being directed at classifying biological diversity in different environments to determining the functional role that biological organisms and groupings play in different aquatic environments. There are several projects that examine coastal environments, others that focus on the offshore and some which extend beyond the EEZ into adjacent waters (eg Louisville Ridge) or south to the Antarctic.

The Programme complements research on the effects of fishing and gives priority to habitats that may be under threat. Seamounts and underwater topographical features typically support long-lived, slow-growing organisms that are vulnerable to trawling. Projects to assess endemism and the role of seamount biodiversity in underpinning deepwater fisheries are under way. The biodiversity associated with soft sediments is also being investigated in a range of environments.

The Ministry recognises that environmental performance is likely to be an increasing issue for New Zealanders and is developing expertise on a wide range of topics such as trophic interrelationships (food chains), ecosystem modelling approaches, benthic habitat mapping and developing pragmatic standards to ensure that biodiversity is adequately protected.

## Ocean Survey 20/20

This multi-agency programme aims to survey New Zealand's ocean and coastal resources (biodiversity and ecosystems, fisheries, navigation and geological hazards, hydrocarbons, biosecurity) to describe resource potential and develop tools for ocean management. Our Science team was heavily involved in the development of the work programme for Ocean Survey 20/20 during the year and the Ministry is the lead agency for the first project under this banner in 2006/2007.

That project aims to map sea-bed biodiversity and habitat on the Chatham Rise and Challenger Plateau, two areas of similar physical features but very different productivity levels. We are collaborating principally with Land Information New Zealand, DOC and the National Institute of Water and Atmospheric Research in developing the project; however, the intention is to include wider participation from the fishing industry and other interested groups.

## Antarctic research

The Ministry funded two Antarctic projects this year. The first saw a small, purpose-built yacht, the *Tiama*, sail to the Balleny Islands to survey biodiversity in the shallows around the Islands and seabird colonies on the Islands. The trip was very successful with diver footage collected and a highlight was the discovery of a new penguin colony.

The information will be used to assist in developing a proposal to establish a Marine Protected Area.

The Ministry also participated in a survey to the eastern Ross Sea, gathering data on seabird and mammal populations and plankton productivity. The use of cameras as a tool to survey Antarctic fish species was also assessed. Bottom samples were also collected around the Ballenys, continuing the work that had been started by the *Tiama* voyage and extending it to greater depths.

Substantial progress has also been made in toothfish stock assessment through the Antarctic Working Group and the development of a trophic model of the Ross Sea ecosystem. These are requirements in our governance of the Ross Sea dependency and for our role at the Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR).

## International efforts

The New Zealand seafood industry's activities extend beyond New Zealand's EEZ. Our vessels fish throughout the world, on the high seas and in the zones of other countries. New Zealand fishing companies are involved in many joint venture arrangements around the world.

Important international issues that the Ministry of Fisheries has focused on this year include:

- improving international governance of fisheries resources
- addressing illegal, unregulated and unreported fishing
- contributing to the global Monitoring Control and Surveillance Network
- addressing the adverse impacts of fishing on the marine environment
- initiating the development of a new regional fisheries management organisation (RFMO) in the South Pacific
- strengthening institutional capacity in fisheries agencies of developing Pacific Island countries.

Through RFMOs and agreements, specific areas of ocean or, in some cases, specific fisheries are managed. New Zealand meets annually with other member States to negotiate access to fisheries for New Zealand vessels and agree specific measures to conserve and manage the fisheries and their associated ecosystems. These measures are then incorporated into New Zealand laws and become legally binding on New Zealand vessels, companies and nationals.



Currently, New Zealand is a member of four RFMOs:

- the Commission for the Conservation of Southern Bluefin Tuna
- the Western and Central Pacific Fisheries Commission
- the Commission for the Conservation of Antarctic Marine Living Resources
- the South Indian Ocean Agreement.

The first international meeting on establishing a South Pacific Regional Fisheries Management Organisation took place in Wellington in February 2006 and was attended by representatives from 26 states and regional economic integrated organisations. These included coastal States and States with a historical fishing interest in the region. Eleven international and regional fisheries organisations, and eight non-governmental organisations and industry groups also participated as observers at the meeting. The establishment of this RFMO will make it one of the largest in the world and is a significant initiative for this region. The next meeting will take place in Australia in November 2006.

Fishing on the high seas is governed through international treaties agreed between States, and New Zealand has signed up to many of these treaties, incorporating a range of international obligations into New Zealand law.

The United Nations Convention of the Law of the Sea (UNCLOS) is the primary international legal instrument governing high seas fishing and sets out a framework of rights, obligations and duties with respect to high seas fishing – most importantly, the freedom to fish on the high seas, balanced with the responsibility for a State to control the activities of its nationals and vessels.

The 1995 United Nations Fish Stocks Agreement (UNFSA) builds on UNCLOS provisions, and sets out rights and obligations for States to conserve and manage highly migratory fish stocks such as tuna, and stocks that straddle both the high seas and a State's EEZ.

The Ministry attended this year's Fish Stocks Agreement conference held in New York. Signatory countries reviewed the UNFSA and considered how and the extent to which the Agreement's provisions are being incorporated into national laws and regulations, as well as into the provisions and/or measures of regional fisheries management organisations.

Several recommendations driven by New Zealand were included as action items from the conference for follow up by RFMOs, the Food and Agriculture Organization, the UN General Assembly and by States individually. These included establishing performance indicators for RFMOs, with a self-assessment of their performance and an independent review. The Agreement and other legal instruments will be used as the basis for review criteria.

Recommendations were also included to strengthen and enhance cooperation among existing and developing RFMOs, measures to address participatory rights, and ensuring States provide catch and effort data, and other fishery-related information. New Zealand will help to implement changes in the four RFMOs in which we are involved.

### Encouraging compliance

In 2005/2006, the Ministry received approximately \$3 million in new funding from the Government to assist with targeting poaching and black market activities, particularly in the paua fishery. The Ministry has strengthened its investigative and analytical resources and improved its technical and covert capabilities.

This has resulted in a number of successful prosecutions of people or groups of people who have been caught illegally taking and/or selling paua.

The Ministry is also undertaking a pilot programme, in association with MAF, to train two detector dogs to help combat illegal exports of paua from New Zealand. During the first half of 2006, the two dogs underwent months of intensive training with their MAF handlers, who helped them to hone their ability to sniff out paua, their 'target aroma'.

Alongside this, new relationships have been developed with industry groups and targeted communities that will enable us to build on our success in this area.

Our Fisheries Compliance Group is focusing on a range of education initiatives to support our goal of encouraging voluntary compliance with fisheries laws. These include visits to schools, fishing groups, iwi, boat shows, talks at conferences, and articles in newspapers, various fishing magazines and brochures. Anecdotal evidence suggests that the *Coastwatch* television programme has greatly increased public awareness of the rules and helped achieve higher levels of voluntary compliance.

Throughout the 2005/2006 year, our Fisheries Compliance Group maintained its high evidential and casefile standards by recording a prosecution success rate of 95 percent.

## Achieving outcomes

### Engaging with tangata whenua and the appointment of Tangata Kaitiaki/Tangata Tiaki

With the establishment of regional fora, the Ministry is able to more readily engage with tangata whenua, and is increasing the opportunities for tangata whenua to have structured input into and participation in fisheries management processes.

Eight fora cover the:

- Gulf Harbours
- Waikato
- Bay of Plenty
- Taranaki/Wanganui
- Hawkes Bay/Wairarapa
- Nelson/Marlborough
- Ngai Tahu Takiwā (involving five regional clusters)
- North Island Freshwater.

Other fora are in the process of being established. They include:

- Far North
- Far Mid-North
- Tairāwhiti/East Cape
- Wellington/Manawatu
- Chatham Islands.

Advice papers were submitted to the Associate Minister of Fisheries covering Tangata Kaitiaki and Tangata Tiaki appointments. Tangata Kaitiaki had their appointments confirmed for Waimarama/Ngati Hawea, while Tangata Tiaki appointments were confirmed for the Korako Karetao Trust. A number of extensions to Tangata Tiaki appointments in the South Island were also processed.

The Ministry's Te Kahui Pou Hononga also provided assistance with dispute resolution over a number of Tangata Kaitiaki notifications. This has seen help provided to a number of groups around the country over the course of the year.

Te Kahui Pou Hononga developed NZQA-accredited training modules and training material for Tangata Kaitiaki. Credits from these will be transferable towards the National Diploma in Fisheries Management. Discussions on the delivery of the Tangata Kaitiaki training are ongoing, but may include the Tertiary Education Commission and regional tertiary providers. The team is working towards a National Certificate in Public Sector Field/Community Advisory under a government-funded scheme that enables workplace assessment of public servants.

Two systems are under development for wider Ministry use to support staff in their work with iwi, including a contact management system and a customary catch database.

### Māori Commercial Aquaculture Claims Settlement

The Ministry is responsible for the implementation of the Māori Commercial Aquaculture Claims Settlement Act 2004, which came into force on 1 January 2005. This Act provides a full and final settlement of Māori commercial aquaculture interests since 21 September 1992. It requires iwi to be provided with 20 percent of all new aquaculture space created through the establishment of Aquaculture Management Areas (AMAs) after 1 January 2005. The Act also establishes the Crown's obligation to provide iwi with the equivalent of 20 percent of aquaculture space created between 21 September 1992 and the commencement of the new Act.

During the past year the Ministry established a good working relationship with Te Ohu Kai Moana Trustee Limited, who commenced their statutory role as Trustee of the settlement. The aquaculture settlement register was established on a regional basis and the information published. Orders-in-Council were gazetted in relation to the Crown's obligations for space.

Over the coming year, the Ministry will continue to monitor the impact of litigation on the statutory framework of the settlement and the potential impact on delivery of the Māori Aquaculture Settlement.

### Regulation 27 changes

Regulation 27 of the Fisheries (Amateur Fishing) Regulations 1986 provides for the taking of fish for customary purposes, where Kaimoana or South Island Customary Fishing Regulations are not in force.

Claims of abuse of Regulation 27 led to a review and a number of changes to the Regulation. This resulted in Regulation 27a, which sets stricter requirements for issuing customary fishing authorisations. These include penalties for people who issue illegal customary authorisations.

The changes came into effect on 1 March 2006 and the introduction was supported by visits to people around the country who are authorised to issue customary fishing authorisations, providing new permit books and information about the changes.

### Observer programme

Since 1986, and the introduction of the Quota Management System, observers have become an integral component of the management of deepwater and middle depths fisheries. Observer coverage is primarily to gather scientific data to support stock assessment.

Information requirements are determined in consultation with multi-stakeholder fisheries working groups and an observer coverage plan is then developed to collect the required information.

This past year has seen the programme's inshore coverage extended to include new fisheries, particularly long line and set net fisheries. For many operators in these fisheries, this is the first time they have been exposed to the programme and the Ministry will

look to increase understanding with those stakeholders of the programme's purpose and the importance of the data collected.

### **Economic transformation**

This area has been a focus for the Ministry during 2005/2006, reflecting the Government's revised goals. The sustainable economic growth of the primary sector, including the seafood sector, is a priority for the Government, with the seafood sector an important contributor to the New Zealand economy.

There are opportunities to increase its value. Economic transformation is about using our natural resource base in more efficient and productive ways, rather than just increasing production. It means building dynamic sectors that can respond quickly to threats and opportunities. Government has a significant role to play in supporting economic transformation, for example in establishing appropriate regulatory frameworks and facilitating access to international markets. The Ministry is working with other departments to achieve this, and is looking to obtain leverage across the primary sectors where possible.

The Ministry has moved to increase the value of fisheries through a number of initiatives, including the development of Fisheries Plans, and the Shared Fisheries Project, as well as through its participation in projects led by other government departments, such as the development of a revised New Zealand Coastal Policy Statement under the Resource Management Act 1991, and the development of an Oceans Policy.

In particular, the Government has identified the aquaculture industry as one of the most important sectors for future economic growth, with aquaculture recently identified as an economic transformation sector. For economic transformation to be successful, it must be based on sustainable industries. Some countries have made mistakes through too rapid or inappropriate aquaculture development. It is important that New Zealand does not repeat those mistakes.

The primary focus for the Ministry for aquaculture during 2005/2006 has been working with other departments on the provision of national guidance for councils on the development of new Aquaculture Management Areas, support to councils and industry to ease the transition of old leases and licences and Fisheries Act approvals under the old regime into the new regime under the Resource Management Act 1991, and continuing to facilitate the implementation of the new aquaculture reforms, primarily through direct discussions with industry and councils. The Ministry has also been working in support of the Aquaculture Council's recent release of the industry's Aquaculture Sector Strategy.

The Ministry is now working with other agencies to develop a whole-of-government work programme for aquaculture for 2006/2007. This work programme will include the development of a national statement supporting sustainable aquaculture.

### **The Ministry's organisational investment**

Investment in the Ministry, to ensure we have people, skills and tools to perform to the high standard expected by stakeholders and the public, is an important part of our work programme.

At the heart of any organisation are its people, and having the right people is key. The Ministry of Fisheries is fortunate to have dedicated staff, who demonstrate their commitment to our mission and goal on a daily basis.

The Ministry has reviewed its operations and, as a result of the review, instigated a three-year programme focused on developing the organisation so we:

- are well-aligned with the strategy outlined in our Statement of Intent (SOI)
- have well-integrated business processes, support structures and information systems
- develop, use and recognise people's skills and capabilities
- adapt the way we work so that, as an organisation, the Ministry can respond quickly to future changes in Government direction or the environment in which we operate.

This programme will include an update of our major people policies and processes in 2006/2007 to ensure alignment to the Ministry's SOI. This will integrate our people practices, including recruitment and development, with agreed sets of competencies identified as mission critical.

Business groups are developing technical competencies specific to their work and expected performance, and will roll out a generic competencies model in 2006/2007 that can be used right across the Ministry's people practices. This builds on the strong foundation established during the Compliance refocus work, which is outlined further below.

Under our moves to meet the State Services goals of 'Employer of Choice' and 'Excellent State Servants', the Ministry will use as its standard, competency-based recruitment and development processes. Our leadership development initiatives will be developed into a more structured framework, also using the competency-based approach.

The Ministry has undertaken a programme of capital works, modernising offices and equipment – including adopting environmentally sustainable systems, such as heating and lighting systems, a move that aligns with its programme for meeting its goals under the Govt3 programme. This programme, run by the Ministry for the Environment, aims to help central government organisations become more sustainable in their environmental, social and economic practice.

The 2005-08 Statement of Intent listed “credible fisheries management” as a key contributing outcome for the Ministry. Recognising that sound financial management is a major element of this, the Ministry has invested in upgrading its financial management system, which became operational for the start of the 2006/2007 financial year.

The core elements of the original finance system were introduced when the Ministry was first established in 1995 and it no longer delivers all the functionality required today. This project will deliver increased access to relevant financial information, better integration of financial information across all areas of the Ministry, and robust project accounting systems, with significant improvements to the Ministry’s financial management.

At the same time, we have been developing the framework for a new electronic document and records management system that will be implemented throughout the Ministry. This will support a collaborative team approach, allow historical documents to be searched and help the Ministry comply with the Public Records Act. It will also ensure ongoing and speedy access to information held by the Ministry and allow quick update of information on the recently redeveloped Ministry of Fisheries web site (launched in June 2006).

The new web site has been developed to meet e-Government requirements that aim to enable New Zealanders to access government information and services.

The Ministry has taken over responsibility from the Ministry for the Environment for providing environmental performance indicators for fisheries. The release of the Status of Our Fisheries web site at the end of 2005 has provided more detailed information for a greater number of species than previously available. This information is updated on a regular basis, using latest available scientific and catch information. The scope of information is planned to be expanded in the coming year.

## Refocusing Compliance

In 2004, the Ministry of Fisheries reviewed how its Compliance business was supporting fisheries management objectives. This confirmed the two key goals of Compliance – encouraging voluntary compliance with fisheries laws and creating an effective deterrent against offending. It also changed the structure of the Compliance business, through a focus on competencies and skill development, and a new focus on education and poaching and black market activities. The development of capability in this area has provided the Compliance business with a strong foundation for delivering Compliance services over the next five years.

Compliance is now structured into five business groups; Surveillance, Investigations, Information, Prosecutions and Business Support. The main change to the previous structure was the separation of the surveillance and investigations roles so that a more targeted approach could be taken to investigating serious fisheries offences.

In tandem with the restructure of the Compliance business, a new performance management and training and development framework was developed. This was based on identifying and developing required competencies for each job, assessing staff against these competencies to determine future training and development needs and putting in place personal development plans alongside performance agreements.

## Feedback and complaints system

A formal means of capturing and addressing feedback and complaints made by stakeholders was introduced in September 2005. A policy sets out how to classify feedback and complaints and the process that should be used when they are received.

Feedback is lodged under categories of ‘Commercial’, ‘Customary’, ‘Recreational’ or – where it is difficult to place accurately into one of these groups – ‘Other’.

Just over 50 individual feedback items were received during that time, with more than half of them recorded as complaints. These ranged from such matters as infringement notices, to an anonymous comment on shark finning. No observable trends could be seen that might require specific review of an issue.

Seventeen compliments were received with many focusing on public interactions with Ministry of Fisheries staff.

# Ministry Performance



## ■ **Ministry performance** for the year ended 30 June 2006

### **This section covers:**

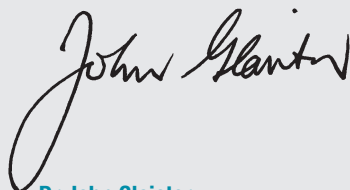
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## ■ Statement of Responsibility

This statement of responsibility is issued by me as Chief Executive of the Ministry of Fisheries under section 35 of the Public Finance Act 1989. I am responsible for the preparation of the Ministry's financial statements and statement of service performance and the judgements made in the process of producing those statements.

I have discharged my responsibilities to establish and maintain a system of internal control procedures that provide reasonable assurance as to the integrity and reliability of financial reporting.

In my opinion, the financial statements and the statement of service performance fairly reflect the financial position and operations of the Ministry for the year ended 30 June 2006, and I authorise issuance of these statements on 29 September 2006.



**Dr John Glaister**

Chief Executive



**Paul Laplanche**

Chief Financial Officer

## ■ **Audit Report**

### To the readers of Ministry of Fisheries Financial Statements for the year ended 30 June 2006

The Auditor-General is the auditor of the Ministry of Fisheries (the Ministry). The Auditor-General has appointed me, Grant J Taylor, using the staff and resources of Ernst & Young, to carry out the audit of the financial statements of the Ministry, on his behalf, for the year ended 30 June 2006.

#### **Unqualified Opinion**

In our opinion the financial statements of the Ministry on pages 20 to 65:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
  - the Ministry's financial position as at 30 June 2006;
  - the results of its operations and cash flows for the year ended on that date;
  - its standards of delivery performance achieved, as compared with the forecast standards outlined in the statement of forecast service performance adopted at the start of the financial year and its actual revenue earned and output expenses incurred, as compared with the forecast revenues and output expenses outlined in the statement of forecast service performance adopted at the start of the financial year; and
  - the assets, liabilities, revenues, expenses, contingencies, commitments and trust monies managed by the Ministry on behalf of the Crown for the year ended 30 June 2006.

The audit was completed on 29 September 2006, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Chief Executive and the Auditor, and explain our independence.

#### **Basis of Opinion**

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.



Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Chief Executive;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements or statement of service performance.

We evaluated the overall adequacy of the presentation of information in the financial statements. We obtained all the information and explanations we required to support our opinion above.

### **Responsibilities of the Chief Executive and the Auditor**

The Chief Executive is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Ministry as at 30 June 2006 and the results of its operations and cash flows for the year ended on that date. The statement of service performance must fairly reflect, for each class of outputs, the Ministry's standards of delivery performance achieved and revenue earned and expenses incurred, as compared with the forecast standards, revenue and expenses adopted at the start of the financial year. In addition, the schedules of non-departmental activities must fairly reflect the assets, liabilities, revenues, expenses, contingencies, commitments and trust monies managed by the Ministry on behalf of the Crown for the year ended 30 June 2006. The Chief Executive's responsibilities arise from sections 45A, 45B and 45(1)(f) of the Public Finance Act 1989.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 45D(2) of the Public Finance Act 1989.

### **Independence**

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

In addition to the audit we have carried out assignments in the areas of assessing the impact of the introduction of New Zealand equivalents to International Financial Reporting Standards on the financial statements of the Ministry, which are compatible with those independence requirements. Other than the audit and these assignments, we have no relationship with or interests in the Ministry.



Grant J Taylor  
Ernst & Young  
On behalf of the Auditor-General  
Wellington, New Zealand  
29 September 2006

**Matters Relating to the Electronic Presentation of the Audited Financial Statements**

*This audit report relates to the financial statements of the Ministry of Fisheries for the year ended 30 June 2006 included on the Ministry of Fisheries' web-site. The Ministry of Fisheries' Chief Executive is responsible for the maintenance and integrity of the Ministry of Fisheries' web site.*

*We have not been engaged to report on the integrity of the Ministry of Fisheries' web site. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.*

*The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 29 September 2006 to confirm the information included in the audited financial statements presented on this web site.*

*Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.*

## Ministry performance 2005/2006

This section of the report details the output expense service performance and financial performance of the Ministry's departmental activities. It also provides a report on the non-departmental funds managed by the Ministry of Fisheries.

The Ministry receives Parliamentary appropriations to cover all its activities. A significant portion of the costs of these activities is recovered through the cost recovery provisions of the Fisheries Act 1996, by way of cost recovery levies and departmental transaction charges.

The Ministry consults with fisheries stakeholders on an annual basis in order to determine the fisheries services to be delivered in the year. A separate consultation process relating to the cost recovery levies to be charged is then undertaken with the commercial fishing sector. The amount recovered through cost recovery levies is accounted for through the non-departmental financial schedules included later in this report.

## Financial overview

### Operating results

Unless otherwise specified, all figures in this report are in \$000 and GST exclusive.

The Ministry has spent \$84.7 million in the 2005/2006 financial year against an annual budget appropriation of \$90.8 million, an under spend of \$6.1 million.

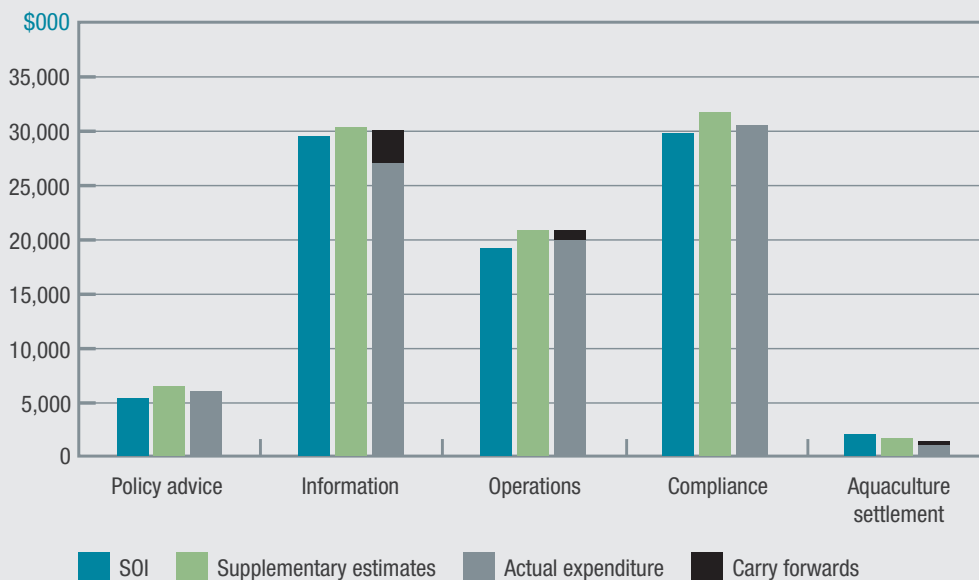
Areas of significant under spend included:

	\$ million
a) fisheries research projects	2.3
b) projects related to the New Zealand Biodiversity Strategy	1.4
c) prosecution costs	0.6
d) implementation of the aquaculture settlement	0.5

Approval has been given "in principle" to carry forward \$4.5 million from 2005/2006 to 2006/2007, an effective under spend of \$1.6 million.

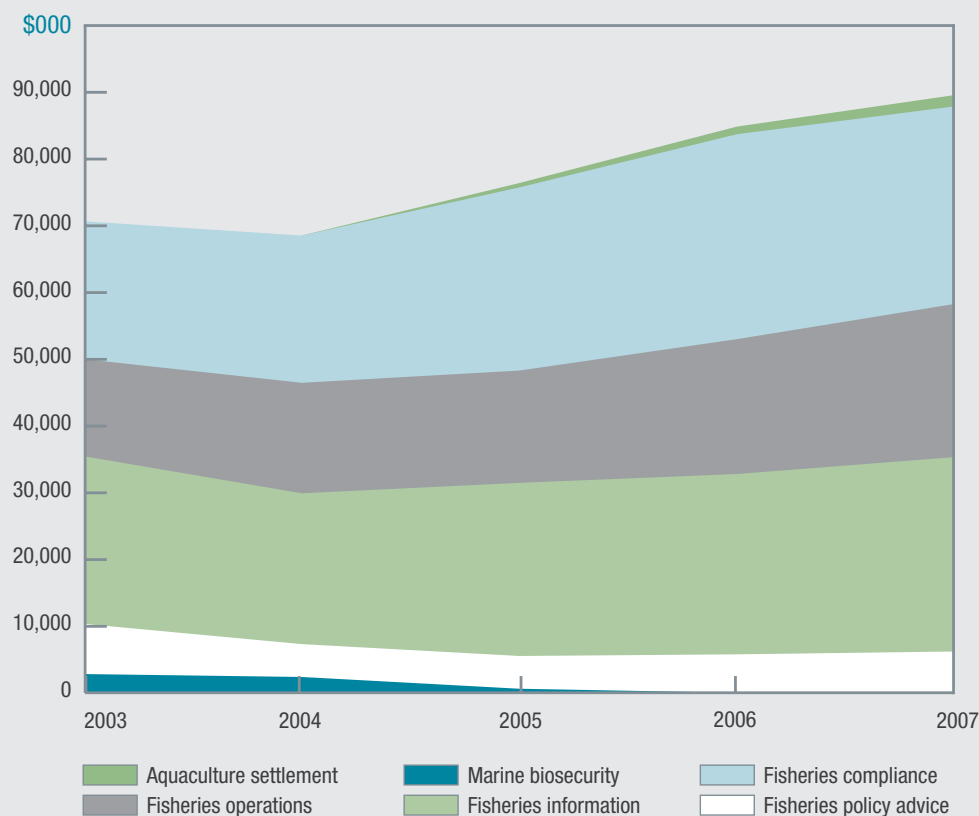
### Departmental expenditure profile

A summary of departmental output expenses for 2005/2006 is set out below:



The following graphs and tables show trends in expenditure and cost recovery/departmental revenue charges for the Ministry over the last four years and planned for 2006/2007:

### Departmental output expense profile



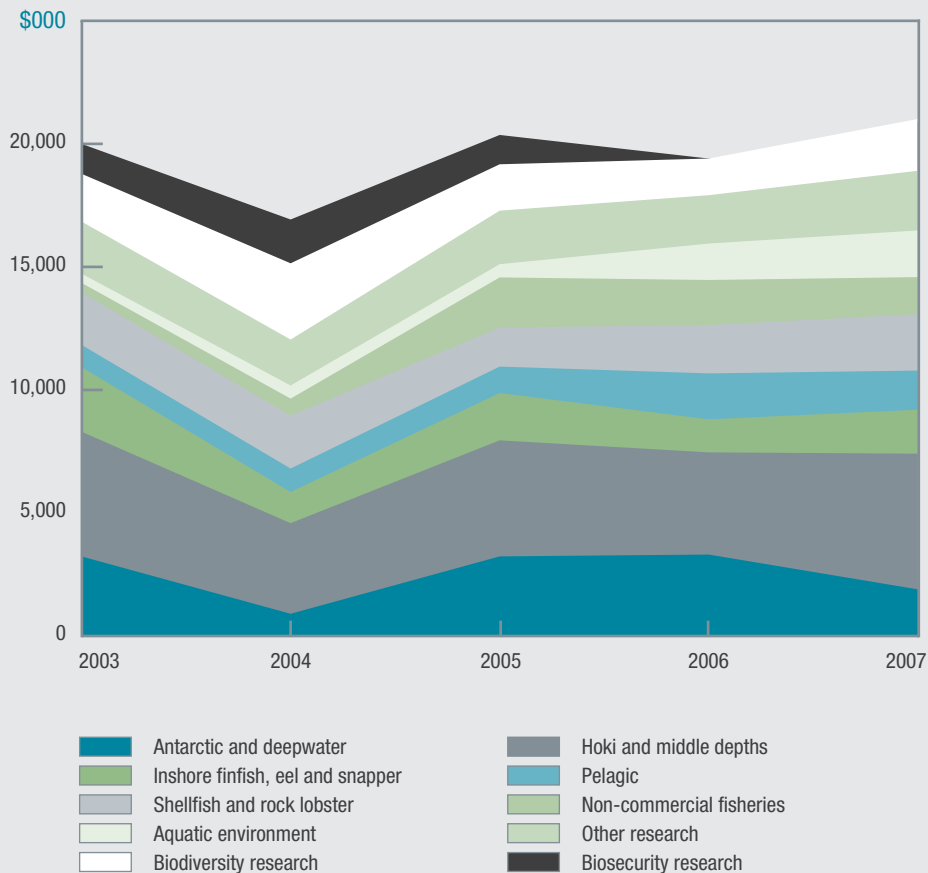
	2003 Actual \$000	2004 Actual \$000	2005 Actual \$000	2006 Actual \$000	2007 Plan \$000
Fisheries policy advice	7,519	4,927	4,910	5,758	6,185
Fisheries information	25,121	22,604	25,946	27,029	29,138
Fisheries operations	14,559	16,558	16,832	20,209	22,950
Fisheries compliance	20,659	22,070	27,448	30,717	29,615
Aquaculture settlement	0	0	517	1,003	1,553
Marine biosecurity <sup>1</sup>	2,803	2,366	603	0	0
<b>Total</b>	<b>70,661</b>	<b>68,525</b>	<b>76,256</b>	<b>84,716</b>	<b>89,441</b>

<sup>1</sup> Transferred to MAF with effect from 1 November 2004.

Effective from 1 July 2005

- (a) output expenses regulatory management and fisheries access and administration were combined into a new departmental output expense called fisheries operations. In addition biodiversity advice is now accounted for within the departmental output expense fisheries operations, and international utilisation and sustainability is now accounted for within output expense fisheries policy advice. All comparative numbers have been recast accordingly.
- (b) output expenses enforcement of fisheries policies and prosecution of offences were also combined into a new departmental output expense called fisheries compliance.

## Research services



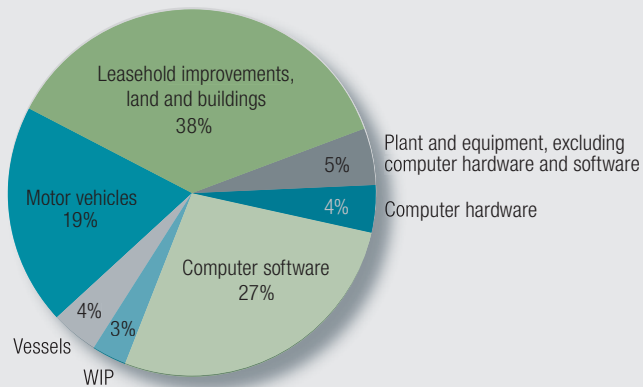
	2003 Actual \$000	2004 Actual \$000	2005 Actual \$000	2006 Actual \$000	2007 Plan \$000
Antarctic and deepwater	3,235	905	3,236	3,311	1,896
Hoki and middle depths	5,067	3,681	4,716	4,152	5,514
Inshore finfish, eel and snapper	2,624	1,269	1,923	1,343	1,789
Pelagic	906	951	1,075	1,867	1,589
Shellfish and rock lobster	2,137	2,152	1,587	1,964	2,292
Non-commercial fisheries	380	689	2,035	1,831	1,505
Aquatic environment	377	535	540	1,481	1,899
Other research	2,115	1,865	2,174	1,965	2,423
<b>Sub total</b>	<b>16,841</b>	<b>12,047</b>	<b>17,286</b>	<b>17,914</b>	<b>18,907</b>
Biodiversity research	1,942	3,099	1,884	1,490	2,106
Biosecurity research	1,217	1,781	1,192	0	0
<b>Total</b>	<b>20,000</b>	<b>16,927</b>	<b>20,362</b>	<b>19,404</b>	<b>21,013</b>

## Asset management

### Departmental property, plant and equipment – net book value at 30 June 2006

The majority of the Ministry's assets relate to

- buildings/leasehold improvements
- computer information systems
- motor vehicles

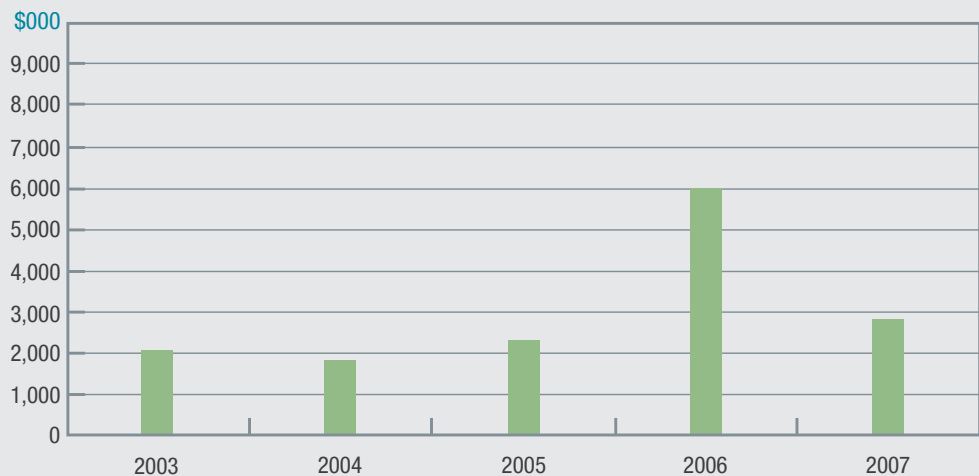


### Capital expenditure programme

By recent historical standards the level of capital expenditure in 2005/2006 has been relatively high as can be seen from the table below.

Notable projects advanced or completed during the year included:

- rationalisation of office accommodation in Wellington and Nelson
- implementation of a new finance system
- partial design and development of a document management system.



## Output expense service performance

The following table lists departmental output expenses by output for the year ended 30 June 2006, along with the comparative figures for 30 June 2005.

2005 Actual		2006 Actual	2006 Supp Estimates	2006 Actual as % of Supp Estimates
\$000		\$000	\$000	
<b>Fisheries Policy Advice</b>				
2,512	New Zealand fisheries policy advice provided	2,302	2,645	87
1,600	International fisheries policy advice provided	2,533	2,604	97
798	Ministerial services provided	923	852	108
<b>4,910</b>	<b>Sub total</b>	<b>5,758</b>	<b>6,101</b>	<b>94</b>
<b>Fisheries Information</b>				
Utilisation and sustainability of				
20,997	New Zealand's fisheries resources measured	21,484	23,789	90
Biodiversity of New Zealand's marine				
1,690	environment estimated	2,334	3,265	71
3,259	Observer services provided	3,211	3,354	96
<b>25,946</b>	<b>Sub total</b>	<b>27,029</b>	<b>30,408</b>	<b>89</b>
<b>Fisheries Operations</b>				
New Zealand fisheries utilisation and				
6,502	sustainability reported	7,573	6,954	109
2,869	Deed of Settlement implemented	5,209	5,892	88
229	Cost recovery process managed	135	108	125
1,013	Statutory decision processes administered	1,317	1,417	93
5,896	Registry services managed	5,009	5,168	97
232	Biosecurity policy advice	217	308	70
91	Biodiversity policy advice	749	1,198	63
<b>16,832</b>	<b>Sub total</b>	<b>20,209</b>	<b>21,045</b>	<b>96</b>
<b>Fisheries Compliance</b>				
9,258	Commercial fishing rules enforced	8,835	8,629	102
2,048	Customary fishing rules enforced	2,401	3,088	78
4,641	Recreational fishing rules enforced	7,173	7,556	95
667	New Zealand's international fishing rules enforced	458	1,034	44
6,126	Black market and poaching activities deterred	7,999	6,978	115
4,708	Prosecutions managed	3,851	4,480	86
<b>27,448</b>	<b>Sub total</b>	<b>30,717</b>	<b>31,765</b>	<b>97</b>
<b>Aquaculture Settlement</b>				
517	Aquaculture settlement implemented	1,003	1,480	68
<b>517</b>	<b>Sub total</b>	<b>1,003</b>	<b>1,480</b>	<b>68</b>
<b>75,653</b>	<b>Grand Total</b>	<b>84,716</b>	<b>90,799</b>	<b>93</b>

## Criteria for assessing the quality of policy and reports

The following standards will be used to assess the quality of policy advice provided to the Minister.

### **Purpose**

The aim or purpose is clearly stated and it answers the questions set.

### **Logic**

The assumptions behind the advice are explicit, and the argument is logical and supported by facts.

### **Accuracy**

The facts are accurate and all material facts are included.

### **Options**

An adequate range of options has been presented and each has been assessed for benefits, costs and consequences to the Government and the community.

### **Consultation**

There is evidence of adequate consultation with interested parties and possible objections to proposals/content are identified.

### **Practicality**

The problems of implementation, technical feasibility, timing or consistency with other policies/reports have been considered.

### **Presentation**

The format meets Cabinet Office requirements; the material is effectively, concisely and clearly presented, has short sentences in plain English and is free of grammatical or spelling errors.

### **Quality management**

The product quality will be supported by a process that provides for:

- circulation of drafts for critiquing by other government agencies and other affected stakeholders
- internal peer review and checking procedures
- adherence to the Ministry's policy framework
- consistency with relevant legislative obligations.



## ■ Departmental output advice – Fisheries policy advice

### Description

This includes the services that ensure development and review of policy and legal frameworks for the sustainable and efficient use of fisheries resources.

It contains three outputs:

- New Zealand fisheries policy advice provided
- International fisheries policy advice provided
- Ministerial services provided

### Objectives

The objectives are to:

- Provide and improve a conceptual framework for the sustainable and efficient use of fisheries resources.
- Participate in the development and review of international frameworks, and implement the decisions in a domestic context.
- Provide services to the Minister of Fisheries and Select Committees as required.

## New Zealand fisheries policy advice provided

### Explanation

This service provides advice on policy development aimed at:

- protecting the health of the aquatic environment
- enabling New Zealanders to get the best value from the sustainable and efficient use of fisheries resources
- ensuring the Crown delivers on its obligations to Māori with respect to fisheries.

The work programme being undertaken by the Ministry's Policy and Strategy group covers a range of policy development activities, in the following key areas.

### Fisheries reform

Legislative and policy reforms to enhance the management of, and value obtained from, New Zealand fisheries, including:

#### *i) Allocation and sector engagement*

This work area includes reforms to improve the tools for intersectoral allocation and to improve Ministry engagement with fisheries stakeholders (especially non-commercial stakeholders and the public).

#### *ii) Environmental performance*

This work area includes reforms to enhance the environmental performance of the fisheries sector, including managing the impact of fishing on the environment and at-risk species, and managing the impact of other activities on fisheries resources and habitats.

#### *iii) Adding value to fisheries sectors*

This work area deals with reforms to add value to New Zealand's fisheries sectors, including tools to enable stakeholders to take responsible initiatives to add value and tools to ensure efficient delivery of services.

### **Fisheries outcomes and monitoring**

This work area deals with establishing fisheries outcomes, and monitoring and reporting on indicators of their achievement.

### **Marine sector policy development**

This work area is to provide a contribution to legislative and policy reforms to improve the management of New Zealand's marine resources, including a significant contribution to the Oceans Policy. It involves leading and/or contributing to multi-departmental and whole-of-government initiatives.

<b>Expected results</b>	<b>Actual performance</b>
By 30 June 2006, provide a report to the Minister of Fisheries assessing options to improve certainty around intersectoral allocation	Report provided to the Minister on 21 June 2006.
By 30 June 2006, develop a report evaluating mechanisms and tools to improve environmental performance	Report provided to the Minister on 7 July 2006.
By 30 June 2006, identify and evaluate options to facilitate collective responsibility by stakeholders	Deferred to 2006/2007.
By 31 March 2006, provide advice to Government to establish fisheries outcomes	A scoping paper has been prepared, but commitments to higher priority issues have delayed completion of the report. The advice is likely to be finished in the first half of the 2006/2007 financial year.

### International fisheries policy advice provided

#### Explanation

This service contributes to the development of bilateral, regional and multilateral frameworks for managing international fisheries, with the aim of:

- protecting the health of the aquatic environment
- enabling New Zealanders to get the best value from the sustainable and efficient use of fisheries resources
- strengthening governance arrangements for high seas fisheries.

The focus is the sustainable use of international fisheries resources through the establishment of robust management regimes. The Ministry works to promote and protect New Zealand's fisheries interests through:

- engagement and influence in international institutions (eg the fisheries committees or working groups of Asia Pacific Economic Cooperation (APEC), the United Nations Food and Agriculture Organisation (FAO), the United Nations (UN) and the Organisation for Economic Cooperation and Development (OECD)), to improve the sustainable use of fisheries resources
- engagement and influence in regional fisheries management organisations and arrangements to ensure the sustainable use of fisheries resources (eg the Commission for the Conservation of Southern Bluefin Tuna (CCSBT), the Western and Central Pacific Fisheries Commission (WCPFC), the Convention for the Conservation of Antarctic Marine Living Resources (CCAMLR) and the South Tasman Rise (STR))
- promoting strong governance arrangements for the sustainable management of fisheries resources beyond the New Zealand Exclusive Economic Zone.

Expected results	Actual performance
Negotiating positions developed and approved by Ministers prior to the start of international meetings	The Ministry represented New Zealand's fisheries interests at a range of international meetings, including the finalisation of a cooperation arrangement between fisheries agencies in New Zealand and Chile, addressing of key issues relating to illegal, unregulated and unreported (IUU) fishing and integrated oceans management, and the commencement of negotiations relating to the development of the South Pacific Regional Fisheries Management Organisation.
Reports provided on the outcomes of meetings within two weeks of return to New Zealand are agreed by the Minister	A series of reports and briefings were provided to Ministers covering issues such as the New Zealand-Australia annual bilateral fish talks in August 2005, the outcomes of South Pacific RFMO talks in Canberra in February 2006, and attendance at the APEC Oceans ministerial conference where the key objectives of specific actions on IUU fishing in the region; management of marine biosecurity risks; and a comprehensive disaster relief planning package for developing countries were achieved.

## Ministerial services provided

### Explanation

This service includes the drafting of reports and advice to Ministers and to Select and Cabinet Committees, replies to ministerial correspondence and responses to Parliamentary questions.

All government departments are required to provide services to the portfolio Minister(s) to enable them to carry out their statutory functions.

Expected results		Actual performance
The percentage of ministerial drafts provided to the Minister without error where error could have been avoided will be	100%	Achievement rate was 87% with only 220 responses out of a total of 254 free of error.
The percentage of draft responses to Parliamentary questions provided for the Minister's signature without error where error could have been avoided will be	100%	Quality achievement was 100%.
Advice and reports to Select Committees and Cabinet Committees will be in accordance with prescribed requirements, error free and on time	100%	Quality achievement 94%. 34 papers were provided with 32 being error free. Timeframe achievement was 100%.
The percentage of draft ministerial replies completed within 15 working days of receipt unless specified as urgent will be not less than	95%	Achievement rate was 85% with 216 responses out of a total of 254 being provided within the required timeframe.
The percentage of urgent replies completed within 5 days	100%	Achievement rate was 89% with 16 of the 18 replies being delivered on time.
The percentage of responses to oral Parliamentary questions delivered on time	100%	Achievement rate was 100%.
The percentage of responses to written Parliamentary questions delivered on time	100%	Achievement rate was 95% with 145 replies out of a total of 153 being delivered on time.

## ■ Departmental output expense – Fisheries Information

### Description

This departmental output expense covers research and other activities relating to gathering and analysing data about New Zealand's fisheries to support decisions about sustainable utilisation, and the provision of information on the biodiversity of New Zealand's marine environment. Research costs represent existing projects that have been consulted on in past years, and proposed new projects.

It contains three outputs:

- Utilisation and sustainability of New Zealand's fisheries resources measured
- Biodiversity of New Zealand's marine environment estimated
- Observer services provided.

### Objectives

Provide the information required to ensure the sustainable utilisation of New Zealand's fisheries resources, by scientifically evaluating:

- sustainable yields from, and status of, fisheries resources
- the effects of fishing on the aquatic environment, including on the viability of associated or dependent species, and on biological diversity
- alternative strategies for achieving the desired level of yield while avoiding, remedying or mitigating adverse effects of fishing on the aquatic environment
- analysis of relevant cultural factors that may need to be included in the management decision process
- the specific measures needed to implement the appropriate management strategy.

### Utilisation and sustainability of New Zealand's fisheries resources measured

#### Explanation

As an input into current and future fisheries management decisions, fisheries research needs are identified, projects undertaken and results reported to provide increased information on:

- estimates of biomass and sustainable yields for fish stocks
- effects of fishing on the aquatic environment, including biodiversity and bycatch species
- relevant social, cultural and economic factors that may be included in the management decision process
- non-commercial harvest levels.

The Ministry contributes to the maintenance of sustainable fisheries in New Zealand through research designed to increase information on stock status levels, and add to the body of knowledge used to advise the Minister of Fisheries on appropriate utilisation for future years. Research is undertaken on individual fisheries at a frequency necessary to ensure the stock is not decreased through overfishing, thereby maintaining its value, and to enable the Ministry to maintain the currency of the information. This output also includes the costs associated with the capacity required to maintain the fisheries research programme.

The individual research projects proposed for consultation can be found on the Ministry's web site [www.fish.govt.nz/current/soi-consultation/index.html](http://www.fish.govt.nz/current/soi-consultation/index.html)

Expected results	Actual performance
By 31 August 2005, produce medium term research plans in accordance with the quality standards (as defined in the document 'Format and Content of Project Summaries and Medium Term Plans proposed by the Research Planning Group' dated 9 July 2001)	12 medium term research plans were updated for the 2005 research planning round.
By 2 December 2005, produce research proposals for 2006/07 in accordance with the quality standards (as defined in the document 'Format and Content of Project Summaries and Medium Term Plans proposed by the Research Planning Group' dated 9 July 2001)	The research proposals were completed on 2 December 2005.
By 30 November 2005, produce a report from the Mid-Year Fishery Assessment Plenary in accordance with the quality standards (as defined in the Fisheries Research Services 2003/2004 Tender Document – Part II: A – Appendix II B, Form 2 and Appendix III B)	The report was published and sent to the Minister on 30 November 2005.
By 27 May 2006, produce a report from the Fishery Assessment Plenary in accordance with the quality standards (as defined in the Fisheries Research Services 2003/2004 Tender Document: Part II: A – Appendix II B, Form 2 and Appendix III B)	The report was published and sent to the Minister on 31 May 2006.

## Biodiversity of New Zealand's marine environment estimated

### Explanation

In order to implement the New Zealand Biodiversity Strategy and support the environmental principles set out in section 9 of the Fisheries Act 1996, the Ministry needs to collect high quality baseline information. There is currently a lack of information in this area which limits our ability to meet the aims of:

- Protecting the richness and health of the marine biodiversity of New Zealand and the Ross Sea region
- Getting the best value from the marine biodiversity of New Zealand.

Expected results	Actual performance
By 31 October 2005, produce medium term research plans in accordance with the quality standards (as defined in the document 'Format and Content of Project Summaries and Medium Term Plans proposed by the Research Planning Group' dated 9 July 2001)	The medium term research plans have been substantially revised and updated. However, due to changes to key personnel, the plans are yet to be signed off by the Biodiversity Research Advisory Group. It is anticipated this will occur by December 2006. This will in no way affect our understanding of the biodiversity of New Zealand's marine environment.
By 28 February 2006, produce research proposals for 2006/07 in accordance with the quality standards (as defined in the document 'Format and Content of Project Summaries and Medium Term Plans proposed by the Research Planning Group' dated 9 July 2001)	The research proposals have been completed. Three contracts have been awarded with one further contract under negotiation.
Within one month of acceptance of the electronic copy of the report, place research reports on the Biodiversity web site <a href="http://www.biodiversity.govt.nz">www.biodiversity.govt.nz</a>	Electronic copies of all reports have been prepared for access through the new Ministry of Fisheries web site, which will be linked to the Biodiversity web site. Discussions with the Department of Conservation ('DOC') have indicated that the website is not currently being maintained; it is anticipated that the report will be posted on the Biodiversity web site by the end of August 2006, once the web site has been updated by DOC.

## Observer services provided

### Explanation

Observers provide an independent source for the collection of high quality information from fishing operations. This is a valuable input into the management of New Zealand's fisheries resources, particularly the setting of sustainability levels and management controls.

Observer services are also used by external agencies (eg the fishing industry and the Department of Conservation (DOC) to gather specific information for those agencies and as an input into their management requirements. Provision of observer services is based on the Ministry's capacity to supply the requisite number of observers with the required skill levels to cover requests from internal and external sources.

Expected results	Actual performance
Information and/or data collected by observers throughout the year, in accordance with agreed client specifications	Client specifications include Bio-manuals, DOC specifications and Ministry of Fisheries Compliance specifications. Specifications are supplemented by protocols for warp strike observations and hoki stomach sampling. Observers are issued with specifications relevant to each trip at the time of pre-trip briefing. Actual data collected is reviewed against the relevant specifications during the post-trip debriefing. The observer trip performance assessment highlights, for future action, areas for data collection improvement.
Observer coverage delivered for an average cost not exceeding \$500 per day, excluding GST	The cost of observer coverage was \$597 per day.
Observer coverage (sea days) delivered to within +/- 10% of the agreed annual plan at either a species level or fishing area(s)/method level, depending on client specification	Coverage achieved in levied fisheries was 4,791 days against a plan of 5,675 days, an achievement of 84%. The coverage target of +/- 10% of plan was achieved in 18 of the 32 levied fisheries (56%) at a species/fishing area level.
Clear and transparent processes are operated to identify variations to the observer annual plan, and communicate these changes to clients and stakeholders	Actual observer coverage against plan was updated monthly and posted on the Ministry of Fisheries web site. Stakeholders were advised by email of the availability of the monthly update.
Effective processes are in place to implement any changes required to the plan through the course of the operating year	Coverage was adjusted throughout the year in response to client-requested changes in the coverage plan.



## ■ Departmental output expense – Fisheries operations

### Description

This provides for:

- the development of guidelines, regulations and processes that make the fisheries policy framework operational
- services to monitor the effectiveness of delivery of contracted and devolved registry services to ensure consistency and compliance with contracted or devolved standards
- the management and dissemination of information received from registry agencies for use by the Ministry in managing other output expenses
- a number of Ministry statutory decision processes
- a capacity to contribute to the formulation of strategic goals for the biosecurity system
- a capability to contribute to the New Zealand Biodiversity Strategy.

It contains seven outputs:

- New Zealand fisheries utilisation and sustainability reported
- Deed of Settlement implemented
- Cost recovery process managed
- Statutory decision processes administered
- Registry services managed
- Biosecurity advice provided
- Biodiversity advice provided.

### Objectives

- Allocate rights to utilise fisheries resources
- Develop management plans to outline the Crown's contribution to achieving fisheries outcomes
- Evaluate fisheries plans in order to provide advice to the Minister
- Specify, purchase and monitor the management of New Zealand fisheries
- Develop and implement standards for the management of fisheries resources
- Manage the cost recovery process
- Contribute to the advice on biosecurity issues in New Zealand
- Contribute to the New Zealand Biodiversity Strategy.

## New Zealand fisheries utilisation and sustainability reported

### Explanation

This provides for fisheries management advice on utilisation and sustainability through:

- implementation and maintenance of the rights-based framework
- development and implementation of management plans
- evaluation of stakeholder fisheries plans
- advice on marine reserve proposals and other spatial allocation applications
- implementation of regulatory amendments
- implementation of the Government's aquaculture reforms.

Expected results	Actual performance
Develop 2 – 3 management plans as a ‘proof of concept’ and seek approval for them as fisheries plans under s11A of the Fisheries Act 1996	The drafts of 3 suitable fisheries plan ‘proofs of concept’ were completed on 30 June 2006 and sent to the Minister for his information on 7 July 2006.
Evaluate and provide recommendations on fisheries plans as required	The SPO 7 stakeholder-led fisheries plan was approved by the Minister in June 2006.
Standards and guidelines to support fisheries management will be developed as required	Twelve draft standards and guidelines to support fisheries management, with particular focus on those required for the 3 ‘proof-of-concept’ management plans have been developed.
<p>As and when required, concurrence reports on marine reserve proposals will be provided to the Minister of Fisheries following receipt of a request by the Minister of Conservation:</p> <ul style="list-style-type: none"> <li>■ within an agreed timeframe for each request</li> <li>■ within the terms of the Marine Reserves Protocol</li> </ul>	<p>Concurrence reports on the following marine reserve proposals were provided to the Minister of Fisheries:</p> <ul style="list-style-type: none"> <li>■ Whangarei Harbour (31 July 2005)</li> <li>■ Volkner Rocks (9 September 2005)</li> <li>■ Paraninihi (12 September 2005).</li> </ul>
A final advice paper is provided to the Minister of Fisheries on the proposed sustainability measures and management controls to be implemented for the 1 October 2005 fishing year	The advice paper was approved by the Minister of Fisheries on 28 September 2005.
A final advice paper is provided to the Minister of Fisheries on the proposed sustainability measures and management controls to be implemented for the 1 April 2006 fishing year	The Minister of Fisheries signed advice papers for the southern blue whiting fishery on 22 and 23 March 2006.
A final advice paper is provided to the Minister of Fisheries on setting out the TACs/TACCs for new species to be introduced into the QMS on 1 October 2006	The Minister signed the final advice paper on TAC/TACCs on 6 June 2006.
An interim advice paper for consultation is provided to the Minister of Fisheries on the TACs/TACCs for new species to be introduced into the QMS on 1 April 2007	The initial position paper was released for consultation on 22 December 2005. No April fishing year stocks were required to be reviewed.
Regional forums to engage with recreational fishers will be established	All forum appointments were completed within the year.

## Deed of Settlement implemented

### Explanation

This provides for the delivery of many of the services needed to fulfil the Ministry's Treaty and Deed of Settlement obligations. It includes Pou Hononga resources provided to build and maintain relationships, as well as the management of applications from tangata whenua to manage customary access.

Expected results	Actual performance
As required, and within allowable resources, provide timely advice on the implementation of the Fisheries (Kaimoana Customary Fishing) Regulations 1998 or the Fisheries (South Island Customary Fishing) Regulations 1999, including: <ul style="list-style-type: none"> <li>■ appointment of Kaitiaki</li> <li>■ establishment of mātaaitai reserves</li> <li>■ establishment of taiapure/local fisheries</li> <li>■ other customary management proposals</li> </ul>	<ul style="list-style-type: none"> <li>■ 32 Tangata Tiaki/Tangata Kaitiaki appointments were made during the year</li> <li>■ The Moremore mātaaitai reserve was established in late July 2005</li> <li>■ The Mataura River mātaaitai reserve was established in late July 2005</li> <li>■ The Raukokore mātaaitai reserve was established in late July 2005</li> <li>■ Akaroa Harbour taiapure-local fishery was established on 31 March 2006.</li> </ul>
Continue to establish regional forums to engage with iwi and hapū	Eight of the twelve forums have now been established.

## Cost recovery process managed

### Explanation

In accordance with the Principles established under section 262 of the Fisheries Act 1996, certain costs incurred by the Ministry of Fisheries are able to be recovered, by way of levies and other charges, from the persons/organisations for whom the fisheries and conservation services are provided.

The purpose of this service is to ensure the processes used to calculate those levies and charges conform with the provisions of the Fisheries Act 1996 and the Fisheries (Cost Recovery) Rules 2001, and that any changes are advised to stakeholders in time to meet the requirements imposed for appropriate consultation and advice on the final levies.

Expected results	Actual performance
Two levy orders providing the revised cost recovery levies that are consistent with Part XIV of the Fisheries Act 1996 and the Fisheries (Cost Recovery) Rules 2001, error free and meet the 28 day rule requirements for notification to affected parties. The first levy order will take effect from 1 October 2005, with the amending levy order to be in place by 1 April 2006	<p>A technical error relating to one fish stock was identified in the 1 October 2005 levy order, necessitating an amending levy order for that stock on 1 January 2006.</p> <p>The normal amending levy order, incorporating adjustments for 2004/2005 under and over recoveries was approved by Cabinet on 26 April 2006, and gazetted on 27 April 2006. A waiver of the 28 day rule for promulgation of regulations was required.</p>

## Statutory decision processes administered

### Explanation

This output provides for fisheries management advice on:

- new marine and freshwater farm applications
- administration of existing marine and freshwater farm authorisations
- the issuing of special permits.

Expected results	Actual performance
<p>The Ministry will resolve all applications made under the Marine Farming Act 1971, Fisheries Act 1983 or the Freshwater Fish Farming Regulations 1983 and applications for fish farm registration under the Fisheries Act 1996 on a timely basis</p>	<p>The following applications were processed:</p> <ul style="list-style-type: none"> <li>■ 147 marine farming permit decisions (preliminary or final)</li> <li>■ 8 variation of marine farming licences and permits</li> <li>■ 2 applications for a new freshwater farm</li> <li>■ 8 freshwater fish farm renewals and 2 variations of a fish farm licence</li> <li>■ 64 other transactions and variations to existing aquaculture authorisations.</li> </ul> <p>There are 4 Marine Farming Act applications and 112 Fisheries Act 1983 permit applications awaiting further information.</p>
<p>95% of applications for special permits will be determined within six months of the date of receipt of completed applications and to the following prescription:</p> <ul style="list-style-type: none"> <li>■ appropriate consultation is carried out in accordance with section 97(2) of the Fisheries Act 1996 on each application, prior to a decision to approve or decline the application</li> <li>■ the purpose for which a special permit is issued is consistent with those specified in section 97(1) of the Fisheries Act 1996</li> <li>■ in compliance with the procedures in the Special Permit Manual</li> </ul>	<p>48 applications were processed, with only 2 outside the six months criterion – a 96% success rate.</p> <p>There is a balance of 4 applications on hand. None are outside the six months criterion.</p>

## Registry services managed

### Explanation

Accurate and timely registry information is collected under contract or by a devolved agency (including permit holder register, vessel registers, quota and ACE ownership, catch data) to support sustainability and utilisation decisions within each fishery. The Ministry is required to ensure contracted or devolved registry services are delivered in a manner consistent with the standards and specifications for those services

Expected results	Actual performance
<p>Within one month of the end of each quarter, produce quarterly reports for registry-based services, with actual performance compared against:</p> <ul style="list-style-type: none"> <li>■ expectations as defined by the Minister of Fisheries in respect of services provided through the Approved Service Delivery Organisation</li> <li>■ expectations as defined by the Chief Executive in respect of services delivered by the Service Delivery Agency</li> </ul> <p>and in accordance with the Ministry's agreed monitoring programme</p>	<p>All reports were provided on time and in accordance with the defined expectations.</p>
<p>By 1 October 2005, allocate quota for species declared by the Minister to be subject to the Quota Management System for 1 October 2005, the allocation to be made in accordance with Part IV of the Fisheries Act 1996, and within the quality and timeframes defined in the Ministry's Stock Allocation Policy in respect of that species and stock</p>	<p>All allocations were made within the specified timeframe.</p>
<p>By 1 April 2006, allocate quota for species declared by the Minister to be subject to the Quota Management System for 1 April 2006, the allocation to be made in accordance with Part IV of the Fisheries Act 1996, and within the quality and timeframes defined in the Ministry's Stock Allocation Policy in respect of that species and stock</p>	<p>All allocations were made within the specified timeframe.</p>
<p>Ensure sufficient progress is made to enable quota for species declared by the Minister to be subject to the Quota Management System for 1 October 2006, to be implemented by that date; the allocation shall be made in accordance with Part IV of the Fisheries Act 1996, and within the quality and timeframes defined in the Ministry's Stock Allocation Policy in respect of that species and stock</p>	<p>The section 18 notice was gazetted on 22 December 2005. The eligible catch notification was sent out on 31 January 2006.</p>

## Biosecurity advice provided

### Explanation

This output provides a capability for the Ministry to contribute to the formulation of strategic goals for the biosecurity system, monitor the performance of the system against specified outcomes and to provide advice on biosecurity risks to fisheries interests. The funding also enables the Ministry to provide data management and contract management services to the Ministry of Agriculture and Forestry (MAF) following the transfer of marine biosecurity functions to MAF.

Expected results	Actual performance
As and when required, provide advice to Ministers on the fishing-related impacts of biosecurity decisions	Sectoral input and advice has been provided, as required, to Biosecurity New Zealand on all relevant marine biosecurity issues that can harm the sustainable use of fisheries and any process, system, policy or strategy that minimises the risks to New Zealand's aquatic environment from biosecurity threats, in particular Undaria, Didymo and Styela clava.
Contribute to the development of improvements to the biosecurity system	Sectoral input and advice has been provided into key strategic projects that help to minimise the risks to New Zealand's aquatic environment from biosecurity threats, including the marine biosecurity partnership model, the incursion response systems review, and strategic pest management priorities.
Provide MAF with advice and support as required on relevant biosecurity issues	Sectoral input and advice has been provided to MAF on relevant marine biosecurity issues, in particular incursion response and pest management issues such as Undaria, Didymo and Styela clava. This input has included participation in public awareness campaigns, providing information to help in Biosecurity New Zealand's response to these threats and comment on import risk analyses of marine species into New Zealand.

## Biodiversity advice provided

### Explanation

In the 2000 Budget, the Ministry was provided with additional funding to enable it to contribute to the New Zealand Biodiversity Strategy. The Strategy covers a broad range of activities across several departments. This output covers a range of work designed to improve understanding of marine biological diversity and improve the management tools by which it is protected.

Expected results	Actual performance
Report annually on the implementation of the New Zealand Biodiversity Strategy	The Ministry contributed to both the annual and five-yearly review on the implementation of the New Zealand Biodiversity Strategy.

## ■ Departmental output expense – Fisheries compliance

### Description

This covers the outputs that promote compliance with fisheries laws.

It contains six outputs:

- Commercial fishing rules enforced
- Customary fishing rules enforced
- Recreational fishing rules enforced
- New Zealand’s international fishing rules enforced
- Poaching and black market activities deterred
- Prosecutions managed.

### Objectives

- Monitor fishing-related activities
- Detect non-compliance with fisheries policies
- Provide recommendations for prosecution
- Take other enforcement steps where appropriate
- Collate and provide information on non-compliance to support policy and regulatory decision-making processes
- Successfully prosecute those who have offended against fisheries laws.

These actions will contribute to the achievement of optimal compliance with fisheries laws and the deterrence of non-compliance.

### Commercial fishing rules enforced

#### Explanation

The Ministry maintains a capacity to monitor fishing activity and to investigate those cases where illegal activity is suspected. The purpose is to maintain the value of New Zealand’s fisheries resources, to apprehend those who indulge in illegal activities and to deter others from that approach. Particular actions include monitoring, detection and provision of recommendations to prosecute.

Expected results	Actual performance
Compliance monitoring and enforcement operations developed and undertaken in accordance with Compliance business policies and the Fishery Officers’ Manual	In 2005/2006 there were: <ul style="list-style-type: none"> <li>■ 907 vessel inspections conducted, indicating a compliance rate of 78%</li> <li>■ 173 Licensed Fish Receivers inspected, indicating a compliance rate of 76%</li> <li>■ 591 general inspections conducted, indicating a compliance rate of 75%</li> <li>■ 426 Commercial Infringement Notices issued (\$400 and \$750 notices).</li> </ul>

## Customary fishing rules enforced

### Explanation

The Ministry maintains a capacity to monitor fishing activity and to investigate those cases where illegal activity is suspected. The purpose is to maintain the value of New Zealand's fisheries resources, to apprehend those who indulge in illegal activities and to deter others from that approach. Particular actions include monitoring, detection and provision of recommendations to prosecute.

Expected results	Actual performance
Compliance monitoring and enforcement operations developed and undertaken in accordance with Compliance business policies and the Fishery Officers' Manual	<p>The primary focus is management and enforcement of customary legislative provisions together with compliance support for Tangata Kaitiaki.</p> <p>In 2005/2006 there were:</p> <ul style="list-style-type: none"><li>■ 81 Regulation 27 inspections undertaken, indicating a compliance rate of 84%</li><li>■ 57 Kaimoana Regulation inspections undertaken, indicating a compliance rate of 98%.</li></ul>

## Recreational fishing rules enforced

### Explanation

The Ministry maintains a capacity to monitor fishing activity and to investigate those cases where illegal activity is suspected. The purpose is to maintain the value of New Zealand's fisheries resources, to apprehend those who indulge in illegal activities and to deter others from that approach. Particular actions include monitoring, detection and provision of recommendations to prosecute.

Expected results	Actual performance
Compliance monitoring and enforcement operations developed and undertaken in accordance with Compliance business policies and the Fishery Officers' Manual	<p>The recreational fishing monitoring programme involves routine inspections and enquiries to determine levels of compliance with legislative provisions. Honorary Fishery Officers (HFOs) are actively involved in monitoring activities.</p> <p>In 2005/2006 there were:</p> <ul style="list-style-type: none"><li>■ 14,873 recreational fishing inspections carried out, indicating a compliance rate of 94%</li><li>■ 1,335 educational contacts</li><li>■ 1,018 Non-Commercial Infringement Notices issued for recreational and customary infringements (\$250 and \$500 notices).</li></ul>



## New Zealand's international fishing rules enforced

### Explanation

The Ministry maintains a capacity to monitor fishing activity and to investigate those cases where illegal activity is suspected. The purpose is to maintain the value of New Zealand's fisheries resources, to apprehend those who indulge in illegal activities and to deter others from that approach. Particular actions include monitoring, detection and provision of recommendations to prosecute.

Expected results	Actual performance
<p>Compliance monitoring and enforcement operations developed and undertaken in accordance with Compliance business policies and the Fishery Officers' Manual</p>	<p>New Zealand vessels and nationals operating beyond New Zealand waters were monitored to ensure compliance with national, and international, flag state obligations.</p> <p>Foreign vessels were monitored within New Zealand waters to meet national obligations. Foreign vessels operating within regionally managed fisheries organisations (RFMOs) were monitored, meeting New Zealand's international obligations as an RFMO member state and regional partner.</p> <p>New Zealand continued working in partnership with regional states to develop MCS (monitoring, control and surveillance) capacity and to share information to counter illegal, unregulated and unreported fishing. This remains particularly strong in the Pacific, through the Forum Fisheries Agency (FFA) and the development of the Western and Central Pacific Fisheries Commission (WCPFC) and internationally, through the MCS network and High Seas Task Force (HSTF).</p>

## Poaching and black market activities deterred

### Explanation

The Ministry maintains a capacity to monitor fishing activity and to investigate those cases where illegal activity is suspected. The purpose is to maintain the value of New Zealand's fisheries resources, to apprehend those who indulge in illegal activities and to deter others from that approach. Particular actions include monitoring, detection and provision of recommendations to prosecute.

Expected results	Actual performance
<p>Compliance monitoring and enforcement operations developed and undertaken in accordance with Compliance business policies and the Fishery Officers' Manual</p>	<p>A detailed Poaching and Black Market 2005/2006 Enforcement Strategy has been prepared.</p> <p>Compliance was allocated \$2.290m in new initiative funding this year to deliver a major new multi-agency approach to target black market and poaching activities by:</p> <ul style="list-style-type: none"> <li>■ increasing Ministry of Fisheries analytical and investigative capacity</li> <li>■ creating and equipping a Special Tactics Team for covert operations</li> <li>■ initiating a pilot programme to train two paua detector dogs. A Memorandum of Understanding has been signed with MAF for training and operating the dogs with evaluation of the programme occurring in June 2007. As at the end of June 2006, the dogs have successfully completed scent association training and are part way through their operational training.</li> <li>■ establishing relationships with industry stakeholder groups, particularly the paua and crayfish stakeholder groups. An example of this is the Stop Fish Theft initiative between the Ministry of Fisheries and the paua and cray management groups which is a wide-ranging campaign including education, and the establishment of a Coastwatch group with the goal of reducing fish theft.</li> </ul> <p>In 2005/2006 there were 833 Dealer in Fish inspections (indicating 93% compliance).</p>

## Prosecutions managed

### Explanation

This covers activities dealing with fishery-related prosecutions, including case preparation and management of forfeit property. Prosecuting fishery offences contributes to preserving the structure, function and biodiversity of our aquatic environment for present and future generations. The purpose is to deter those who indulge in illegal activities.

Expected results	Actual performance
<p>Prosecutions are undertaken in accordance with Crown Law guidelines and Compliance business policies, with:</p> <ul style="list-style-type: none"> <li>■ more than 95% of cases meeting prima facie requirements</li> <li>■ a success rate of at least 90% for prosecutions brought under the Fisheries Act 1996</li> <li>■ a success rate of at least 60% for prosecutions brought under fisheries regulations</li> <li>■ all cases being initiated within the statutory timeframes</li> </ul>	<p>Crown Law Office prosecution guidelines and Compliance business policies have been complied with. Compliance business policies in relation to prosecutions were reviewed in the December quarter and training undertaken.</p> <p>100% of prosecutions commenced have established a prima facie case against defendants.</p> <p>The success rate for prosecutions brought under the Fisheries Act 1996 is 95%.</p> <p>In 2005/2006:</p> <ul style="list-style-type: none"> <li>■ 122 persons were convicted</li> <li>■ 3 persons were discharged</li> <li>■ 2 persons had charges dismissed</li> <li>■ 4 persons had all charges withdrawn.</li> </ul> <p>The success rate for prosecutions brought under fisheries regulations is 95%.</p> <p>In 2005/2006:</p> <ul style="list-style-type: none"> <li>■ 192 persons were convicted</li> <li>■ 3 persons were discharged</li> <li>■ 9 persons had all charges withdrawn.</li> </ul> <p>All cases have been initiated within statutory timeframes.</p>

## ■ Departmental output expense – Aquaculture settlement

### Description

This departmental output expense provides for the implementation of the Māori Commercial Aquaculture Claims Settlement Act 2004.

### Objectives

Administration of the legislated settlement in order to:

- ensure Crown obligations in relation to the settlement are met
- provide for the durability and integrity of the settlement
- protect the relationship between the Crown and Māori
- meet the principles of the Treaty of Waitangi.

### Explanation

The Māori Commercial Aquaculture Claims Settlement Act 2004 provides for a settlement of Māori interests in commercial aquaculture, including the provision of 20% of new space in aquaculture management areas and the provision of 20% equivalent of existing space allocated since September 1992. The Ministry of Fisheries is responsible for implementing the Crown's obligations in the settlement.

Expected results	Actual performance
Establishment of aquaculture settlement register	<p>The Ministry has established:</p> <ul style="list-style-type: none"> <li>■ a register of pre-commencement space as at 1 January 2005</li> <li>■ a register of outstanding pre-moratorium decisions.</li> </ul> <p>The registers have been consulted with regional councils and advised to Te Ohu Kai Moana Trustees Limited (TOKMTL).</p>
Calculation of the space required in each region to meet the settlement obligation	<p>The pre-commencement space register as at 1 January 2005, grouped by each region, has been reviewed by regional councils. TOKMTL has been advised of the register details. The register will be updated for decisions in relation to aquaculture permitting decisions under the old legislation.</p>
Provision of advice to Minister on the proportion of new space to be allocated to iwi within each region, and supporting the Order-in-Council process	<p>Advice has been provided to the Minister and the following Orders-in-Council have been gazetted:</p> <ul style="list-style-type: none"> <li>■ Māori Commercial Aquaculture Claims Settlement (Additional Allocation of Space) Order 2006</li> <li>■ Māori Commercial Aquaculture Claims Settlement (Aquaculture Settlement Register) Regulations 2006</li> <li>■ Māori Commercial Aquaculture Claims Settlement (Schedule 2) Order 2006.</li> </ul>

## ■ Statement of accounting policies

**Reporting entity** The Ministry of Fisheries is a Government Department as defined by section 2 of the Public Finance Act 1989.

These financial statements have been prepared pursuant to section 45 of the Public Finance Act. In addition, the Ministry has reported activity undertaken on behalf of the Crown and trust monies which it administers.

**Measurement basis** The general accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on an historical cost basis, modified by the revaluation of certain property, plant and equipment, have been followed.

## ■ Specific accounting policies

**Budget figures** The Budget figures are those presented in the Budget Night Estimates (Main Estimates) and those amended by the Supplementary Estimates and any transfers made by Order-in-Council under section 26A of the Public Finance Act 1989.

**Revenue** The Ministry derives revenue through the provision of outputs to the Crown and for services to third parties. Such revenue is recognised when earned and is reported in the financial period to which it relates.

**Cost allocation** Costs directly attributable to an output are allocated directly to the output as follows:

Cost	Allocation basis
Depreciation and capital charge	Asset utilisation
Personnel	Weighted actual staff time
Property and other premises costs	Floor area and staff time
Other direct costs	Direct allocation

Those costs that cannot be allocated to an output in an economically feasible manner are assigned on the proportion of staff time spent on that output.

For the year ended 30 June 2006, direct costs accounted for 80% of the Ministry's costs (2005: 81%).

**Debtors and receivables** Receivables are recorded at estimated realisable value after providing for doubtful and uncollectable debts.

**Leased assets** comprise operating leases.

Payments made under operating leases are recognised in the Statement of financial performance on a systematic basis over the period of the lease.

**Property, plant and equipment** Land, buildings and vessels are stated at fair value, as established by an independent valuation for the Ministry of Fisheries, with subsequent additions at cost. For the purpose of these financial statements, land and buildings, although owned by the Crown, are deemed as being owned by the Ministry as principal occupier or user. Land, buildings and vessels are revalued on a cyclical basis. All assets within these classes are revalued at least every five years.

All other property, plant and equipment is stated at net book value (NBV) – i.e. cost less depreciation. Only property, plant and equipment with a cost in excess of \$5,000 is capitalised.

**Depreciation** Depreciation of property, plant and equipment, other than freehold land and work in progress, is provided on a straight-line basis so as to allocate the depreciable cost (or valuation) of assets over their estimated useful lives. The estimated economic useful lives are:

Buildings	10-100 years
Motor vehicles	up to 10 years
Vessels	4-25 years
Plant and equipment	up to 10 years

The cost of leasehold improvements is capitalised and depreciated over the unexpired period of the lease or useful life, whichever is the shorter.

Items under construction are not depreciated. The total cost of a capital project is transferred to the appropriate asset class on its completion and then depreciated.

**Employee entitlements** Provision is made in respect of the Ministry's liability for annual leave, long service leave and retirement leave. Annual leave has been calculated on an actual entitlement basis at current rates of pay. Employee entitlements to long service leave and retirement leave are recognised for all employees on the basis of an annual actuarial valuation based on the present value of expected future entitlements.

**Foreign currency** Foreign currency transactions are converted into New Zealand dollars at the exchange rate prevailing at the date of the transaction.

**Statement of cash flows** Cash means cash balances on hand and held in bank accounts.

Operating activities include cash received from all income sources of the Ministry and record the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise capital injections by, or repayment of capital to, the Crown.

**Financial instruments** The Ministry is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, debtors and creditors. All financial instruments are recognised in the Statement of financial position, and all revenues and expenses in relation to financial instruments are recognised in the Statement of financial performance.

**Goods and Services Tax (GST)** All financial information is expressed exclusive of GST, except for Debtors and Receivables, and Creditors and Payables, which are expressed inclusive of GST in the Statement of Financial Position.

The amount of GST payable to or due from the Department of Inland Revenue at balance date is included in Creditors and Payables or Debtors and Receivables as appropriate.

**Taxation** Government departments are exempt from the payment of income tax in terms of the Income Tax Act 1994.

**Commitments** Future expenses and liabilities to be incurred on non-cancellable operating leases, fisheries and biodiversity research contracts and registry services contracts entered into at balance date are disclosed as commitments to the extent that they are equally unperformed obligations.

**Contingent liabilities** Contingent liabilities are disclosed at the point at which the contingency is evident.

**Taxpayers' funds** This is the Crown's net investment in the Ministry.

**Changes in accounting policies** There has been one change in accounting policy in respect of inventory. Previously rock lobster measuring equipment was capitalised and expensed when used.

At 30 June 2006 the Ministry has expensed this cost totalling \$22,885.

The Ministry has not made any other changes in accounting policies since the date of the last audited financial statements.

All other policies have been applied on a basis consistent with the previous year.

## ■ Statement of financial performance for the year ended 30 June

2005 Actual \$000	Notes	2006 Actual \$000	2006 Main Estimates \$000	2006 Supp Estimates \$000
<b>Revenue:</b>				
81,252	Crown 1	83,398	83,100	87,938
825	Department 2	1,688	1,048	1,333
817	Other 3 & 4	979	1,596	1,528
<b>82,894</b>	<b>Total revenue</b>	<b>86,065</b>	<b>85,744</b>	<b>90,799</b>
<b>Expenditure:</b>				
33,763	Personnel costs 5	37,485	38,227	38,227
39,607	Operating costs 6	44,084	44,224	49,279
2,209	Depreciation 7	2,446	2,560	2,560
677	Capital charge 8	701	733	733
<b>76,256</b>	<b>Total expenditure</b> 20	<b>84,716</b>	<b>85,744</b>	<b>90,799</b>
<b>6,638</b>	<b>Net surplus</b>	<b>1,349</b>	<b>0</b>	<b>0</b>

## ■ Statement of movements in taxpayers' funds for the year ended 30 June

2005 Actual \$000		2006 Actual \$000	2006 Main Estimates \$000	2006 Supp Estimates \$000
<b>8,464</b>	<b>Taxpayers' funds at start of period</b>	<b>8,764</b>	<b>8,764</b>	<b>8,764</b>
6,638	Net surplus	1,349	0	0
<b>6,638</b>	<b>Total recognised revenues and expenses for the period</b>	<b>1,349</b>	<b>0</b>	<b>0</b>
(6,638)	Provision for repayment of surplus to the Crown	(1,349)	0	0
300	Capital contribution	4,025	775	4,025
<b>8,764</b>	<b>Taxpayers' funds at end of period</b>	<b>12,789</b>	<b>9,539</b>	<b>12,789</b>

These financial statements should be read in conjunction with the statement of accounting policies on pages 42 and 43 and the notes to the financial statements on pages 50 to 58.

## ■ Statement of financial position as at 30 June

2005	Notes	2006	2006	2006
Actual		Actual	Main Estimates	Supp Estimates
\$000		\$000	\$000	\$000
<b>Taxpayers' funds</b>				
8,027	General funds	12,062	8,801	12,052
737	Revaluation reserves	727	738	737
<b>8,764</b>	<b>Total taxpayers' funds</b>	<b>12,789</b>	<b>9,539</b>	<b>12,789</b>
Represented by:				
<b>Current assets</b>				
2,637	Cash	1,412	2,447	2,535
344	Prepayments	521	300	300
17	Inventory	0	46	46
22,370	Debtors and receivables	18,565	15,745	15,745
<b>25,368</b>	<b>Total current assets</b>	<b>20,498</b>	<b>18,538</b>	<b>18,626</b>
<b>8,032</b>	<b>Property, plant and equipment</b>	<b>11,359</b>	<b>11,079</b>	<b>14,241</b>
<b>33,400</b>	<b>Total assets</b>	<b>31,857</b>	<b>29,617</b>	<b>32,867</b>
<b>Current liabilities</b>				
13,729	Creditors and payables	12,810	15,478	15,478
Provision for:				
6,638	– Repayment of surplus to the Crown	1,349	0	0
1,770	– Employee entitlements	2,119	2,000	2,000
182	Unearned revenue	76	0	0
<b>22,319</b>	<b>Total current liabilities</b>	<b>16,354</b>	<b>17,478</b>	<b>17,478</b>
<b>Term liabilities</b>				
2,317	Provision for employee entitlements	2,714	2,600	2,600
<b>24,636</b>	<b>Total liabilities</b>	<b>19,068</b>	<b>20,078</b>	<b>20,078</b>
<b>8,764</b>	<b>Net assets</b>	<b>12,789</b>	<b>9,539</b>	<b>12,789</b>

These financial statements should be read in conjunction with the statement of accounting policies on pages 42 and 43 and the notes to the financial statements on pages 50 to 58.



## Statement of cash flows for the year ended 30 June

2005 Actual \$000	2006 Actual \$000	2006 Main Estimates \$000	2006 Supp Estimates \$000
<b>Cash flows from operating activities</b>			
Cash provided from:			
Supply of outputs:			
73,644	87,668	80,100	94,478
1,054	1,309	1,048	1,333
682	619	1,596	1,282
75,380	89,596	82,744	97,093
Cash expended on:			
Cost of producing outputs:			
(69,961)	(81,752)	(77,801)	(85,080)
(677)	(701)	(733)	(733)
(70,638)	(82,453)	(78,534)	(85,813)
<b>4,742</b>	<b>7,143</b>	<b>4,210</b>	<b>11,280</b>
<b>Cash flows from investing activities</b>			
Cash provided from:			
407	386	394	394
Cash expended on:			
(2,192)	(6,141)	(4,860)	(9,163)
<b>(1,785)</b>	<b>(5,755)</b>	<b>(4,466)</b>	<b>(8,769)</b>
<b>Cash flows from financing activities</b>			
Cash provided from:			
300	4,025	775	4,025
Cash disbursed for:			
(2,759)	(6,638)	(600)	(6,638)
<b>(2,459)</b>	<b>(2,613)</b>	<b>175</b>	<b>(2,613)</b>
498	(1,225)	(81)	(102)
2,139	2,637	2,528	2,637
<b>2,637</b>	<b>1,412</b>	<b>2,447</b>	<b>2,535</b>

These financial statements should be read in conjunction with the statement of accounting policies on pages 42 and 43 and the notes to the financial statements on pages 50 to 58.

## ■ Statement of commitments

as at 30 June

The Ministry operates from premises that are leased on short and long term bases. The annual lease payments are subject to periodic review. The amounts disclosed below as future commitments are based on current agreements and rental rates.

There are also fisheries and biodiversity research projects and registry services contracts that have been entered into in 2005/2006 for which the service will be performed after 30 June 2006.

2005 Actual \$000		2006 Actual \$000
	<b>Operating commitments</b>	
14,915	- Less than one year	20,239
7,999	- One to two years	9,259
12,200	- Two to five years	12,677
1,185	- More than five years	7,932
<b>36,299</b>	<b>Total operating commitments</b>	<b>50,107</b>
<b>0</b>	<b>Capital commitments</b>	<b>0</b>
<b>36,299</b>	<b>Total commitments</b>	<b>50,107</b>

## ■ Statement of contingent liabilities

as at 30 June

This statement discloses situations that exist at 30 June, the ultimate outcome of which is uncertain and will be confirmed only on the occurrence of one or more future events after 30 June.

2005 Actual \$000		2006 Actual \$000
	<b>Department</b>	
1,000	Legal proceedings	20
20	Personal grievances	0
<b>1,020</b>	<b>Total department</b>	<b>20</b>
	<b>Non-department</b>	
1,200	Legal proceedings	1,206
250	Settlement	250
<b>1,450</b>	<b>Total non-department</b>	<b>1,456</b>
<b>2,470</b>	<b>Total contingent liabilities</b>	<b>1,476</b>

These financial statements should be read in conjunction with the statement of accounting policies on pages 42 and 43 and the notes to the financial statements on pages 50 to 58.

## Statement of expenditure appropriations for the year ended 30 June

2005 Actual \$000 GST incl	2005 Actual \$000 GST excl		2006 Actual \$000 GST excl	2006 Appropriation* \$000 GST excl
<b>Vote Fisheries</b>				
<b>Appropriations for output expenses – annual appropriation</b>				
5,670	4,910	Policy advice	5,758	6,101
29,699	25,946	Fisheries information	27,029	30,408
19,019	16,832	Fisheries operations	20,209	21,045
30,963	27,448	Fisheries compliance	30,717	31,765
582	517	Aquaculture settlement	1,003	1,480
<b>85,933</b>	<b>75,653</b>	<b>Total</b>	<b>84,716</b>	<b>90,799</b>
<b>Appropriations for other expenses incurred by the Crown – annual appropriation</b>				
0	0	Transfer of quota/ACE	4,413	6,291
900	900	Settlements	800	800
131	131	Subscriptions to international organisations	167	260
8	7	Quota share/ACE administration costs	17	27
0	0	Bad debt write off	0	900
0	0	GST on expenses	10	951
<b>1,039</b>	<b>1,038</b>	<b>Sub total</b>	<b>5,407</b>	<b>9,229</b>
<b>Appropriations for other expenses incurred by the Crown – other appropriation</b>				
3,179	2,943	Compensation for quota reductions	0	10
<b>4,218</b>	<b>3,981</b>	<b>Total</b>	<b>5,407</b>	<b>9,239</b>
<b>Vote Biosecurity – Fisheries</b>				
<b>Appropriations for output expenses – annual appropriation</b>				
679	603	Marine biosecurity advice	0	0
<b>679</b>	<b>603</b>	<b>Total</b>	<b>0</b>	<b>0</b>
<b>Capital Injection</b>				
300	300	Capital injection	4,025	4,025
<b>300</b>	<b>300</b>	<b>Total capital injection</b>	<b>4,025</b>	<b>4,025</b>

\*Includes adjustments made in Supplementary Estimates and transfers under section 26A of the Public Finance Act 1989.

These financial statements should be read in conjunction with the statement of accounting policies on pages 42 and 43 and the notes to the financial statements on pages 50 to 58.

## ■ Statement of unappropriated expenditure for the year ended 30 June

The Ministry has not incurred any unappropriated expenditure during the 2005/2006 financial year (2004/2005: Nil).

## ■ Transition to New Zealand Equivalents to International Financial Reporting Standards

The Minister of Finance has announced that the Crown will first adopt New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) for its financial year ending 30 June 2008.

The Ministry has performed a preliminary assessment to determine those standards likely to impact on the Ministry's financial performance, financial position and disclosures. The implementation guidance and Crown accounting policies issued by the Treasury have also been considered.

At this time it is expected that the impact of NZ IFRS will be confined to a few specific areas:

- Employee benefits, including assessing the requirement for recording a provision for sick leave
- Reclassification of software from property, plant and equipment to intangible assets
- Removal of fishing quota from the non-departmental schedule of assets. Crown-owned fishing quota is an internally generated asset.

The disclosures made in this note are based on our knowledge of the expected NZ IFRS requirements and applied to the current facts and circumstances of the Ministry. The actual impact of adopting NZ IFRS may vary from the information presented in this note and this variation may be material. It is not possible to estimate reliably the quantitative impact of the change upon the Ministry's financial performance and financial position at this time.

## Notes to the financial statements for the year ended 30 June

### 1 Revenue Crown

2005 Actual \$000	2006 Actual \$000	2006 Main Estimates \$000	2006 Supp Estimates \$000
<b>Vote Fisheries</b>			
5,991	5,691	5,293	5,731
29,141	26,015	28,877	29,136
17,150	19,365	17,787	20,185
27,848	31,281	29,461	31,406
517	1,046	1,682	1,480
<b>Vote Biosecurity – Fisheries</b>			
605	0	0	0
<b>81,252</b>	<b>83,398</b>	<b>83,100</b>	<b>87,938</b>

### 2 Revenue department

2005 Actual \$000	2006 Actual \$000	2006 Main Estimates \$000	2006 Supp Estimates \$000
391	709	814	664
411	510	132	200
0	285	0	285
0	150	0	150
23	34	102	34
<b>825</b>	<b>1,688</b>	<b>1,048</b>	<b>1,333</b>

### 3 Revenue other

2005 Actual \$000	2006 Actual \$000	2006 Main Estimates \$000	2006 Supp Estimates \$000
90	395	915	500
363	324	531	878
148	166	150	150
36	18	0	0
180	76	0	0
<b>817</b>	<b>979</b>	<b>1,596</b>	<b>1,528</b>

#### 4 Gain on sale of property, plant and equipment

2005 Actual	2006 Actual	2006 Main Estimates	2006 Supp Estimates
\$000	\$000	\$000	\$000
36 Motor vehicles	11	0	0
0 Vessels	7	0	0
<b>36 Net gain on sale of property, plant and equipment</b>	<b>18</b>	<b>0</b>	<b>0</b>

#### 5 Personnel costs

2005 Actual	2006 Actual	2006 Main Estimates	2006 Supp Estimates
\$000	\$000	\$000	\$000
26,585 Salaries and wages	30,205	33,571	33,271
7,178 Other	7,280	4,656	4,956
<b>33,763 Total personnel costs</b>	<b>37,485</b>	<b>38,227</b>	<b>38,227</b>

#### 6 Operating costs

2005 Actual	2006 Actual	2006 Main Estimates	2006 Supp Estimates
\$000	\$000	\$000	\$000
2,541 Asset operating costs	3,652	2,838	3,152
1 Bad debts written-off	0	0	0
1,500 Communications	1,600	1,586	1,608
1,075 Computer consumables	1,055	1,018	862
23,174 Contract for services	24,589	25,188	27,530
132 Fees for audit of the financial statements	135	130	135
15 Fees to auditors for other services	12	0	14
923 Legal	1,272	699	1,242
2,326 Operating lease rentals	2,206	1,991	2,406
1,345 Printed materials	1,385	1,475	1,534
2,887 Travel	3,506	2,893	3,708
3,688 Other operating costs	4,672	6,406	7,088
<b>39,607 Total operating costs</b>	<b>44,084</b>	<b>44,224</b>	<b>49,279</b>

### 7 Depreciation expense

2005 Actual		2006 Actual	2006 Main Estimates	2006 Supp Estimates
\$000		\$000	\$000	\$000
46	Buildings	47	46	46
369	Leasehold improvements	558	502	502
1,246	Plant and equipment	1,274	1,427	1,427
466	Motor vehicles	489	484	484
82	Vessels	78	101	101
<b>2,209</b>	<b>Total depreciation expense</b>	<b>2,446</b>	<b>2,560</b>	<b>2,560</b>

### 8 Capital charge

The Ministry paid a capital charge to the Crown on its net taxpayers' funds as at 30 June and 31 December. The capital charge rate for the year ended 30 June 2006 was 8%: (2005: 8%).

### 9 Taxpayers' funds

2005 Actual		2006 Actual	2006 Main Estimates	2006 Supp Estimates
\$000		\$000	\$000	\$000

Taxpayers' funds comprises two components:

#### a) General funds

	2005	2006	2006	2006
			Main	Supp
			Estimates	Estimates
	\$000	\$000	\$000	\$000
<b>7,566</b>	<b>General funds at start of period</b>	<b>8,027</b>	<b>8,026</b>	<b>8,027</b>
6,638	Net surplus	1,349	0	0
300	Capital contribution	4,025	775	4,025
(6,638)	Provision for repayment of surplus to the Crown	(1,349)	0	0
161	Transfer from revaluation reserve	10	0	0
<b>8,027</b>	<b>General funds at end of period</b>	<b>12,062</b>	<b>8,801</b>	<b>12,052</b>

#### b) Revaluation reserves

2005				2006			
Land	Building	Vessels	Total	Land	Buildings	Vessels	Total
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
96	476	326	898	96	476	165	737
0	0	(161)	(161)	0	0	(10)	(10)
<b>96</b>	<b>476</b>	<b>165</b>	<b>737</b>	<b>96</b>	<b>476</b>	<b>155</b>	<b>727</b>

### 10 Debtors and receivables

2005	2006
Actual	Actual
\$000	\$000
96 Debtors	763
<i>Less:</i>	
(10) Provision for doubtful debts	(160)
86 Net debtors	603
744 Receivables	692
21,540 Debtor: Crown funding	17,270
<b>22,370 Total debtors and receivables</b>	<b>18,565</b>

### 11 Property, plant and equipment

2005	2006
Actual	Actual
\$000	\$000
<b>147 Land – at valuation</b>	<b>147</b>
<b>Buildings</b>	
1,137 At valuation	2,368
(120) Accumulated depreciation	(167)
<b>1,017 Net book value</b>	<b>2,201</b>
<b>Leasehold improvements</b>	
2,959 At cost	4,732
(2,158) Accumulated depreciation	(2,716)
<b>801 Net book value</b>	<b>2,016</b>
<b>Plant and equipment</b>	
16,999 At cost	19,221
(14,015) Accumulated depreciation	(15,118)
<b>2,984 Net book value</b>	<b>4,103</b>
<b>237 Capital work in progress – at cost</b>	<b>284</b>
<b>Motor vehicles</b>	
3,126 At cost	3,024
(875) Accumulated depreciation	(913)
<b>2,251 Net book value</b>	<b>2,111</b>
<b>Vessels</b>	
768 At valuation	734
(173) Accumulated depreciation	(237)
<b>595 Net book value</b>	<b>497</b>
<b>Total property, plant and equipment</b>	
<b>25,373 At cost/valuation</b>	<b>30,510</b>
<b>(17,341) Accumulated depreciation</b>	<b>(19,151)</b>
<b>8,032 Total net book value</b>	<b>11,359</b>

**Valuation information** Land and buildings were revalued in January 2003 at fair value as established by Mr William Bunt of CB Ellis Limited, an independent registered valuer. Vessels were revalued in April 2003 by a marine consultant. Subsequent additions have been recorded at cost less depreciation.



**12 Creditors and payables**

2005 Actual \$000	2006 Actual \$000
802 Creditors	5
12,927 Accrued expenses	12,805
<b>13,729 Total creditors and payables</b>	<b>12,810</b>

**13 Provision for repayment of surplus to the Crown**

2005 Actual \$000	2006 Actual \$000
6,638 Net surplus	1,349
<b>6,638 Total provision for repayment of surplus</b>	<b>1,349</b>

**14 Employee entitlements**

	Annual Leave \$000	Other Personnel costs \$000	Total \$000
<b>Current liabilities</b>			
Balance at start of period 2005	1,673	97	1,770
Expenditure during the period	(1,968)	(97)	(2,065)
Increase in provision	2,182	232	2,414
<b>Balance at end of period 2006</b>	<b>1,887</b>	<b>232</b>	<b>2,119</b>
	Retirement Leave \$000	Long Service Leave \$000	Total \$000
<b>Term liabilities</b>			
Balance at start of period 2005	1,868	449	2,317
Expenditure during the period	(20)	(33)	(53)
Increase in provision	344	106	450
<b>Balance at end of period 2006</b>	<b>2,192</b>	<b>522</b>	<b>2,714</b>

**Retirement leave** Employees are entitled to retirement leave or approved early retirement, providing they have completed ten or more years of service and the retirement is the permanent cessation of regular paid employment with the Ministry.

**Long service leave** Employees who have completed ten years' continuous government service may be granted ten working days' long service leave. A further ten working days are available after completion of twenty years' continuous service. Long service leave must be taken within five years of qualification.

Employee entitlements to long service leave and retirement leave are valued on an actuarial basis at six monthly intervals. Mr Bernie Higgins of Aon Consulting New Zealand Limited, an independent consulting actuary, undertook this valuation at 31 December 2005 and 30 June 2006. For the purpose of this valuation the following key assumptions were used:

	31 December 2005	30 June 2006
	%	%
Discount Rate Projection – Year 1	6.86	6.45
Discount Rate Projection – Year 2	6.26	6.29
Discount Rate Projection – Year 3	6.08	6.03
Discount Rate Projection – Year 4	6.00	5.90
Discount Rate Projection – Year 5	5.96	5.83
Discount Rate Projection – Year 6	5.93	5.78
Discount Rate Projection – Year 7	5.85	5.75
Discount Rate Projection – Year 8	5.82	5.74
Discount Rate Projection – Year 9	5.81	5.73
Discount Rate Projection – Year 10+	5.81	5.72
Long Term Annual Rate of Salary Growth	3.0%	3.0%

A promotional scale is added to the base salary growth rate of 3% pa.

In-service decrements representing the probabilities of resignation, death, disablement and medical and early retirement have been taken from the measured experience of superannuation schemes in New Zealand.

**15 Reconciliation of net surplus to net cash flows from operating activities for the year ended 30 June**

2005 Actual	2006 Actual	2006 Main Estimates	2006 Supp Estimates
\$000	\$000	\$000	\$000
<b>6,638</b> Net surplus	1,349	0	0
<b>Add non-cash items:</b>			
2,209 Depreciation	2,446	2,560	2,560
<b>2,209</b> Total non-cash items	<b>2,446</b>	<b>2,560</b>	<b>2,560</b>
<b>Movements in working capital items:</b>			
(Increase)/decrease in			
(7,608) - debtors and receivables	3,805	(3,000)	6,625
(150) - prepayments	(177)	0	44
(3) - inventories	17	0	(29)
Increase/(decrease) in			
3,594 - creditors and payables	(919)	4,600	1,749
30 - employee entitlements	746	50	513
48 - unearned revenue	(106)	0	(182)
(17) - finance lease liability	0	0	0
<b>Net increase/(decrease) in working capital items</b>	<b>3,366</b>	<b>1,650</b>	<b>8,720</b>
<b>Add/(less) investing activity items:</b>			
Net (gain)/loss on sale of property, plant and equipment	(18)	0	0
<b>1</b> Total investing activity items	<b>(18)</b>	<b>0</b>	<b>0</b>
<b>Net cash inflow/(outflow) from operating activities</b>	<b>7,143</b>	<b>4,210</b>	<b>11,280</b>

## 16 Financial instruments

The Ministry is party to financial instrument arrangements as part of its everyday operations. These include instruments such as bank balances, accounts receivable and creditors.

### *Credit risk*

Credit risk is the risk a third party will default on its obligations to the Ministry, causing the Ministry to incur a loss. In the normal course of its business, the Ministry incurs credit risk from debtors and transactions with financial institutions.

The Ministry does not require any collateral or security to support financial instruments with financial institutions the Ministry deals with, as these entities have high credit ratings. For its other financial instruments, the Ministry does not have significant concentrations of credit risk.

### Maximum Credit Risk at 30 June

2005 Actual \$000	2006 Actual \$000
2,637 Cash	1,412
22,370 Debtors and receivables	18,565
<b>25,007 Maximum credit risk</b>	<b>19,977</b>

### *Fair value*

The fair value of all financial instruments is equivalent to the carrying amount disclosed in the Statement of financial position.

### *Currency risk and interest rate risk*

Currency risk is the risk the amounts recorded as debtors and creditors may fluctuate as a result of changes in foreign exchange rates.

Interest rate risk is the risk the value of a financial instrument will fluctuate due to changes in market interest rates.

The Ministry has no significant exposure to either currency risk or interest rate risk.

## 17 Contingencies

The Ministry does not have any contingent assets as at 30 June 2006 (2005: Nil).

Contingent liabilities are separately disclosed in the Statement of contingent liabilities.

## 18 Related party information

The Ministry is a wholly owned entity of the Crown and enters into transactions with other government departments, Crown agencies and state-owned enterprises on an arm's length basis. These transactions are not considered to be related party transactions.

## 19 Segment information

The Ministry undertakes fisheries management activities throughout New Zealand.

## 20 Major budget variations

### Statement of financial performance

The variations from the initial 2005/2006 Budget Night (Main) Estimates to Supplementary Estimates were due to:

	\$000s
Finalisation of funding to be carried forward from 2004/2005 to 2005/2006 for fisheries research and marine biodiversity activities	4,365
The rationalisation of accommodation in Wellington	301
The secondment of New Zealand fisheries expertise to the United Nations Food and Agriculture Organization	285
An increase in prosecution costs	260
A carryforward of funding from 2004/2005 to 2005/2006 for the implementation of the aquaculture settlement as provided for by the Māori Commercial Aquaculture Claims Settlement Act 2004	150
Funding for the Growth and Innovation Framework initiative	132
Cost of tendering Crown-owned quota and ACE	130
The carryforward of fisheries research funding from 2005/2006 into 2006/2007	(500)
Reduced systems support provided to Maritime New Zealand	(68)
<b>Total</b>	<b>5,055</b>

## ■ Report on Vote Fisheries non-departmental funds managed by the Ministry of Fisheries

These public funds include revenues received from the commercial fishing industry through cost recovery levies that recover the costs of fisheries-related conservation services and fisheries services:

- (a) provided to manage the harvesting or farming of fisheries resources; or
- (b) provided to avoid, remedy, or mitigate a risk to, or an adverse effect on, the aquatic environment or the biological diversity of the aquatic environment.

The cost of fisheries services provided by the Ministry of Fisheries during the period 1 July 2005 to 30 June 2006 is being recovered from the commercial fishing sector over the period 1 October 2005 to 30 September 2006.

The cost of fisheries services provided by the Ministry of Fisheries is accounted for through the departmental financial statements included earlier in this report. Expenditure on conservation services is reported separately by the Department of Conservation.

The following graph shows cost recovery levies and departmental charges as a proportion of total departmental output expenditure for the period from 2002/2003 through to 2005/2006 and planned for 2006/2007.



## ■ Statement of non-departmental accounting policies

### Measurement base

Measurement and recognition rules applied in the preparation of these non-departmental financial schedules are consistent with generally accepted accounting practice and Crown accounting policies.

The Ministry's non-departmental revenue, expenditure, assets and liabilities are consolidated into the Crown Financial Statements. For a full understanding of the Government's consolidated financial position, and the results of its operations for the period, reference should be made to the consolidated audited financial statements of the Government for the year ended 30 June 2006.

## ■ Schedule of revenue and expenditure for the year ended 30 June

2005 Actual	Notes	2006 Actual	2006 Main Estimates	2006 Supp Estimates
\$000		\$000	\$000	\$000
<b>Revenue:</b>				
32,027	Cost recovery levies 1	30,473	31,689	28,020
10,648	Deemed value charges	10,568	5,500	9,500
3,329	Other 2	15,784	1,016	8,664
<b>46,004</b>	<b>Total revenue 3a</b>	<b>56,825</b>	<b>38,205</b>	<b>46,184</b>
<b>Expenditure:</b>				
3,638	Operating 4	5,407	8,638	9,239
<b>3,638</b>	<b>Total expenditure 3b</b>	<b>5,407</b>	<b>8,638</b>	<b>9,239</b>

These schedules should be read in conjunction with the notes to the non-departmental schedules on pages 62 to 65.

## ■ Schedule of assets and liabilities as at 30 June

2005 Actual		Notes	2006 Actual	2006 Main Estimates	2006 Supp Estimates
\$000			\$000	\$000	\$000
<b>Current assets</b>					
3,161	Cash and bank balances	5	3,140	3,923	3,161
10,467	Accounts receivable	6	12,814	8,033	10,178
73	Prepayments	7	94	59	2,310
<b>13,701</b>	<b>Total current assets</b>		<b>16,048</b>	<b>12,015</b>	<b>15,649</b>
<b>Non-current assets</b>					
3,440	Intangible assets	8	1,842	2,098	2,750
<b>3,440</b>	<b>Total non-current assets</b>		<b>1,842</b>	<b>2,098</b>	<b>2,750</b>
<b>17,141</b>	<b>Total assets</b>		<b>17,890</b>	<b>14,113</b>	<b>18,399</b>
<b>Current liabilities</b>					
3,027	Accounts payable	9	2,182	13,593	5,264
4,401	Over and under recovered costs	10	4,237	512	9,712
<b>7,428</b>	<b>Total current liabilities</b>		<b>6,419</b>	<b>14,105</b>	<b>14,976</b>
<b>7,428</b>	<b>Total liabilities</b>		<b>6,419</b>	<b>14,105</b>	<b>14,976</b>

These schedules should be read in conjunction with the notes to the non-departmental schedules on pages 62 to 65.



## ■ Notes to the non-departmental schedules for the year ended 30 June

### 1 Cost recovery levies

2005 Actual		2006 Actual	2006 Main Estimates	2006 Supp Estimates
\$000		\$000	\$000	\$000
29,907	Cost recovery levies – Fisheries services	29,351	30,467	26,967
2,110	Cost recovery levies – Conservation services	1,122	1,053	1,053
10	Cost recovery levies – Crown-owned quota	0	169	0
<b>32,027</b>	<b>Total cost recovery levies</b>	<b>30,473</b>	<b>31,689</b>	<b>28,020</b>

### 2 Other revenue

2005 Actual		2006 Actual	2006 Main Estimates	2006 Supp Estimates
\$000		\$000	\$000	\$000
2,307	Sale of quota/ACE	14,343	98	7,456
388	Forfeitures and redemptions	496	500	500
0	Fisheries research catch	348	0	218
243	Infringement notices	199	388	200
219	Interest	188	0	140
172	Other	210	30	150
<b>3,329</b>	<b>Total other revenue</b>	<b>15,784</b>	<b>1,016</b>	<b>8,664</b>

### 3 Major budget variations

The variations from the initial 2005/2006 Budget Night (Main) Estimates to Supplementary Estimates were due to:

#### (a) Revenue

	\$000
Sale of quota shares and ACE	7,358
An increase in deemed value revenue to be paid by quota holders who have overfished based on current activity	4,000
A reduction in forecast net cost recovery levies	(3,669)
Other income	290
<b>Total</b>	<b>7,979</b>

#### (b) Non-departmental expenditure

	\$000
Bad debt write-offs	900
Settlements	800
Compensation payable for reductions in quota	10
Provision for bad debts	(711)
Quota transfers	(250)
Cost recovery levies on Crown-owned quota*	(169)
GST on expenses	21
<b>Total</b>	<b>601</b>

\* now accounted for as a reduction in cost recovery levy income

### 4 Operating expenditure

2005 Actual	2006 Actual	2006 Main Estimates	2006 Supp Estimates
\$000	\$000	\$000	\$000
0 Transfer of quota shares and ACE	4,413	6,541	6,291
900 Settlements	800	0	800
131 Subscriptions to international organisations	167	260	260
7 Quota share/ACE administration costs	17	27	27
0 Cost recovery levies on Crown-owned quota	0	169	0
2,943 Compensation for reductions in quota	0	0	10
324 Bad debt write-offs	667	0	900
(904) Increase/(decrease) in provision for bad/doubtful debts	(667)	711	0
237 GST on expenses	10	930	951
<b>3,638 Total operating expenditure</b>	<b>5,407</b>	<b>8,638</b>	<b>9,239</b>

### 5 Cash and bank balances

This comprises balances of the Crown bank accounts managed by the Ministry of Fisheries on the Crown's behalf pursuant to section 4 of the Public Finance Act 1989.

These balances represent funds drawn down from the New Zealand Debt Management Office at the Treasury for payments to be made on behalf of the Crown but not yet paid, proceeds from asset sales, revenue receipts not yet transferred to the Crown and GST payable to the Department of Inland Revenue on revenue invoiced on behalf of the Crown.

2005 Actual		2006 Actual	2006 Main Estimates	2006 Supp Estimates
\$000		\$000	\$000	\$000
10	Infringement receipts	26	0	10
161	Receipts on behalf of the Crown	126	750	161
2,990	Funding for payments on behalf of the Crown	2,988	3,173	2,990
<b>3,161</b>	<b>Total cash and bank balances</b>	<b>3,140</b>	<b>3,923</b>	<b>3,161</b>

### 6 Accounts receivable

2005 Actual		2006 Actual	2006 Main Estimates	2006 Supp Estimates
\$000		\$000	\$000	\$000
11,467	Debtors and receivables	13,064	9,177	11,178
	Less:			
(1,000)	Provision for doubtful debts	(250)	(1,144)	(1,000)
<b>10,467</b>	<b>Total receivables</b>	<b>12,814</b>	<b>8,033</b>	<b>10,178</b>

### 7 Prepayments

2005 Actual		2006 Actual	2006 Main Estimates	2006 Supp Estimates
\$000		\$000	\$000	\$000
73	Subscriptions to international organisations	94	59	73
0	Deemed value cash received in advance	0	0	2,237
<b>73</b>	<b>Total prepayments</b>	<b>94</b>	<b>59</b>	<b>2,310</b>

### 8 Intangible assets

2005 Actual		2006 Actual	2006 Main Estimates	2006 Supp Estimates
\$000		\$000	\$000	\$000
3,440	Crown-owned quota	1,842	2,098	2,750
<b>3,440</b>	<b>Total intangible assets</b>	<b>1,842</b>	<b>2,098</b>	<b>2,750</b>

### 9 Accounts payable

2005 Actual	2006 Actual	2006 Main Estimates	2006 Supp Estimates
\$000	\$000	\$000	\$000
0 Creditors	8	0	0
657 GST payable on receipts on behalf of the Crown	419	5,251	657
2,370 Accrued expenses	1,755	8,342	4,607
<b>3,027 Total payables and provisions</b>	<b>2,182</b>	<b>13,593</b>	<b>5,264</b>

### 10 Over and under recovered costs

2005 Actual	2006 Actual	2006 Main Estimates	2006 Supp Estimates
\$000	\$000	\$000	\$000
4,401 Net over recovery of costs	4,237	512	9,712
<b>4,401 Total net over recovered costs</b>	<b>4,237</b>	<b>512</b>	<b>9,712</b>

Section 265 of the Fisheries Act 1996 creates a mandatory obligation on the Minister of Fisheries to have regard to under and over recovery of costs of any conservation service or fisheries service in a previous financial year when recommending a cost recovery levy order for a current/future year.

This provision reflects the balance of the net over and under recovery of cost recovery levies for the period 1 October 1995 to 30 June 2006 to be applied against future cost recovery levy orders.

## Statement of trust monies for the year ended 30 June

	Declared Overfishing Account <sup>1</sup>	Forfeit Property Account <sup>2</sup>	Total
	\$000	\$000	\$000
<b>Balance at start of period 2005</b>	<b>2,192</b>	<b>228</b>	<b>2,420</b>
Plus:			
– Contribution	9,239	534	9,773
– Revenue	188	20	208
Less:			
– Distribution	(9,015)	(527)	(9,542)
– Expenses	–	–	–
<b>Balance at end of period 2006</b>	<b>2,604</b>	<b>255</b>	<b>2,859</b>

(1) Funds held in relation to the deemed value of fish taken in excess of quota under the Quota Management System.

(2) Proceeds received from the sale of seized/forfeited property that is disposed of in accordance with Ministerial/Court direction.

## ■ Statement of resources

### for the year ended 30 June 2006

Human resources	Number
Full time equivalents	
Female	141
Male	267

Honorary Fishery Officers 149

These officers operate in an educational role and provide active surveillance of recreational fishing activities to ensure recreational fishers comply with fisheries legislation.

Wage workers and seasonal staff are also employed.

Land and buildings owned	Area (m <sup>2</sup> )	Number
<b>Commercial</b>		
– Offices	1,715	3
– Storage	451	2
– Land	7,384	4

#### Residential

– House on separately saleable residential section 140 1

Land and buildings leased	Area (m <sup>2</sup> )	Number
<b>Commercial</b>		
– Office	13,045	17
– Storage	4,433	16
– Land	2,835	1

Motor vehicles owned	Number
Sedan/hatch/station wagon	49
Utilities/vans	12
4 wheel drive	41

Vessels	Number
Patrol vessels used to protect, manage and enhance New Zealand's fisheries resource	25

## Ministry Information



## ■ Information resources

### Research

The Ministry owns a set of approximately 30 fisheries research databases. They are derived primarily from the information collected as a result of fisheries research projects and used for stock assessment, environmental performance management, and policy evaluation.

#### Examples are:

- A database of fish caught during trawl surveys by research vessels
- A database of fish abundance detected by sonar during studies by research vessels
- Several databases of subsets of catch effort and observer trawl catch effort data that have been further groomed to improve their accuracy for stock assessment purposes.

### Specimen collections

Fisheries research specimen collections. An example is a collection of otoliths (fish ear bones) used for determining the age of fish.

### Catch effort

This database is derived from information supplied by commercial fishers relating to what species they caught, when and where it was caught, and the catching method used. The database has a time series that extends back to 1990. The information is used to assist in decisions related to stock assessment, and for environmental performance management, policy evaluation, the detection of offences and monitoring overall integrity of the fisheries management regime. The Ministry has contracted Commercial Fisheries Services Ltd (FishServe) to maintain the database under standards and specifications set by the Ministry.

### Observer trawl catch effort

This database uses information supplied by Ministry observers stationed aboard commercial trawlers. The data supplements the catch information supplied by commercial fishers, and is used for the same purposes as noted above. The Ministry maintains this database.

### Geo-spatial data management system/National aquatic biodiversity information system (GDM/NABIS)

The Ministry operates a Geo-spatial data management system. This is a tool that stores and displays maps detailing the locations of events relating to the management of fisheries. Examples include the boundaries of fishery management areas, the locations of Licensed Fish Receivers (LFRs) and the locations of albatross breeding colonies. From August 2004 an internet version of this tool (NABIS) has been available to the public.

### Quota management systems

Fisheries Management System comprising client information, including LFR, quota and ACE holdings and transfers, caveats and mortgages, statutory reporting (excluding Catch effort), balancing catch against ACE, vessel registration and permitting. FishServe owns these systems with data transferred daily to the Ministry.

## Compliance and enforcement information

Compliance information systems include the:

- Vessel monitoring system – logs the GPS location of all vessels carrying an automatic location communicator (ALC), which is then stored for future reference and analysis.
- Fisheries intelligence network – stores secure intelligence information about entities, and associations between entities of interest to Ministry of Fisheries' compliance activities.
- Compliance activity monitoring system – stores the details of inspection and monitoring activities undertaken by the Compliance business, reports on non-compliance issues, and compliance rates and trends.
- Offences System.
- Infringements module – manages the infringements process, stores the details of infringement notices, reports on infringement and collection information.
- Offences phase module – records offence events detected by compliance activity, and action taken in respect of these events; manages file progress and location tracking; and records and manages prosecution action and outcomes in relation to all offences detected in the course of Compliance business activity.
- Mistress system – records the details and outcomes of detected offences (Mistress data now migrated into the Offences System).
- DECIDENDII – records court judgements for use in sentencing submissions.
- HFO officer management system – records Honorary Fishery Officer personnel management information, manages inventory and training scheduling and follow-ups, records critical incidents and health and safety information, monthly report monitoring and compliance rates for HFO compliance activity.

## Reference data

Shared in common between many systems, including information about species, fish stocks, areas, locations, clients, vessels, conversion factors and many other small data sets.

## Documents

These consist of fisheries management policy and decision-making documents comprising word-processing documents, spreadsheets, presentations and email. Operational documents include applications and submitted forms.

## Accounting

Financial information systems comprising general ledger, accounts payable and accounts receivable, bank reconciliations, property, plant and equipment, report writing modules and time management systems.

## Human resources

Human Resources information database, payroll systems and report writer modules.



## ■ Structure



## ■ Legislation administered by the Ministry as at 30 June 2006

The management of fisheries in New Zealand is administered through a series of Public Acts and Regulations.

### Public Acts

Fisheries Act 1996

Fisheries (Quota Operations Validation) Act 1997

Māori Fisheries Act 1989

Treaty of Waitangi (Fisheries Claims) Settlement Act 1992

Māori Commercial Aquaculture Claims Settlement Act 2004

Māori Fisheries Act 2004

Aquaculture Reform (Repeals and Transitional Provisions) Act 2004

### Regulations

In addition to the above Public Acts, the Ministry of Fisheries administers a significant number of Regulations related to the management of fisheries within New Zealand.

### Offices and contact details

The Ministry's national office is the main contact point. From here calls are able to be transferred to all other Ministry offices. The national office contact points are:

Phone (04) 470 2600

Fax (04) 819 4601

All other offices are listed on page 73.

In addition to the main number, calls can also be made using the 0800 4 RULES (0800 4 78537) and 0800 4 POACHER (0800 4 76224) free calling numbers.

Internet homepage: [www.fish.govt.nz](http://www.fish.govt.nz); [www.starfish.govt.nz](http://www.starfish.govt.nz)

E-mail: [comms@fish.govt.nz](mailto:comms@fish.govt.nz)

## ■ Glossary

**ACE:** Annual Catch Entitlement. An entitlement to harvest a quantity of fish, aquatic life, seaweed or other stock, taken in accordance with a fishing permit and any conditions and limitations imposed by or under the Fisheries Act 1996.

**Aquatic environment:** The natural and biological resources comprising any aquatic ecosystem and including all aquatic life and the oceans, seas, coastal areas, intertidal areas, estuaries, rivers, lakes and other places where aquatic life exists.

**Fisheries plan:** A plan approved by the Minister of Fisheries under section 11A of the Fisheries Act 1996. Fisheries plans specify what the government, tangata whenua and stakeholders want to achieve for specific fisheries (the objectives), and associated implementation strategies and services (including research, regulations and compliance) to achieve the objectives.

**Fisheries stakeholders:** Those groups who derive value from the use of fisheries resources or have a strong interest in the sustainable use of fisheries resources, including commercial and recreational fishers, and environmental interests.

**Kaitiaki:** A person appointed under the customary fishing regulations who can authorise customary non-commercial food gathering. The term includes Tangata Tiaki/Kaitiaki under the Fisheries (South Island Customary Fishing) Regulations 1999, and Tangata Kaitiaki/Tiaki under the Fisheries (Kaimoana Customary Fishing) Regulations 1998.

**Mātaitai reserve:** An identified traditional fishing ground established as a reserve under either the Fisheries (Kaimoana Customary Fishing) Regulations 1998 or the Fisheries (South Island Customary Fishing) Regulations 1999. A mātaitai reserve may be managed by tangata whenua for non-commercial purposes through bylaws approved by the Minister.

**Outcome:** A desirable future condition of all or part of the social or physical environment towards which fisheries management effort is directed.

**Pou Hononga:** Relationship managers appointed to improve the Ministry's formal relationships with Māori based on the Crown's obligations under the Deed of Settlement and Treaty of Waitangi settlements.

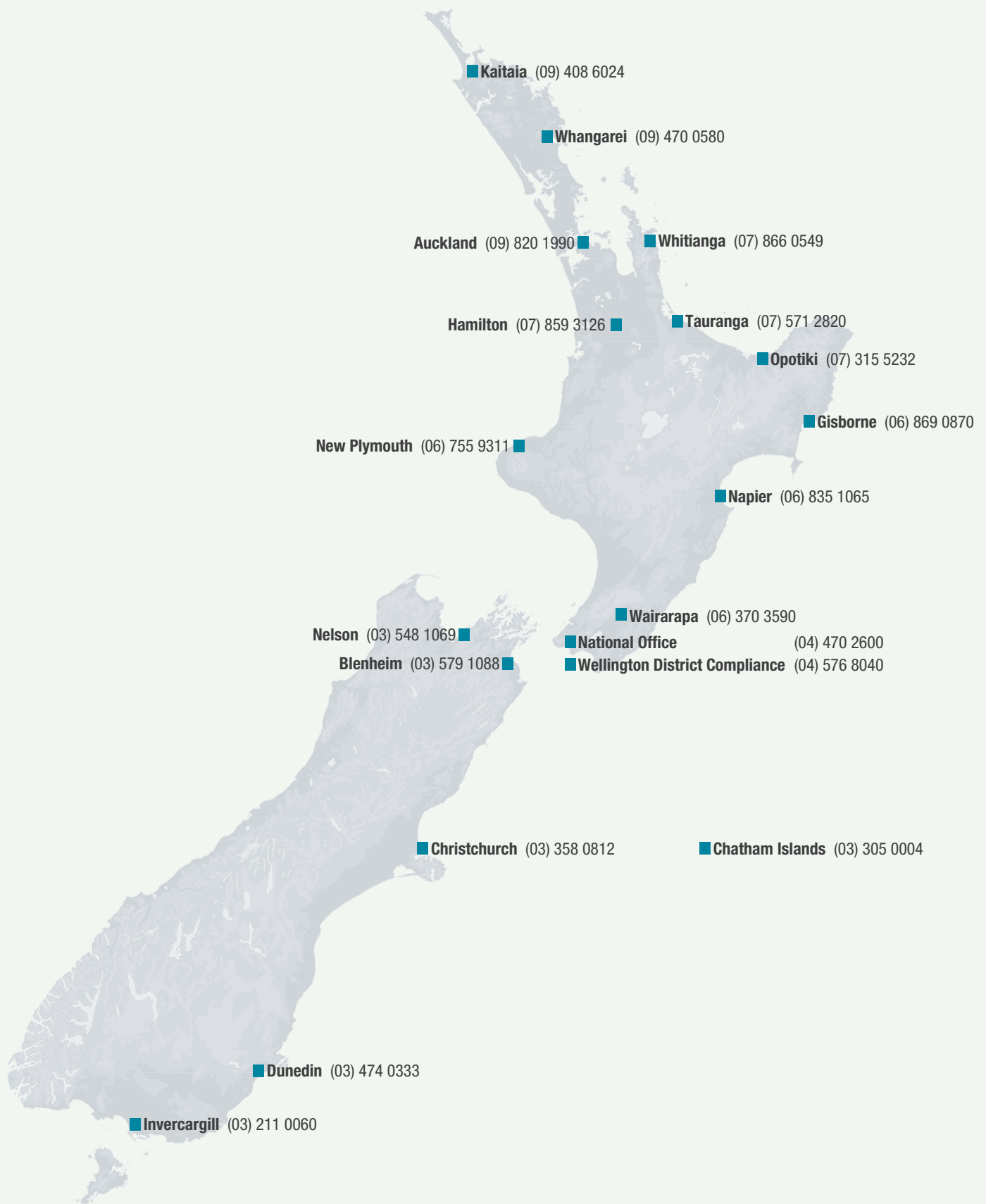
**RFMO:** Regional Fisheries Management Organisation is the term used to describe multi-lateral organisations with responsibility for coordinating management of highly migratory fish stocks and fish stocks that straddle national fisheries management boundaries.

**Tangata whenua:** in relation to a particular area, means the hapū, or iwi, that is Māori and holds mana whenua (customary authority) over that area.

**Standard:** A performance level required to be achieved by fishers or fisheries managers.

**Taiapure:** Taiapure/local fisheries are established under Part IX of the Fisheries Act 1996, where a committee nominated by the local Māori community may recommend the making of regulations to manage all types of fishing.

**Taonga:** Treasures



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