



## Annual Report – 2006/07

*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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Cover: *The Gifts of Tangaroa*

The junior winner of this year's Ministry of Fisheries' School Art Competition was 11 year old Mervyn Merumeru from Auckland. See page 88 for more information on the competition and other artwork in this report.

## ■ Foreword

As Acting Chief Executive it falls to me to introduce this Annual Report. However, the achievements of the past year are to the credit of the whole Ministry, and in particular to Dr John Glaister who was Chief Executive until 30 June 2007.

John made the decision to return to Australia for family reasons after two and a half years as Chief Executive and I would like to acknowledge his leadership and his contribution to the further development of the Ministry. We wish him and his family well.

On 1 October 2006 we celebrated the twentieth anniversary of New Zealand's Quota Management System. The system has proved a sound basis for fisheries management. It has underpinned the economic development of New Zealand's seafood industry and has helped ensure sustainability of our target fish stocks. It also gives us a strong foundation to enhance our management to better provide for non-commercial fishing and to deal with the impacts fishing has on the marine environment.

The environmental performance of the New Zealand fisheries sector is not yet at world best-practice. However, in 2006/07 we made good progress to improve this situation.

At a policy level, the Ministry looked at how New Zealand implements the internationally accepted precautionary approach to fisheries management, and we began to develop environmental standards for fisheries.

On a more operational level, we worked collaboratively with the fishing industry to protect around 30 percent of New Zealand's Exclusive Economic Zone (EEZ) from the effects of bottom trawling. We also worked with industry to reduce seabird by-catch in deep sea trawl fisheries, and began gathering new information on the effects of trawling on soft sediment sea-beds.

Overseas, New Zealand took a strong international lead in the United Nations and in the South Pacific to protect sensitive marine eco-systems from the effects of bottom fishing.

Our inshore highlights include working with the Department of Conservation on implementing the new Marine Protected Areas Policy, as well as protection measures for seabed habitats and iconic species like dolphins and seabirds.

The Ministry's other important work areas this year include laying the groundwork for fisheries plans, our role in encouraging sustainable aquaculture development and our work to resolve the issue of allocation in shared fisheries.

The 2006/07 year saw us addressing fisheries management issues that challenged our relationships with fisheries stakeholders. The Ministry will have to continue to invest in improving these relationships in the future. There was slow and steady progress made in building more productive relationships with tangata whenua and implementing customary fishing regulations.

This year we also made major investments in Ministry staff and infrastructure. Sound fisheries management relies on good people having access to the best possible information. I know these investments in Ministry staff, information systems and other assets will ensure we continue delivering good fisheries management outcomes for all New Zealanders.

The Ministry looks forward to further opportunities of working with tangata whenua and fisheries stakeholders to build on the progress we made in 2006/07.

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 2007.



**G.T. (Stan) Crothers**  
**Acting Chief Executive**

September 2007

## ■ New Zealand Fisheries at a Glance

### Environment

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	96
Individual stocks in the QMS	618
Information available on stock status <sup>2</sup>	61%
Stocks at or near target level <sup>3</sup>	85%

### Commercial Fisheries and Aquaculture

Total export value 2006 (FOB)	\$1.3 billion (Dec 2006)
Capture fisheries	\$1.1 billion
Aquaculture <sup>4</sup>	\$242 million
Direct subsidies	Nil
Total quota value <sup>5</sup>	\$3.8 billion (as at September 2006)
Persons with quota holding	1,723 (as at 1 October 2006)
Commercial fishing vessels	1,366 (as at 1 October 2006)
Processors and Licensed Fish Receivers	227 (as at 1 October 2006)
Direct employment (full time equivalents) <sup>6</sup>	7,155
Allowable take (TACC) <sup>7</sup>	589,022 tonnes (as at 1 October 2006)
Actual take (in NZ EEZ)	478,050 tonnes (1 July 2006 to 30 June 2007)

### Customary Fisheries

Tangata Tiaki appointed (South Island)	110
Tangata Kaitiaki appointed (North Island)	203
Areas/Rohe Moana established (North Island)	22
Temporary closures	5
Taiapure-local fisheries	8
Mātaitai reserves	6
Customary take provided for within the TAC	4,688 tonnes

### Recreational Fisheries<sup>8</sup>

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

### Ministry of Fisheries

Budget 2007/08 (excl GST)	\$93.7 million
Net assets	\$12.6 million
Staff as at 30 June 2007 (FTEs)	445
Honorary Fishery Officers	178
Observers	55

- 1 NZ Biodiversity Strategy, 2000.
- 2 Percentage of total landings that are from stocks for which status is known, calculated by weight, excluding squid and Foveaux Strait dredge oysters.
- 3 Of the 85 stocks for which we have sufficient information to characterise stock status, 72 (85%) are at or near target levels. These represent the main commercial stocks. Rebuild strategies are in place for the remaining 13 stocks.
- 4 Mussel, salmon and oyster exports for the calendar year 2006.
- 5 Statistics New Zealand. Fish monetary stock accounts. Calculated on basis of average quota trade price x TACC.
- 6 Census 2006.
- 7 Excludes 14.95 million individual oysters, which are not measured in tonnes.
- 8 1999/00 Survey of Recreational Fishing.

# Leading New Zealand's Sustainable Fisheries Management



## ■ The Ministry's Role

The Ministry's role, as outlined in the Ministry's 2006-2011 Statement of Intent, is to be the Government's principal adviser on New Zealand's fisheries management and impacts of fishing on the aquatic environment. Our role also encompasses issues that may impact on the continued viability of fisheries and other marine resources. Sustainability of the sector is a cornerstone of our work on a policy and operational level.

Fisheries is a significant primary industry for New Zealand, contributing \$1.3 billion in export earnings to our economy each year, providing direct employment for more than 7,000 New Zealanders, and recreational fishing opportunities for many more. For many New Zealanders, in particular tangata whenua, access to fisheries has a cultural and spiritual value that cannot be quantified.

Fisheries exist in an ever changing environment – fish stocks are not static, either in number or in location. Along with those species that are found only in New Zealand waters, we share interests with other nations in those species that are highly migratory and straddle the New Zealand EEZ. This means that not only do we have a significant role to play in this country in terms of fisheries management, we also take our voice to the international community.

Environmental issues are of increasing concern to New Zealanders, including the environmental effects of fishing. These issues are complex and there is ongoing work to achieve and maintain balance between current needs and concerns and ensuring that future generations have access to fisheries and can realise value from this important resource.

Part of our role is ensuring that people within New Zealand have an understanding of the value of our fisheries, and the limitations on use of some fish stocks that must exist, because of the shared values that different sectors place upon them.

Gathering and interpreting information is also vital, scientifically and from a policy perspective. We continue to lead in ensuring scientific information on the status of our fisheries is gathered and analysed, making information widely available through our publishing programmes.

The coming years will see the Ministry exercise even stronger leadership in the fisheries sector. This past year has seen considerable ground work in this area, as evidenced by the fisheries plan development work, stakeholder engagement over draft standards, consultation over those fisheries that are shared by a number of stakeholders, and management strategies for reducing the effects of fishing on species that are not targeted by fishers.

Consultation forms a major part of this work and the Ministry has invested strongly in consultation with stakeholders and building our ability to work cooperatively with iwi, other groups and organisations.

This includes building the capacity of our staff, and our organisation as a whole, to deliver on the demanding workload that we have set for ourselves.

In short, along with our work to achieve the best managed fisheries in the world, we aim to fully realise our leadership role, and make the Ministry of Fisheries an employer of choice for people who want to work in this stimulating and challenging sector.

## The Fisheries Sector

The Ministry works with four major fisheries sector interest groups – commercial, customary, amateur and environmental. Balancing rights with restrictions requires consultation, a deep understanding of the sector, and a focus on achieving best value for all fishers.

**Environmental** interests are represented by a number of groups around the country that, like the Ministry, have strong interests in the sustainability of fisheries and the effects of fishing on the aquatic environment.

In the **commercial** area, while eight fishing companies provide 80 percent of New Zealand's production, there are many medium and smaller fishing operations that contribute to the significant market value of this industry. Aquaculture also contributes more than \$200 million in export earnings, and recent investment by government is intended to see this increase significantly in future. The Ministry works with the commercial sector through national representatives, such as SeaFIC and Aquaculture New Zealand, and commercial stakeholder organisations that represent the various commercial fisheries.

Along with a major role in commercial fishing, Māori have important rights and interests as **customary** non-commercial fishers. Both the practice of gathering customary food and the places where Māori gather it are special to tangata whenua. The Crown has an obligation to consult with Māori about these rights and develop policies to help recognise their use and management practices. To help with this the Ministry works closely with iwi and hapu on issues at both the regional and national level.

It is estimated that at least 20 percent of all New Zealanders fish in the sea for their personal use. While exercising this right, like other interest groups, **amateur** fishers are expected to abide by the restrictions that are in place to ensure fisheries are managed and used in a sustainable way. There is no single representative body that covers all amateur fishers, and the Ministry works with a range of groups around the country. Work to better recognise non-commercial values is ongoing and part of wider consultation processes on fisheries plans and standards, threat management plans and shared fisheries.

## Interagency cooperation and collaboration within the sector

Even stakeholders with a common interest, such as commercial fishing, may have diverse perspectives and may vary in the degree to which they want to be engaged in consultation processes. When consultation is led by more than one government agency, this can add a level of complexity.

The Ministry of Fisheries' approach is cooperative; sharing knowledge, discussing issues and, where possible, reaching agreement on courses of action. Through this, tangata whenua and stakeholders can have greater certainty that agencies share a common focus around issues under consultation.

Interagency projects include biosecurity and primary sector economic transformation 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 and NZ Defence Force in relation to surveillance, patrol and enforcement. The Ministry works with DOC on Marine Protected Areas and freshwater initiatives. The past year has seen the two organisations working together to amend regulations that manage the movement of freshwater fish and farming of fish on land-based sites. The Ministry has also actively supported, through funding and staff time, the National Maritime Co-ordination Centre (NMCC).

The Ministry works collaboratively with the Ministry of Foreign Affairs and Trade to develop a New Zealand position for negotiations within Regional Fisheries Management Organisations and in multi-lateral forums such as the World Trade Organization and the United Nations.

Throughout the year, fisheries compliance officers and managers worked with counterparts in Australia in support of the development of new operating procedures, training and development initiatives, and sharing of information on new technology developments.

Efforts to increase the economic returns of the aquaculture industry has seen this become a whole-of-government initiative and the Ministry has worked closely with Ministry for the Environment, DOC, Ministry of Economic Development, Te Puni Kokiri and NZ Trade and Enterprise. And, in relation to Treaty Settlements, the Ministry works closely with other agencies including the Office of Treaty Settlements and the Ministry of Justice.

## ■ Strategy for New Zealand's Fisheries

### Managing for outcomes

Most people and organisations involved in the sector work to ensure use of our fisheries is sustainable. And most would agree that an effective management framework is needed to keep gaining best value from our use of this resource while ensuring the aquatic environment remains healthy.

The Ministry of Fisheries uses statements of desired outcomes to guide what we do. They detail what we want to achieve and how we will use incentives, management interventions and fisheries services to work towards that.

These outcome statements start wide in scope and become more specific when describing particular measures, services or activities. Results that must be produced by both fishers and managers to achieve these outcomes will be clearly defined.

The Fisheries outcome, that focuses our work, is that *the value New Zealanders obtain through the sustainable use of fisheries resources and protection of the aquatic environment is maximised.*

In the 2006-2011 Statement of Intent, the Ministry had three contributing outcomes to support the achievement of this Fisheries outcome:

- > The health of the aquatic environment is protected.
- > People are able to realise the best value from the sustainable and efficient use of fisheries resources.
- > Credible fisheries management.

This section outlines progress of the Ministry's work in relation to these three contributing outcomes.

### Achieving outcomes

#### The health of the aquatic environment is protected

##### Protecting deepwater ecosystems

In April 2007 the Government announced the Benthic (seabed habitat) Protection Areas initiatives that will protect more than 30 percent of the EEZ from bottom trawling.

Working with the fishing industry, which had initially proposed the closure, the Ministry of Fisheries and the Department of Conservation consulted with stakeholders on this bold move. Following the consultation period, in which 26 submissions were received (including a set of 1,614 submissions from an internet form submission), the Government agreed to the closure of

seventeen areas. These Benthic Protection Areas (BPAs) cover 1.25 million km<sup>2</sup> of seabed, which is equivalent to four times New Zealand's landmass and 32 percent of the EEZ.

Together with 19 existing seamount closures that were initiated in 2000, the BPAs will protect 88 percent of all known active hydrothermal vents and 52 percent of all known seamounts over 1,000 metres in height from bottom fishing. This action is consistent with last year's UN General Assembly resolution that called upon States to take action to "protect vulnerable marine ecosystems, including seamounts, hydrothermal vents and cold water corals from destructive fishing practices".

The BPAs will be officially closed to bottom trawling and dredging later this year and fishing companies have agreed not to fish these areas in the interim.

#### **How the areas will be protected**

Off-bottom trawl fishing of these new areas is permitted but with strict controls in place. Two Ministry-approved observers must be on board any vessel and the vessel will be satellite monitored. An electronic net monitoring system is used to establish exactly where the fishing net is in relation to the bottom at all times.

To ensure that there is little risk of any gear ever touching the bottom, a buffer zone of 100 metres has been set. Fishing within 100 metres of the bottom is a criminal offence and fishing within 50 metres is deemed to be touching the seabed and is a serious criminal offence, attracting a fine of up to \$100,000 and possible seizure of the vessel.

#### **Marine protection in the Territorial Sea**

With the BPA initiative underway, work on marine protection will focus on New Zealand's Territorial Sea (waters out to 12 nautical miles), where risks to marine biodiversity are greatest and where the highest economic, social and cultural values are found.

The Marine Protected Areas Policy and Implementation Plan (MPA Policy) was released in January 2006. This is an outcome of the New Zealand Biodiversity Strategy and an area of joint work for the Ministry and DOC.

The MPA Policy provides an integrated process for establishing a comprehensive network of marine protected areas around New Zealand. The network will protect a representative range of marine habitats and ecosystems, as well as those that are outstanding or rare. It will use a range of management tools, including Marine reserves, Fisheries Act tools, and tools under the Resource Management Act.

The policy will be implemented in a way that minimises the impacts on existing users of the marine environment and on Treaty settlement obligations.

The first step in the process involves deciding on the range of habitats and ecosystems that we want the system to represent (classification system). The next step involves deciding on what level of protection (protection standard) will constitute a Marine Protected Area.

The Ministry and DOC have jointly developed these two essential steps over the past year. As at 30 June 2007, the protection standard and classification system were in the final stages of development, prior to public consultation.

#### **Measures for protecting New Zealand's subantarctic islands**

A process to protect the marine environment around New Zealand's subantarctic islands was announced in November 2006 by the Ministers of Fisheries and Conservation, Hon Jim Anderton and Hon Chris Carter.

The Ministers launched the Subantarctic Marine Protection Project at the international meeting of parties of the Agreement on the Conservation of Albatrosses and Petrels (ACAP) held in Christchurch.

New Zealand's subantarctic island groups – the Bounty, Antipodes and Campbell/Motu Ihupuku island groups – provide important habitat for many endangered species that are found nowhere else in the world.

A marine mammal sanctuary and marine reserve around the Auckland Islands/Motu Maha is already in place. The islands make up one of New Zealand's three World Heritage sites and are recognised for their outstanding natural heritage and being of global significance.

With the Department of the Conservation, the Ministry of Fisheries is preparing to implement the Marine Protected Areas Policy in this area, work that will substantively begin once the classification and protection standard have been finalised.

#### **Marine Reserves**

The announcement that the Kupe/Kevin Smith Marine Reserve would be created was made in December 2006. Located off Wellington's South Coast, it will provide a showcase for the unique marine ecosystems found there.

The boundaries of the 840 hectare marine reserve have been altered from those originally proposed to improve enforcement and maintain a local sustainable fishing industry and opportunities for recreational and commercial fishers.

The announcement that Tapuae Marine Reserve would be created was made in April 2007. The reserve will protect 1,426 ha off the Taranaki coast.



During 2006/07, the Ministry was involved in important preparatory work with tangata whenua around the Aotea Marine Reserve proposal. This work will mean the reserve proposal should proceed for Ministers' concurrence decision in the 2007/08 financial year.

### **Biodiversity research**

The Biodiversity Research Programme, administered by the Ministry, has been in place for six years. Results from early studies continue to be published and used, while other projects initiated during 2005/06 and 2006/07 have produced preliminary results.

The Programme has evolved from classifying biological diversity in different environments to examining the functional role that biological organisms and groupings play in different aquatic environments. There are several projects that examine coastal environments, while others focus offshore, some extending beyond the EEZ into adjacent waters (eg Louisville Ridge to the east of New Zealand) or south to the Antarctic.

Complementing research on the environmental effects of fishing, the Biodiversity Research Programme gives priority to research programmes on habitats that may be under threat. Seamounts and underwater topographical features typically support long-lived, slow-growing organisms that are vulnerable to trawling. Projects are underway to assess endemism – whether some species are restricted to a particular place, such as an individual seamount – and the role of seamount biodiversity in underpinning deepwater fisheries. The biodiversity associated with soft sediments is also being investigated in a range of environments.

Other developments in 2006/07 included an extension of the environmental classification of New Zealand waters to incorporate existing fish and invertebrate information to define representative habitats with an ecological perspective that has been lacking. We are currently working on a project that will provide environmental classification based on bioregionalisation in the Antarctic.

Two major projects initiated in 2006/07 will explore the long-term (over the past 1,000 years) changes in shallow water marine ecosystems and the functional interrelationships of marine organisms on rocky reefs. The first study aims to provide an historical context for marine biodiversity, marine productivity and resource utilisation in present times, while the second study aims to move beyond characterisation of rocky reefs to their functional role in marine ecosystems.

Three studies to characterise and map biodiversity for use in Fisheries Plans for Foveaux Strait oysters, Coromandel scallops and the Campbell Island southern blue whiting fishery were also funded in 2006/07.

### **Stock status and effects of fishing research**

In 2006/07, the Ministry purchased \$17.6 million of fisheries research, in addition to the biodiversity programme. This supported numerous data collection and monitoring programmes, as well as stock assessments for inshore, offshore and Antarctic fish stocks. Routine data collection programmes include sampling at processing factories for length and age data; research surveys for estimates of abundance, distribution, length and age; and monitoring of commercial landings and catch-per-unit-effort data.

Research surveys were conducted for a large number of species including hoki, hake, ling, black oreo, blue cod, red cod, red gurnard, tarakihi, stargazer, sea perch, spiny dogfish, dark ghost shark, eels, scampi, scallops, cockles, oysters. This, and previous research, led to stock assessments being completed for orange roughy, smooth oreo, hoki, ling, swordfish, kahawai, trevally, stargazer, paua, cockles and oysters, among others. Results from these studies are imperative for determining the size and health of fish stocks and the extent to which they can be used sustainably. These data form a cornerstone for sound fisheries management, particularly in setting catch limits. Results produced in 2006/07 will be used for this purpose for 2007/08, and will continue to provide input into future decisions. More detailed information on fish stocks is available on the Ministry's website [fish.govt.nz](http://fish.govt.nz) – The Status of New Zealand's Fisheries.

While much of the sustainability research purchased in 2006/07 was routine monitoring, surveys and stock assessments, some projects involved cutting-edge technologies and there were a number of notable achievements in the past year.

A novel aging technique, based on the radiocarbon signal resulting from nuclear tests in the 1950s and 1960s, showed that porbeagle shark found in New Zealand waters are longer lived than we had previously thought and older than their relatives in the Atlantic Ocean. These findings suggest more conservative management and closer monitoring of our porbeagle shark stock is required.

Another notable study involves using high-tech tags to track the movement of swordfish and bluefin tunas. Through this, we hope to find out where New Zealand swordfish go to spawn and how they are related to swordfish caught elsewhere in the South Pacific. Another question we hope to answer is how long Pacific bluefin tuna spend in New Zealand waters before heading back to their only known spawning ground in the North Pacific (south of Japan).

In collaboration with Australian researchers, we developed the first stock assessment for swordfish in the Southwest Pacific Ocean. This work indicated that there was a need to be cautious in our exploitation of this stock and this work led to a decision by the Western and Central Pacific Fisheries Commission (a Regional Fisheries Management Organisation of which New Zealand is a member) to restrict further expansion by foreign fleets in the waters outside the New Zealand EEZ.

Our aquatic environment research programme is designed to give effect to the Strategy for Managing the Environmental Effects of Fishing (SMEEF). It does this by identifying the species and habitats most at risk from fishing and identifying options to avoid, remedy or mitigate the environmental effects of fishing. Research undertaken in recent years is being used to underpin national environmental standards being developed by the Ministry.

Projects undertaken in 2006/07 included analyses of links between climate and fisheries, estimating the incidental catch of marine mammals, seabirds, fish and invertebrates and a study of fish-based ecosystem indicators. Just over half of the research reported concerned protected species. Several projects examined the factors causing incidental captures of marine mammals and seabirds, the efficiency and practicality of mitigation measures to prevent such captures, and the extent of fisheries derived mortality.

In addition to routine programmes to estimate seabird bycatch, the Ministry commissioned a five-year programme to assess population sizes and trends for a variety of protected seabirds. This information will be used to estimate how much these populations are affected by fishing-related deaths.

Several projects examined the potential effects of fisheries on the health of New Zealand's seabed (benthic environment). These included the design of management strategies to minimise their impact, estimation and mapping of the areas where New Zealand's fishing takes place within the EEZ and estimation of non-target species bycatch in bottom trawl fisheries. New research that was initiated in 2006/07 includes the development of ecosystem indicators for New Zealand's fisheries and assessment of the impact of fishing on soft sediment seabeds. This will further enhance our ability to ensure that we minimise the risks of fishing on the marine environment.

The Ministry also developed and published identification guides for marine mammals, seabirds, reptiles and protected fish species to complement existing guides on fish and benthic invertebrates. These will significantly improve our ability to monitor incidental catch.

### **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 and biosecurity) to map and classify these, and develop tools for ocean management.

The Ministry of Fisheries Science Group led development of the work programme for the first Oceans Survey 20/20 project. The project's aim is 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.

### **Antarctic research**

The Biodiversity Research Programme funded one Antarctic project this year. Named ICECUBE, the project is part of the international Latitudinal Gradient Project on coastal ecosystems in the Antarctic.

The results from two other projects in 2006, the *Tiama* voyage to the Balleny Islands and *Tangaroa* voyage to the eastern Ross Sea, continue to build on previous surveys of biodiversity and its importance to ecosystem function in the region. These projects contribute to the characterisation of Antarctic waters so we have a better basis for managing them, and have provided a significant data resource for the Antarctic Working Group Programme.

Two other important projects are the toothfish stock assessment modeling of the Ross Sea ecosystem.

The Antarctic research programme underpins New Zealand's governance of the Ross Sea dependency, is an integral part of the Ross Sea Strategy and supports our work at the Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR).

### **International Polar Year**

The International Polar Year (IPY) aims to further understanding of the Arctic and Antarctic environments through an international programme of scientific research focusing on the Polar Regions. The IPY began in March 2007 and runs for two years to span two summer seasons at each pole.

Over 2006/07 the Ministry and other agencies and institutes were extensively involved in developing new initiatives for IPY research. New Zealand's largest single marine IPY project is an eight-week voyage to the Ross Sea region in February-March 2008, part of the circumpolar Census of Antarctic Marine Life (CAML). The survey also carries the Ocean Survey 20/20 banner, and will once again be a collaborative project between the Ministry, other agencies (particularly LINZ, Antarctic New Zealand and the Ministry of Foreign Affairs and Trade), and the New Zealand science community.

## People are able to realise the best value from the sustainable and efficient use of fisheries

This past year saw New Zealand reach a significant milestone in fisheries management when, on 1 October 2006, the twentieth anniversary of the introduction of the Quota Management System (QMS) was marked. Much has changed in the fisheries sector over those two decades.

Since 1986, a market in commercial harvesting rights has existed through the transferable quota rights created under the QMS. This has seen investment and growth in fishing, creating an efficient fishing industry that also operates internationally, in every ocean in the world.

For amateur fishers, after 20 years of rebuilding stocks, some areas that had been under pressure have reached a point where daily bag limits can again be reached and trophy fish taken as well.

But it is perhaps Māori involvement in fishing that has undergone the most dramatic change. From a situation where few Māori were involved in commercial fishing, they now control or influence more than half of this key primary industry.

The 1992 Fisheries Settlement settled all claims by Māori relating to fisheries that are part of the Fisheries Act 1996. It also confirmed Māori non-commercial customary fishing rights would be recognised and provided for through regulations. Customary fishing regulations have been put in place and are progressively being taken up by tangata whenua. The Ministry is now focusing on ensuring effective processes to enable tangata whenua to integrate the management of their customary and commercial interests, and to provide for appropriate input and participation to fisheries management.

Our environmental performance is improving and remains a focus for our work. The majority of our high-volume and high-value fish stocks are fished at sustainable levels. Of the 85 stocks for which we have sufficient information to characterise stock status, 72 (85 percent) are at or near target levels. These represent the main commercial stocks. Rebuild strategies are in place for the remaining 13 stocks. Scientific research remains a cornerstone for ensuring we have information on which to base decisions.

Ongoing pressures that affect fisheries, and increasing public awareness and understanding of the need to manage marine resources, has led New Zealand to build, over the years, on the strong foundation provided by the QMS.

Recent development work around fisheries management plans and standards highlights the consultative and collaborative approach to fisheries management, specifically the shift to objectives-based management being led by the Ministry of Fisheries.

## Fisheries plans and standards

Over the past year, the Ministry has been laying the groundwork for fisheries plans – our new approach to managing fisheries.

Under this approach, the Ministry will work with tangata whenua and stakeholders to develop 26 management plans covering all of New Zealand's 618 different fisheries management units or 'fish stocks'. Most plans cover a range of species or fish stocks, arranged in a way that best meets the interests of their stakeholders. For example, the East Coast North Island finfish plan is based around finfish stocks in Quota Management Area 2. Commercially, most of these fish are caught by trawlers or longliners operating out of Hawkes Bay, Gisborne or Wellington; and most amateur and customary interests in the fishery live in these same locations.

Fisheries plans will provide an integrated, transparent way of identifying how stakeholders get best value from fisheries, and working out what management and services should be provided in a fishery. They build on the Ministry's past work in developing the QMS, settling Treaty of Waitangi fisheries claims, and developing an approach to manage the environmental effects of fishing – as outlined in the Statement of Intent 2006-2011.

These plans aim to help all New Zealanders get best value from their fisheries. They involve stakeholders working with the Ministry to develop specific management objectives for the fisheries they have an interest in.

Each plan describes how these objectives will be achieved, what roles everyone has to play, and how levels of achievement will be monitored. The plan also incorporates operational limits – or standards – that set out the acceptable performance levels in areas like sustainability and the environmental effects of fishing, and in the processes used to manage fisheries, like research and consultation.

For much of the past year, the Ministry has been concentrating on the first stages of fisheries plan development – bringing together all relevant information about a fishery, and developing fisheries standards.

As at 30 June 2007, this documentation stage was nearly complete for most of the 26 fisheries plans.

November 2006 saw the first draft fisheries standards released for consultation. These were the harvest strategies standard that sets sustainability targets and limits for fish stocks, a standard for consultation and a standard for setting priorities for introducing species into the QMS.

On request from stakeholders extensions to the consultation closing dates for the standards was granted to give stakeholders extra time to make submissions. Ministry staff have subsequently been revising the standards and collating and responding to submissions from stakeholders. The Ministry decided to simplify the Harvest Strategy Standard by separating out the core elements from those that can better be treated as guidelines that will continue to evolve as new data, analyses and insights become available. The QMS introduction standard was tested during the QMS introduction process for species proposed to enter the QMS in October 2008.

### Shared fisheries

How the government shares the nation's fisheries catch between its amateur and commercial sectors is an issue that has been the subject of much debate for many years.

Effective management of our shared fisheries is compromised by poor information on amateur catch, and uncertainty about the allocation framework. Shared fisheries include iconic species such as snapper, blue cod, kahawai, kingfish, hāpuka, rock lobster and paua.

In October 2006, Cabinet approved the release of a public discussion paper containing a range of options and proposals to enable increases in the value obtained from the use of shared fisheries. These proposals did not seek to alter the priority of non-commercial customary take by tangata whenua. Consultation on this paper took place from October 2006 to the end of February 2007.

A total of 610 submissions were received by the deadline for submissions and a further 300 submissions were received after the submission period had ended.

Consultation confirmed a number of issues that need to be considered, including: maximising value in allocation decisions; improving information on the amateur catch; and the participation of the amateur sector in fisheries management. However, there was no consensus on any proposal to address a particular issue.

After considering the consultation and undertaking further analysis, the Ministry provided advice to the Minister of Fisheries on the management of shared fisheries, including recommendations on a way forward.

### A precautionary approach to fisheries management

In fisheries management, decisions need to be made even when there is uncertainty about the abundance of a fish stock or the impacts of fishing on the marine environment. The Fisheries Act's information principles seek to guide decision makers when information is uncertain. Challenges to recent decisions to manage fish stocks have highlighted the fact that the information principles do not reflect the internationally accepted precautionary approach.

Cabinet agreed that the Act should be amended so that, in circumstances where information is uncertain or limited, decision makers could act cautiously so as to ensure sustainability of fisheries resources and address the adverse effects of fishing on the aquatic environment.

A Bill was drafted and introduced to the House on 22 February 2007 and referred to the Primary Production Committee on 15 March.

The Bill is intended to better reflect the precautionary approach. It will make clear that while decision makers must consider the impacts of their decisions on both utilisation and sustainability, where information is uncertain, they should take particular care and not delay measures to ensure sustainability.

### Securing long-term market access and primary sector transformation

The Ministry embarked on a programme to work with the seafood industry to achieve environmental certification of New Zealand seafood products. Budget 2007 allocated \$4.6 million over four years for this programme, which is designed to secure long-term access and market position in key international markets.

Growing trends towards a more environmentally-conscious global marketplace present significant opportunities for New Zealand's primary sectors. Environmental certification will allow the seafood industry to differentiate their products from others on the grounds of our approach to sustainability.

During 2006/07, the Ministry also worked with a number of other agencies to progress initiatives that relate to the economic transformation of the primary sector. Examples of such cross-agency working are:

- > The Government's response to the Food and Beverage Taskforce report led by the Ministry of Economic Development (MED).
- > The package of sustainability initiatives being led by MED and the Ministry for the Environment. Two streams of work in particular – business partnerships for sustainability and actions for enhanced eco-verification – link to the Ministry's activities.
- > Supporting the Ministry of Agriculture and Forestry in servicing the Primary Industries Leaders forum. This forum provides ongoing dialogue with primary sector leaders on the economic, social, environmental and technological challenges facing the sector.
- > Supporting the development and delivery of the Primary Industries 2020: A Summit on Succeeding in a Changing Global Economy that will be held in November 2007. The purpose of the summit is to give challenging perspectives on the demographic, cultural and social factors that are driving changes in consumer preferences.

## Aquaculture on the agenda

Identified by Government as a priority industry for growth, aquaculture is specifically on the economic transformation agenda, with a goal of becoming a sustainable billion dollar industry by 2025. This past year has seen the Ministry lead an across-government team that has been working closely with regional authorities and key stakeholders to support sustainable aquaculture development.

Key successes this year include:

- > a Ministers and Chief Executives' steering group for aquaculture was established
- > a new \$2 million contestable fund to help councils with aquaculture planning
- > supporting industry in setting up Aquaculture New Zealand
- > strong and positive relationships developed between government and industry
- > publishing *Our Blue Horizon*, which sets out Government's five point plan to support future growth of aquaculture in New Zealand
- > completion of the Government's National Position Statement supporting sustainable aquaculture development
- > development and implementation of a communications strategy that included the launch of the government's aquaculture website
- > good progress on five priority projects to help the aquaculture industry grow in the regions.

The Ministry has also contributed to the development of a Bill, led by the Ministry for the Environment, to amend the aquaculture legislation to address a number of largely technical problems with the aquaculture legislation which have been identified through implementation work, and an Environment Court decision.

The Ministry will lead a work programme over the next two years to implement Government's response to the New Zealand Aquaculture Sector Strategy. The response details Government's commitment to work with industry on five key issues:

- > building the confidence to invest
- > improving public support
- > promoting Māori success
- > capitalising on research and innovation and
- > increasing market revenues.

The Ministry also heads a working group of industry and key stakeholders to develop world-leading standards for sustainable aquaculture development in New Zealand. For more information, visit [aquaculture.govt.nz](http://aquaculture.govt.nz).

## Better information for spatial planning

The creation of new customary fisheries management tools, new areas of marine protection and new Aquaculture Management Areas in our coastal waters have potential effects on existing users of marine resources.

To help ensure these new areas are created in a way that takes existing users into account, we need to know where existing use lies. Our current information from smaller commercial vessels (6-28 metres length) does not accurately pinpoint where their fishing occurs. So new catch/effort forms for inshore trawlers and longliners have been developed that include latitude and longitude positions of the vessel.

The finer-scale information gathered through the new forms will also give managers and scientists a better understanding of the fishery and fish stocks.

## Deemed values review

Commercial fishers are required to balance their catch with Annual Catch Entitlement (ACE). This catch balancing regime underpins the QMS. As a component of that regime, fishers must pay a penalty, a deemed value, if they take fish for which they do not hold ACE.

A Crown-Industry Joint Working Group (JWG) considered the catch balancing regime in the QMS, and the role and effectiveness of deemed values in creating incentives for fishers to balance their catches against their ACE holdings.

Stakeholders have been consulted on the recommendations of the JWG. The Minister is currently considering these recommendations.

## Cost recovery review

In late 2006, the Government agreed to a review of the cost recovery rules. The Fisheries (Cost Recovery) Rules 2001 set out the proportions of service costs that are to be recovered from the fishing industry.

The Ministry convened a joint government/industry working group in early 2007, made up of officials from government agencies responsible for cost recovery and representatives nominated by the fishing industry. The group's role was to provide advice on possible improvements to the cost recovery framework.

The working group is expected to report to the Minister of Fisheries later this year, with proposals for new cost recovery rules and how they could be administered.

## Observers

Since the QMS was introduced in 1986, the Ministry of Fisheries observer programme has placed observers at sea on commercial fishing vessels to collect independent catch and effort data,

biological samples and other information for fisheries management, research and compliance purposes.

The Ministry of Fisheries and Department of Conservation's management and research programmes, which are developed in consultation with stakeholders, determine observer coverage and information requirements.

In 2006/07 the observer programme maintained its long-standing coverage in the deepwater, middle-depth and large vessel pelagic fisheries. The programme continued to extend its coverage on smaller commercial fishing vessels operating in the surface and bottom long-line, purse seine, set net and inshore trawl fisheries.

Compared to 2005/06, in 2006/07 the programme increased the coverage days achieved by 11 percent to 5,969 days.

#### **Our international focus**

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.

Our key objectives are to:

- > promote sound policies for managing fisheries and the environmental impacts of fishing
- > promote strong governance arrangements for the sustainable management of fisheries resources beyond the New Zealand EEZ
- > secure well defined access rights for New Zealand fishing industry beyond the New Zealand EEZ
- > secure market access for New Zealand fisheries products overseas.

This last year has been a busy and successful one with significant advancements in multi-lateral and regional issues and measures to address them.

At the multi-lateral level, the set of criteria that was developed through the review of the UN Fish Stocks Agreement was implemented and a process was also established for the Food and Agriculture Organization to assess the adverse impacts of fishing and vulnerable marine ecosystems (VMEs).

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.

Regionally, New Zealand has a strong involvement with the four Regional Fisheries Management Organisations of which it is a member:

- > 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.

A fifth RFMO is being established to focus on international conservation and management of non-highly migratory fisheries and protection of biodiversity in the high seas areas of the South Pacific Ocean. The South Pacific Regional Fisheries Management Organisation (SPRFMO) is focused on the gap in coverage extending from the most eastern part of the South Indian Ocean through the Pacific towards the EEZs of South America.

Although parts of this region are covered, to a degree, by other RFMOs, such as the Western and Central Pacific Fisheries Convention (WCPFC) and the Inter-American Tropical Tuna Convention (IATTC), these cover highly migratory species only. The SPRFMO will cover predominantly discrete high seas stocks and those stocks that straddle the high seas and the EEZs of coastal states.

The second and third meetings on establishing the SPRFMO took place in Hobart, Australia and Reñaca, Chile over the past year and New Zealand played a leading role in developing interim measures to manage the adverse effects of fishing in the Pacific area covered by the organisation.

As part of our work with the Western and Central Pacific Fisheries Commission, New Zealand focused on examining allocation mechanisms within this arrangement and we continue to take a strong lead in work that is underway.

The Forum Fisheries Committee (FFC), held in May, was hosted by New Zealand and focused on governance issues and concerns about sustainability of tuna resources in the Pacific, along with how to strengthen the institutional capacity of Pacific nations that are members of the FFC. The Ministerial meeting was held at the same time and chaired by the Minister of Fisheries, Hon Jim Anderton.

Internationally binding rules within the World Trade Organization (WTO), intended to eliminate fishing subsidies, are being negotiated. The focus is on amending existing WTO subsidy rules to help prevent overfishing and managing access of products into markets, an issue of particular interest to New Zealand and to Pacific Island countries.

#### **Illegal, Unreported and Unregulated fishing**

A serious problem that can affect all capture fisheries is Illegal, Unreported and Unregulated fishing (IUU). Affecting both individual nations and the high seas, IUU fishing has widespread environmental,

social and economic consequences. The health of fish stocks and the wider ecosystem may be severely impacted by IUU fishing. Fishers categorised as IUU can avoid costs associated with conservation and management measures, vessel safety laws and labour laws. For those who fish legitimately, their market survival may be undermined by IUU product.

New Zealand considers IUU fishing a significant risk, as the predominant species targeted by IUU fishers are Patagonian toothfish, orange roughy and tuna, all of which are target species for legitimate New Zealand fishers.

Cooperative law enforcement that crosses national borders is increasing to combat illegal activities that cross jurisdictions. New Zealand was a founding member of the executive committee of a voluntary monitoring, control and surveillance network, which in the past year embarked on a project to become the International Monitoring, Control and Surveillance (MCS) Network for Fisheries Related Activities. As an independent, self-sufficient network the MCS helps to enhance cooperation, coordination, information collection and sharing between national governmental organisations and institutions responsible for fisheries related monitoring.

Along with our involvement with the network, the Ministry has also undertaken work to research an international vessel register, a proposal that has now been taken up by the FAO. The register provides an objective and impartial database on the characteristics, previous and current ownership and control of high seas fishing vessels.

Finally, funding was also provided for a Ministry of Fisheries staff member to help coordinate the IUU conference held in London.

## **Credible fisheries management**

### **Compliance**

All New Zealanders have access to our fisheries resources and there is a range of regulations in place to ensure that stock levels remain at a sustainable level. Managing this, in both commercial and non-commercial fisheries, is the role of the Ministry's Fisheries Compliance staff.

Their work is wide-ranging and includes observations and inspections of vessels and Licensed Fish Receivers (LFR), investigating and prosecuting cases, and activities to counter poaching and black market activities.

Fisheries officers work closely with stakeholders to improve voluntary compliance in the fishing sector. In July 2006 the Ministry entered into a joint project, 'Poaching is Theft,' with the paua and crayfish management companies and recreational fishers. The Poaching is Theft project aims to ensure sustainability of the marine resource by raising public awareness about the impact of the fish theft and

poaching of paua and rock lobster (crayfish). The first stage of this project provided information packs about the importance of reporting suspicious and illegal activities. This was complemented by the Ministry's 0800 4 POACHER hotline.

In addition, the paua detection dog pilot programme, initiated in 2005/06, continued into 2006/07 with the dogs becoming fully operational and working in a variety of environments. This initiative has proved valuable in providing an effective tool to detect paua offending and will continue into 2007/08.

In May 2007 the Ministry issued stab proof vests to all fishery officers to support their commitment to health and safety in the field.

There were significant increases in productivity in monitoring and surveillance activities in 2006/07. This resulted from the changes in Fisheries Compliance structural arrangements and a focus on capability development through the implementation of technical competencies and associated training.

In the course of the past year over 1,500 commercial fishing vessels were inspected and more than 300 inspections of LFRs were conducted. Both of these exceeded targets.

Our compliance efforts include recreational fishing patrols and inspections, Kaitiaki liaison, enforcement of customary regulations, community-based education, brochures and signage, and Honorary Fishery Officer management. Over the past year 1,825 patrols were undertaken, exceeding targets.

The number of poaching and black market patrols undertaken also exceeded targets with 758 patrols taking place and 10 investigation cases started. In international fisheries compliance, four investigations were commenced with all processes meeting or exceeding the required standards.

All prosecution cases were initiated within statutory timeframes and 95 percent of prosecutions under the Fisheries Act 1996, and 94 percent of prosecutions under Fisheries regulations were successful.

### **Input and participation of tangata whenua**

In the second half of 2006 the Ministry began reviewing the work it does with tangata whenua through the Iwi Regional Fisheries Forums. These forums help to ensure more effective tangata whenua participation in fisheries management, and to ensure that the Minister has particular regard to Kaitiakitanga when making sustainability decisions.

Through the review, the Ministry identified options to improve tangata whenua participation in fisheries management processes. Discussions will be held with tangata whenua on the findings.

### Historical Treaty settlements

In support of the Crown's historical Treaty settlements process the Ministry has been involved in a number of Treaty negotiations over the past year. As part of the settlement process, the Minister issued a Fisheries Protocol to the Te Arawa Lakes Trustee that specifies how the Trustees and the Ministry will work together on a range of fisheries issues. The Ministry also developed the Te Arawa Lakes (Fisheries) Regulations 2006, which provide for the Trustees to manage non-commercial fishing on the 13 Rotorua lakes for those species managed under the Fisheries Act 1996.

A Fisheries Protocol was also issued to Ngati Mutunga by the Minister, along with a Right of First Refusal Deed that enables Ngati Mutunga to purchase an agreed quantity of the Crown's quota holdings in certain shellfish stocks. Te Runanga o Ngati Mutunga has been appointed as an advisory committee to the Minister, which enables the Runanga to provide direct advice to the Minister on any matter that may affect their fisheries interests.

The Ministry of Fisheries provided assistance in negotiations and in the drafting of settlement legislation for Te Roroa and affiliate Te Arawa iwi and hapū. The Ministry has also participated in negotiations or provided assistance to the Office of Treaty Settlements for the Waikato-Tainui River Claim, Kurahaupo ki Te Tonga, Ngati Apa (North Island), Aupouri, Te Rarawa, Taranaki Whanui, and Moriori.

### Māori commercial aquaculture claims settlement

The Ministry is responsible for implementing the Māori Commercial Aquaculture Claims Settlement Act 2004, which came into force on 1 January 2005. This Act provides for a full and final settlement of Māori commercial aquaculture claims arising since 21 September 1992.

Under the Act, iwi must be provided with 20 percent of all new aquaculture space created through the establishment of Aquaculture Management Areas after 1 January 2005. The Act also establishes the Crown's obligation to provide iwi with the equivalent, in aquaculture space or financial settlement, of 20 percent of aquaculture space created between 21 September 1992 and the commencement of the new Act.

During the past year the Ministry began work on the aquaculture space valuation methodology, which is required under the Act. The settlement register was also validated. This work was undertaken in consultation with Te Ohu Kai Moana Trustee Limited, the legislated Trustee of the settlement.

Over the coming year, the Ministry will continue to develop the valuation methodology and will begin planning for the Minister's review of progress with the Māori Aquaculture Settlement process.

### Tangata Kaitiaki/Tiaki

Kaitiaki play a key role in the framework supplied through the customary fishing regulations. They are the only people who can authorise customary fishing within their rohe moana. Forty-seven Tangata Kaitiaki appointments in six new areas of the North Island were confirmed during the period July 2006 to June 2007, with Ngāti Awa (18), Ngāti Hinewaka (8), Ngāti Kinohaku (3), Ngāi Hapu o Waimarama (4), Ngāi Tamanuhiri (1), and Rongomaiwahine (13).

Six new Tangata Kaitiaki appointments were also confirmed for an area managed by Ngāitai Iwi and extensions and replacement Tangata Tiaki appointments were confirmed for three areas in the Ngāi Tahu Takiwā.

Training for Kaitiaki/Tangata Tiaki was a strong focus for the Ministry, including training for 209 Kaitiaki in fisheries compliance matters and the development of a qualification, which has been registered with the New Zealand Qualifications Authority. Known as KAI I, the package covers their roles and responsibilities. All Tangata Kaitiaki/Tangata Tiaki will have been offered the opportunity to undertake the training by the end of September 2007. A second package, KAI II, will also be developed and will cover the Ministry's processes for developing sustainability measures and regulatory controls and how tangata whenua can have input into objectives-based management through fisheries plans.

Regional forums operating around the country help the Ministry engage with iwi and hapū. Nine forums have been established and another four are at various stages of development. Three forums have signed Memorandums of Understanding with the Ministry; Mai i Ngā Kuri a Whareki ki Tihirau, Ngā Hapu o Te Uru Tainui, and Te Tau Ihu of Te Waka Maui.

### Maintaining long-term capability

We outlined several strategies in our 2006-2011 Statement of Intent that would support our key organisational outcome of Credible Fisheries Management. These included:

- > Strengthening the Ministry's capability to meet standards and delivery organisational and fisheries objectives.
- > Maintaining and, where necessary, improving organisational management support, information and finance systems.
- > Ensuring compliance with policies and standards that support organisational managers.
- > Ensuring that budget limits are not exceeded.

At the same time, the Ministry focused on initiatives to meet the six Development Goals for State Services, established by the State Services Commission.



We worked on a number of initiatives to help us achieve these. Of particular note were the first two goals of supporting the State Services to be an employer of choice, and developing a strong culture of constant learning to achieve excellence.

As a result, there was a strong focus on building staff skills and capability, enabling and empowering them to do their jobs to the best of their ability. At the end of the first year of a three-year implementation period, the ongoing organisational development programme has seen some significant achievements.

Human resource (HR) practices interrelate with everything an organisation does, so it makes sense to integrate and align them. The Ministry of Fisheries HR framework is being realigned around competency models, investing in staff and improving productivity. This reflects the whole of government approach of the State Services Development Goals.

Implementing the framework has been a challenge and has involved major changes in the way we do things. A technical competency framework pilot programme, run in our Fisheries Compliance group, saw strong gains in productivity and staff engagement levels and voluntary turnover and sick leave reduce significantly. This programme was highlighted in the State Services Senior Leaders Conference in 2006 and has attracted considerable interest from the state sector.

The Ministry is now rolling out Lominger<sup>®</sup> competency tools – which are being implemented across the whole organisation, in consultation with staff, with a focus on building and maintaining a culture that supports and celebrates strong performance, and sustainable productivity gains. We aim to:

- > Ensure the Ministry's capability development aligns to the future direction of the organisation.
- > Improve staff retention and engagement.
- > Ensure more clarity for staff around what the organisation expects and values.
- > Have greater flexibility, as groups adopt common toolsets and a common commitment to performance and development at the individual level.
- > Establish a staff development framework, offering more chance to participate in their development.

Staff were also instrumental in the review of our values statement and the process and results embody what we are trying to achieve. The new values statement aligns with the Ministry's approach to managing and developing both staff and the Ministry as a whole.

Our values are:

- > Integrity – The Ministry's people are professional and widely trusted. We are honest and take responsibility. We strive to be open, transparent and impartial.
- > Respect – We respect each other, tangata whenua, stakeholders, the law and the aquatic environment. We respect and value our role as guardians of our fisheries resources.
- > Constructive relationships – We understand the sector we work in and the needs and expectations of those we work with. We maintain constructive relationships, engaging effectively with others to achieve the best outcomes possible.
- > Achieving results – We approach our work with energy and drive, with a focus on achieving high quality results. We value teamwork and collaboration. We share information and recognise people's contribution to our goals.
- > Continual improvement – We embrace continual improvement in the pursuit of excellence. We are agile learners and actively develop our skills, knowledge and behaviours. We are committed to helping our people to be successful.

The organisation's governance framework is also being reviewed. This work is about efficiency and effectiveness; ensuring there is clarity between the roles and responsibilities of the various governance committees and line managers, where necessary improving and streamlining processes to make it easier to achieve outcomes.

An information strategy has been approved by managers and a detailed work programme is being developed at the same time, the rollout of a new electronic document and record management system is underway and trials of video-conference facilities have proved effective at linking us in a way that will improve our ability to work together as an organisation, while reducing the need to travel between offices.

This year's achievements are a starting point. Through our ongoing organisational development programme we will operate more strategically in planning, risk management, recruitment, and relationship management – essentially across all aspects of our business. By 2009 we aim to achieve the following:

- > We are recognised as a world-leading fisheries management agency.

- > We are respected for the quality and integrity of our fisheries management advice and services by Ministers, other government agencies and fisheries stakeholders.
- > We are seen as one of the most capable and high-performing government agencies in New Zealand.

At the close of the year, the Ministry was required to seek approval from the Minister of Finance under section 26b of the Public Finance Act 1989 to unappropriated expenses in the Fisheries Operations Departmental Output Expense. The amount involved an overspend of \$266,000 in an Output Expense budget of \$23.98 million (1.1 percent). This unappropriated expenditure related to additional expenditure on scampi litigation and the establishment of the infrastructure to support the development of objectives-based management and fisheries plans initiative. Final departmental operating expenditure at \$90.7 million was under the budget appropriations by \$3.4 million, with \$3.15 million of this relating to future commitments for fisheries research. The resultant underspend in the Vote was therefore \$0.25 million which represents 0.3 percent of the total expenditure. Further information is provided later in this report.

### Sustainability matters

The Ministry has made a significant investment in defining and meeting our goals under the Govt<sup>3</sup> programme over the past year. This work was recognised by the Ministry taking four awards in the annual Govt<sup>3</sup> awards in 2006.

Aside from being the co-winner (with IRD) of the leadership award, the Ministry was highly commended in the procurement, sustainable building and energy efficiency sections.

The judges said the commitment shown by the senior management team was key to the Ministry's win in the leadership category, as were the links the Ministry made with other departments, notably the Ministry of Pacific Island Affairs who share the head office building in Wellington, and relationships with suppliers.

Implementation ideas were highlighted, such as waste bays and cabinets for recycling, using recycled copy paper, recycling our ink cartridges and using an on-line purchasing catalogue to reduce paper use and waste. The Ministry also has a travel policy that aims to reduce the amount of travel, particularly air travel, undertaken by staff.

The Ministry's procurement policy has environmental clauses and incorporates Govt<sup>3</sup> principles. This work continues this year with a view to reducing costs associated with print production policies and ensuring that sustainability issues and practices are considered in tendering and project management practices.

Recognition of the Ministry's efforts in the sustainable building and energy efficiency categories reflects accommodation work and an investment in capital work over the past few years. All of the Ministry's head office staff, previously located in three buildings around Wellington, were relocated to one building. This building has been outfitted with technology to ensure that use of air conditioning, lighting and heating systems are as energy efficient as possible.

Other capital works were undertaken to provide new or upgraded accommodation for staff in Petone and Christchurch.

### Feedback and complaints system

The Ministry continued to use the system introduced in 2005 to capture and address stakeholders' feedback and complaints. 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'.

In the 2006/2007 financial year, almost 50 individual feedback items were received during that time, a slight decrease on the previous year. As in 2005/2006, more than half were recorded as complaints. A high proportion of all complaints received related to the amount of information available on the Ministry's web site, however these were received in the first three months of the site going live in June 2006, while content was still being loaded.

A formal review of the information from this system is conducted by the Ministry's Senior Management Team, to identify and address any emerging trends or issues.

# Performance



## ■ Statement of Responsibility

This statement of responsibility is issued by me as Acting Chief Executive of the Ministry of Fisheries in terms of 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 2007, and I authorise issuance of these statements on 28 September 2007.

Signed



**G.T. (Stan) Crothers**  
Acting Chief Executive

28 September 2007

Countersigned



**Paul Laplanche**  
Chief Financial Officer

28 September 2007

## ■ Audit Report

### To the readers of the Ministry of Fisheries Financial Statements and Performance Information for the year ended 30 June 2007

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 on his behalf. The audit covers the financial statements and statement of service performance and schedules of non-departmental activities included in the annual report of the Ministry for the year ended 30 June 2007.

#### Unqualified Opinion

In our opinion:

- > The financial statements of the Ministry on pages 25 to 78:
  - > comply with generally accepted accounting practice in New Zealand; and
  - > fairly reflect:
    - the Ministry's financial position as at 30 June 2007 and
    - the results of its operations and cash flows for the year ended on that date.
- > The statement of service performance of the Ministry on pages 25 to 50:
  - > complies with generally accepted accounting practice in New Zealand; and
  - > fairly reflects for each class of outputs:
    - 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.
- > The schedules of non-departmental activities on pages 72 to 78 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 2007.

The audit was completed on 28 September, 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 and statement of service performance 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 and the statement of service performance. 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 and statement of service performance. 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 statements and 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 and statement of service performance. 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 and a statement of service performance 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 2007 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 2007. The Chief Executive's responsibilities arise from sections 45A and 45B and 45(1)(f) of the Public Finance Act 1989.

We are responsible for expressing an independent opinion on the financial statements and statement of service performance 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.

Other than the audit, we have no relationship with or interests in the Ministry.



Grant J Taylor  
Ernst & Young  
On behalf of the Auditor-General, Wellington, New Zealand  
28 September 2007

## ■ Ministry Performance 2006/2007

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 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.

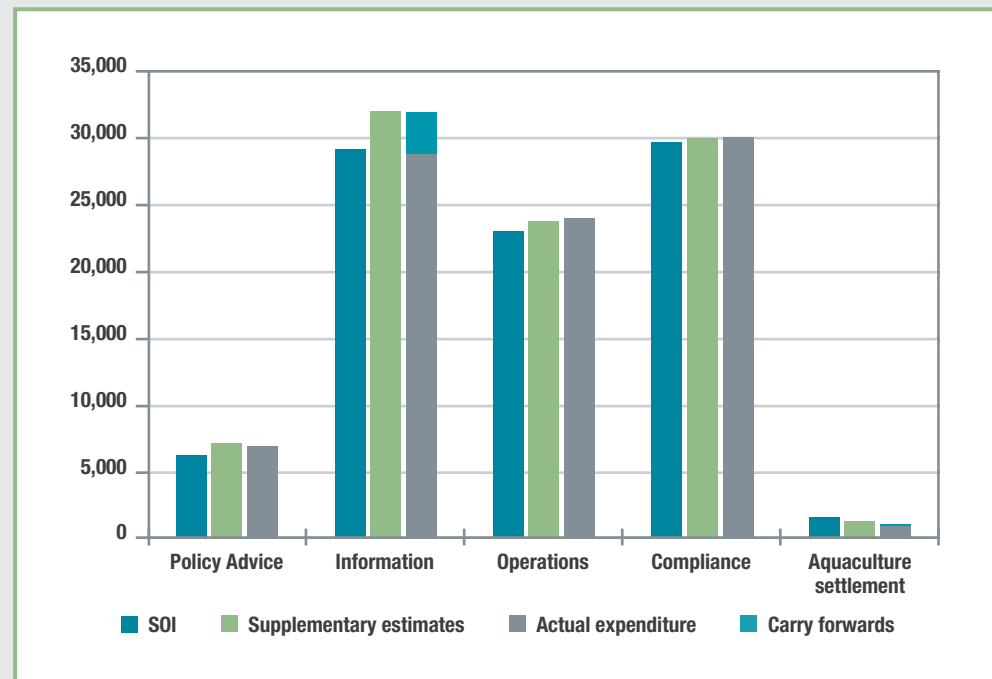
The Ministry consults with fisheries stakeholders on an annual basis in order to determine the fisheries services to be delivered in the year. A separate review process relating to the cost recovery levies to be charged is then undertaken with the commercial fishing sector. The amount recovered through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

## ■ Financial Overview

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

The Ministry has spent \$90.704 million in the 2006/2007 financial year against an annual budget appropriation of \$94.099 million. When transfers of \$3.147 million from 2006/07 to 2007/08 are included, the **final audited** outturn for 2006/07 gives an effective under spend across all Departmental Output Expenses in the Vote of \$0.248 million (0.3 percent).

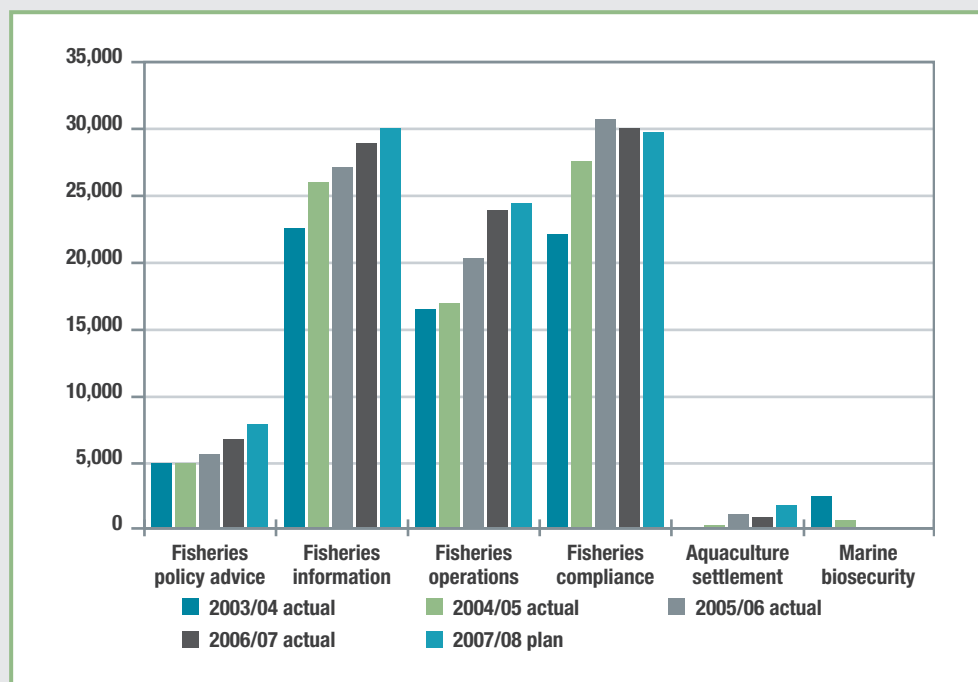
A summary of departmental output expenses for 2006/2007 is set out below:



### Departmental Output Expense Profile

The following graphs and tables show trends in expenditure for the Ministry over the last four years and planned for 2007/2008:

	2003/04 Actual	2004/05 Actual	2005/06 Actual	2006/07 Actual	2007/08 Plan
Fisheries policy advice	4,927	4,910	5,758	6,884	7,966
Fisheries information	22,604	25,946	27,029	28,873	29,926
Fisheries operations	16,558	16,832	20,209	23,980	24,398
Fisheries compliance	22,070	27,448	30,717	29,980	29,635
Aquaculture settlement	0	517	1,003	987	1,812
Marine biosecurity	2,366	603	0	0	0
<b>Total</b>	<b>68,525</b>	<b>76,256</b>	<b>84,716</b>	<b>90,704</b>	<b>93,737</b>



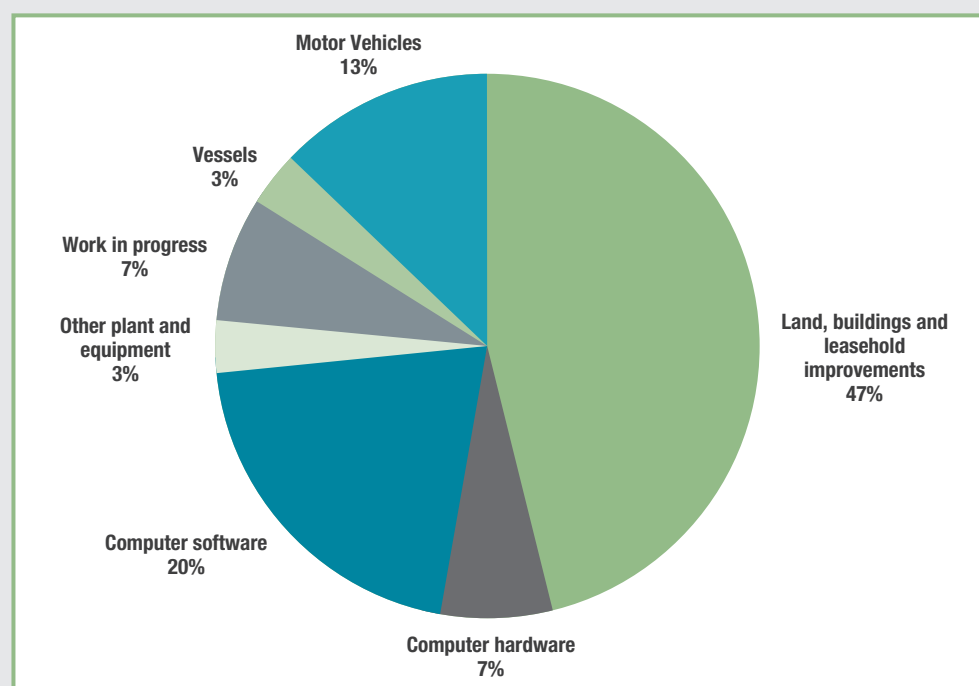


## Research Services

	2003/04 Actual	2004/05 Actual	2005/06 Actual	2006/07 Actual	2007/08 Plan
<b>Fisheries Research</b>					
Antarctic and Deepwater	905	3,236	3,311	2,154	2,631
Hoki and Middle Depths	3,681	4,716	4,152	5,797	4,229
Inshore Finfish, Eel and Snapper	1,269	1,923	1,343	1,824	2,076
Pelagic	951	1,075	1,867	1,391	1,209
Shellfish and Rock Lobster	2,152	1,587	1,964	2,495	2,770
Non Commercial Fisheries	689	2,035	1,831	1,469	1,584
Aquatic Environment	535	540	1,481	1,339	1,692
Other Research	1,865	2,174	1,965	1,162	1,450
<b>Sub total</b>	<b>12,047</b>	<b>17,286</b>	<b>17,914</b>	<b>17,631</b>	<b>17,641</b>
Biodiversity Research	3,099	1,884	1,490	2,682	1,803
Biosecurity Research	1,781	1,192	0	0	0
International Polar Year	0	0	0	0	1,000
<b>Total</b>	<b>16,927</b>	<b>20,362</b>	<b>19,404</b>	<b>20,313</b>	<b>20,444</b>

Research services are reported within the Fisheries Information output expense.

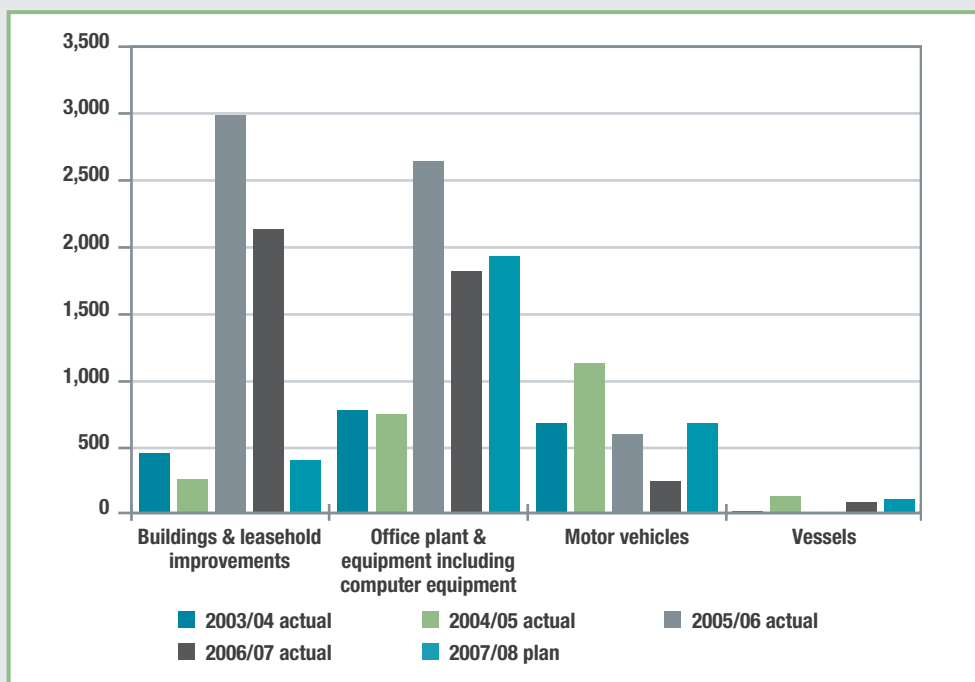
## Departmental Property, Plant and Equipment – Net Book Value at 30 June 2007



### Capital Expenditure Programme

Notable projects completed during the year included:

- > rationalisation of accommodation in Wellington
- > upgrade to IT infrastructure
- > development of the Ministry's website.



## Output Expense Service Performance

The following table lists departmental output expenses by output for the year ended 30 June 2007, along with the comparative figures for 30 June 2006.

	2007 Final Estimates \$000	2007 Actual \$000	2007 Actual as % of Final Estimates	2006 Actual \$000
<b>Fisheries Policy Advice</b>				
New Zealand fisheries policy advice provided	3,131	3,056	98	2,302
International fisheries policy advice provided	2,954	2,904	98	2,533
Ministerial servicing	1,009	924	92	923
<b>Sub total</b>	<b>7,094</b>	<b>6,884</b>	<b>97</b>	<b>5,758</b>
<b>Fisheries Information</b>				
Utilisation and sustainability of New Zealand's fisheries resources measured	24,186	21,519	89	21,484
Biodiversity of New Zealand's marine environment estimated	4,031	3,650	91	2,334
Observer services provided	3,782	3,704	98	3,211
<b>Sub total</b>	<b>31,999</b>	<b>28,873</b>	<b>90</b>	<b>27,029</b>
<b>Fisheries Operations</b>				
New Zealand fisheries utilisation and sustainability reported	11,368	11,968	105	7,573
Deed of Settlement implemented	5,476	5,500	100	5,209
Cost recovery process managed	0	0	0	135
Statutory decision processes administered	184	142	77	1,317
Aquaculture permit applications processed	514	517	101	0
Registry services managed	5,069	4,862	96	5,009
Biosecurity policy advice	115	33	29	217
Biodiversity policy advice	988	958	97	749
<b>Sub total</b>	<b>23,714</b>	<b>23,980</b>	<b>101</b>	<b>20,209</b>
<b>Fisheries Compliance</b>				
Commercial fisheries compliance	8,315	8,367	101	8,835
Non-commercial fisheries compliance	6,607	7,457	113	9,574
New Zealand's international fisheries compliance	1,179	1,185	101	458
Black market and poaching activities deterred	9,941	9,324	94	7,999
Prosecutions managed	3,953	3,647	92	3,851
<b>Sub total</b>	<b>29,995</b>	<b>29,980</b>	<b>100</b>	<b>30,717</b>
<b>Aquaculture Settlement</b>				
Aquaculture settlement implemented	1,297	987	76	1,003
<b>Sub total</b>	<b>1,297</b>	<b>987</b>	<b>76</b>	<b>1,003</b>
<b>Grand total</b>	<b>94,099</b>	<b>90,704</b>	<b>96</b>	<b>84,716</b>

### Criteria for assessing the quality of policy advice and reports

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

- > The aim or purpose is clearly stated and the advice addresses the issues or questions posed.
- > The problem or issue to address is identified, including underlying causes, size and materiality.
- > The context for advice is set out, including wider Government policy, relevant legislation and Ministry policy frameworks.
- > The assumptions behind the advice are explicit, and the argument is logical and supported by facts.
- > The facts are accurate and all material facts are included.
- > An adequate range of options has been presented and each has been assessed for benefits, costs and consequences to the Government and affected stakeholders.
- > There is evidence of adequate consultation with interested parties, and possible objections to proposals/content are identified and considered.
- > 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.
- > The product quality will be supported by a process that provides for circulation of drafts for critiquing by other government agencies, other affected stakeholders, and managerial and other internal peer review and checking procedures.
- > The problems of implementation, technical feasibility, timing or consistency with other policies/reports have been considered.

## ■ Departmental Output Expense – Fisheries Policy Advice

### Description

This includes the services that ensure development and review of policy and legal frameworks to enable best value from the sustainable and efficient use of fisheries resources.

### Objectives

- > 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 international obligations relating to fishing and those obligations arising from the Treaty of Waitangi (Fisheries Claims) Settlement Act 1992
- > achieving a credible fisheries management regime.

The work programme being undertaken by the Ministry's Fisheries Policy group over the next three years 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. Work in this area will contribute to the Government's Sustainable Development Programme of Action and the Growth and Innovation Framework.

### 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.

Expected results	Actual performance
The quantity and nature of advice will be supplied on the basis agreed (as amended from time to time) between the Minister of Fisheries (the Minister) and the Chief Executive of the Ministry for 2006/07. Reporting at agreed intervals during the year will enable the Minister to assess actual performance in output delivery against those expectations.	Advice to be provided was agreed in October 2006, and some amendments agreed in March 2007.
All reports will comply with the Ministry's quality standards for analysis and advice outlined earlier in this document.	Achieved.
The Minister will be formally requested, at agreed intervals during the year, to indicate his or her level of satisfaction with the overall quality of the outputs produced based on these standards.	Advice on proposed process for requesting feedback was provided in January and March 2007. From April 2007, all substantive Policy group briefings included a quality assessment check sheet seeking the Minister's feedback. The feedback received is currently being analysed and the process reviewed.
Timeframes will be agreed between the Minister and the Chief Executive of the Ministry for the financial year 2006/07 (amended as necessary by agreement during the year). Advice will be delivered within the agreed and/or statutory timeframes so that Ministers have sufficient time to consider the issues and take appropriate action.	Deliverables from the following areas of the work programme were met in the period 1 July 2006-30 June 2007: <ul style="list-style-type: none"> <li>&gt; Economic transformation</li> <li>&gt; Deemed values</li> <li>&gt; Review of the use of foreign crew on fishing vessels</li> <li>&gt; Shared fisheries</li> <li>&gt; Benthic Protected Areas</li> <li>&gt; Cost recovery review</li> <li>&gt; Recreational Fishing Ministerial Advisory Committee</li> <li>&gt; Aquaculture</li> <li>&gt; Oceans Policy</li> <li>&gt; NZ Coastal Policy Statement</li> <li>&gt; Establishment of fisheries outcomes framework</li> </ul>

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Expected results: continued	Actual performance: continued
	<ul style="list-style-type: none"> <li>&gt; Fisheries standards</li> <li>&gt; Treaty Strategy</li> <li>&gt; Treaty settlements</li> <li>&gt; Foreshore and seabed negotiations</li> <li>&gt; Amendment to Section 10 of the Fisheries Act 1996</li> <li>&gt; Ministers decisions on koura farming and non-harvestable freshwater species.</li> </ul>
<p>A comprehensive range of services will be provided as agreed with the Minister. These will include:</p> <ul style="list-style-type: none"> <li>&gt; policy analysis and advice, and the provision of associated legislative advice</li> <li>&gt; advice on the implementation of Government policy</li> <li>&gt; the capacity to react quickly and provide support for the Minister in Cabinet Committees, including relevant briefings on significant issues and evaluation of policy initiatives with relevance to the Government's outcomes for fisheries management</li> <li>&gt; conducting consultation processes with sector stakeholders, government agencies and the public</li> <li>&gt; initial promulgation of government policy, where such communication is separate from ongoing implementation</li> <li>&gt; oral and written briefings and preparation of speech notes.</li> </ul>	<p>In addition to the deliverables noted above, the Ministry also supplied advice in the following areas:</p> <p><i>Marine Protected Areas</i>  <i>Treaty Settlements</i>  <i>Economic transformation of primary industries</i>  <i>Māori Purposes Bill</i></p> <p><i>Ministerial speech notes:</i>  Seafood Industry conference,  NZ Federation of Commercial Fishermen conference,  NZ Recreational Fishing Council conference.</p>

Performance requirements carried forward from 2005/06 into 2006/07.

Expected results	Actual performance
<p>By 30 June 2006, identify and evaluate options to facilitate collective responsibility by stakeholders. Due to priorities in the policy work programme work is yet to commence on this deliverable. This report was assessed to be of a lower priority than other work areas including Oceans policy, intersectoral allocation reforms, advice on issues with the customary regulations framework and the cost recovery review. Accordingly, work on this report was deferred to the 2006/07 year.</p>	<p>This was partially delivered by the report on options to improve the allocation of shared fisheries provided to the Minister in August 2006. It was considered appropriate that no further work proceed until there has been additional experience in developing and implementing fisheries plans.</p>
<p>By 30 June 2006, develop a report for the Minister on the establishment of fisheries outcomes.</p>	<p>This report was provided on 16 October 2006.</p>

## 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
- > facilitating sustainable economic growth through increased international trade.

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 Organization (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 (RFMOs) 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))
- > promotion of strong governance arrangements for the sustainable management of fisheries resources beyond the New Zealand Exclusive Economic Zone
- > participation in multilateral negotiations that set trade rules and input into the development of regional and bilateral trade agreements.

Expected results	Actual performance
Multilateral negotiations, eg, FAO, UN, OECD, WTO: <ul style="list-style-type: none"> <li>&gt; New Zealand objectives approved by Ministers prior to meetings.</li> <li>&gt; New Zealand objectives delivered to the meeting and report provided to Ministers and appropriate Posts.</li> </ul>	The Ministry represented New Zealand fisheries interests at a range of international meetings, including at the United Nations General Assembly in December 2006, World Trade Organization negotiations under the Doha Development Agenda on fisheries subsidies and agreement at the Food and Agriculture Organization meeting in March 2007 to develop Technical Guidelines to manage deep sea fisheries in the high seas.
Regional Fisheries Management Organisations, eg: CCSBT, WCPFC, CCAMLR: <ul style="list-style-type: none"> <li>&gt; New Zealand negotiating position approved prior to the meetings.</li> <li>&gt; New Zealand's position delivered to the meeting and report provided to Ministers and appropriate Posts.</li> </ul>	The Ministry also represented New Zealand interests in regional fisheries fora such as CCAMLR in October/November 2006, at which access to CCAMLR fisheries was secured for all notified New Zealand vessels and mechanisms to combat illegal, unregulated and unreported fishing in the Southern Ocean were improved.

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Expected results: continued	Actual performance: continued
	<p>In addition, agreement was reached on Terms of Reference for a CCAMLR workshop on bio-regionalisation in support of the establishment of marine protected areas in CCAMLR.</p> <p>New Zealand attended a meeting of CCSBT in Japan in October 2006, where agreement was reached on an 11,810 tonne global Total Allowable Catch. Member states also agreed to develop particular management tools including a catch documentation scheme, vessel monitoring system, and management measures for swordfish, sharks, and mitigation of seabird bycatch.</p> <p>Following earlier meetings on the establishment of the South Pacific RFMO, New Zealand's offer to host an interim Secretariat for 2007/2009 was accepted.</p>
<p>New Zealand membership maintained for RFMO's to ensure environmental sustainability and fisheries access for New Zealand industry:</p> <ul style="list-style-type: none"> <li>&gt; Bilateral discussions undertaken.</li> <li>&gt; Report prepared and provided to Ministers and appropriate Posts.</li> </ul>	<p>New Zealand participated in all relevant RFMO meetings and Ministers approved New Zealand positions.</p>

## 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	
<b>Drafts provided that are error free</b>			
Ministerial correspondence	100%	327 draft replies provided, 21 with errors.	94%
Parliamentary questions	100%	190 Written Parliamentary Questions received. 178 draft responses provided free of error.  12 Oral Parliamentary Questions received. All responses provided free of error.	94%  100%
Advice and reports to Select Committees and Cabinet Committees	100%	5 Select Committee reports, 40 Cabinet papers. 39 Cabinet papers provided free of error.	97%
<b>Drafts that are provided on time</b>			
Ministerial correspondence	95%	327 draft replies required. 307 draft replies provided on time. 20 provided late, 12 of those late by 2 days or less.	94%
Urgent replies	100%	8 urgent draft replies requested, 7 provided on time. 1 draft provided 1 day late.	88%
Parliamentary questions	100%	190 Written Parliamentary Questions received. 188 draft responses provided on time, 2 provided late by 1 day.  12 Oral Parliamentary Questions received. All responses provided on time.	99%  100%
Advice and reports to Select Committees and Cabinet Committees	100%	5 Select Committee reports, 40 Cabinet papers. All papers provided on time.	100%

## ■ Departmental Output Expense – Fisheries Information

### Description

This departmental output expense covers research that is largely science based (stock assessment, environmental assessment), and other activities relating to gathering and analysing data about New Zealand's fisheries to support decisions about sustainable utilisation, as well as the provision of information on the biodiversity of New Zealand's marine environment.

### Objectives

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

- > status of fisheries resources
- > sustainable yields from 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.

Medium term research plans are reviewed and updated annually in consultation with stakeholders and form the framework for ongoing or new research requirements. New results from research programmes are presented to a number of Ministry-led working groups that convene to assess a range of fishstocks. Relevant results are used in providing advice to the Minister regarding sustainable yields from fish stocks. Technical details for each fishery are summarised in working group reports published annually in the Fishery Assessment Plenary.

The effects of fishing on the environment are largely addressed through the Aquatic Environment working group, but there is overlap with the biodiversity research programme and research programmes of other government agencies. The aquatic environment medium term research plan is also updated and consulted on with all stakeholders on an annual basis. The environmental research findings are reviewed and assessed by this working group. The Ministry intends to develop a plenary document that will provide a forum for summarising the relevant issues and progress made in the New Zealand context through research contracts.

For 2006/07, the Ministry has classified research projects into two categories with the intention of more fully utilising the research appropriation. Tier 1 projects are those that can be funded within the proposed budget levels. Tier 2 represents those that are unable to be funded, but which the research planning groups considered of a sufficiently high priority to be included in the consultation process, and undertaken in the event of tier 1 project costs falling below appropriations.

Expected results	Actual performance
By 31 August 2006, produce medium term research plans in accordance with the quality standards.	Achieved.
By 31 December 2006, produce research proposals for 2007/08 in accordance with the quality standards.	Achieved.
By 30 November 2006, produce a report from the Mid-Year Fishery Assessment Plenary in accordance with the quality standards.	Achieved.
By 30 December 2006, produce a draft framework for an environment assessment plenary document in accordance with the quality standards.	Produced by 31 December 2006.
By 31 May 2007, produce a report from the Fishery Assessment Plenary in accordance with the quality standards.	Achieved.
Actively manage the research budget to ensure that the funding made available from tier 1 projects not proceeding is applied to tier 2 projects that can be funded.	Completed for 2006/07. All remaining tier 2 projects for 2006/07 were withdrawn effective 30 June 2007.

**Notes:** The quality standards adopted for measures 1, 2 and 4 above are those 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 quality standards adopted for measures 3 and 5 above are those defined in the Fisheries Research Services 2003/2004 Tender Document: Part II: A – Appendix II B, Form 2 and Appendix III B.

## 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 has a number of research programmes in place to generate high quality baseline information. There are also some new programmes that initiate research into the functional role of different organisms in a range of habitats. Each programme has been carefully designed to progress our ability to identify key species, key communities and key habitats that contribute to the value of maintaining a rich and diverse marine environment, but perhaps more importantly to identify essential components without which the marine environment could not continue to sustain productivity. This work has implications therefore not only to biodiversity per se, but also to the overall health of the aquatic environment and the long-term sustainability of our fisheries. These programmes aim to improve our ability to:

- > protect the richness and health of the marine biodiversity of New Zealand and the Ross Sea region
- > ascertain the role of different organisms and habitats in maintaining the health and sustainability of our aquatic environment
- > contribute to required information to set environmental standards under the Strategy to Manage the Environmental Effects of Fishing (SMEEF).

Expected results	Actual performance
By 31 October 2006, update the biodiversity medium term research plans in accordance with the quality standards <i>(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)</i> .	The biodiversity medium term research plan was completed in February 2007, in accordance with the defined quality standards, and was discussed at the Biodiversity Research Advisory Group meeting held on 8-9 March 2007.
By 30 November 2006, produce an evaluation of how biodiversity could be incorporated into the draft framework for an environment assessment plenary document.	An evaluation of how biodiversity could be incorporated into the draft framework for an environment assessment plenary document was produced before 30 November 2006.
By 28 February 2007, produce research proposals for 2007/08 in accordance with the quality standards <i>(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)</i> .	There will not be any proposals for 2007/08 as all existing funds are already committed to ongoing projects. Existing projects were reviewed at the Biodiversity Research Advisory Group meeting held on 8-9 March 2007.

## 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. 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 further action, areas for future data collection improvement.
Observer coverage delivered for an average cost not exceeding \$500 per day.	The cost of observer coverage achieved in 2006/07 was \$582 GST exclusive per day. This higher than target cost is due to a coverage shortfall of 1,666 days, resulting in an increased proportion of fixed costs 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.	The full year result for levied fisheries is 4,903 days against a plan of 6,481 days (-1,578 days, 76% of plan). The full year result for "permit" fisheries is 1,066 days against a plan of 1,154 days (-88 days, 92% of plan).
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 website. 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 standards, guidelines, regulations, fisheries plans and processes that make the fisheries policy framework operational
- > services to monitor the delivery of contracted and devolved registry services to ensure consistency and compliance with contracted or devolved standards
- > implementation of Fisheries Deed of Settlement obligations
- > 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.

### Objectives

- > Allocate rights to utilise fisheries resources
- > Develop fisheries plans to outline the Crown's contribution to achieving fisheries outcomes
- > Evaluate fisheries plans in order to provide advice to the Minister
- > Enable tangata whenua to participate effectively in fisheries management
- > Monitor the management of New Zealand fisheries
- > Develop and implement standards for the management of fisheries resources
- > 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 fisheries plans and standards
- > implementation the Government's Marine Protected Areas Strategy
- > advice on marine reserve applications
- > advice on proposed aquaculture management areas
- > implementation of regulatory amendments
- > implementation of the Government's aquaculture reforms.

Expected results	Actual performance
<p>Complete a programme for the development of Fisheries Plans by 30 September 2006 and continue the development of fisheries plans based on this agreed programme of work.</p>	<p>The Fisheries Plan development programme plan was completed and approved prior to 30 September 2006. Fisheries plan development is progressing in accordance with the programme plan.</p>
<p>Evaluate and provide recommendations to the Minister on fisheries plans within three months of receipt of the final draft of a plan.</p>	<p>No fisheries plans have been received to date.</p>
<p>The initial set of generic and interim standards for fisheries plans will be developed by 30 December 2006.</p>	<p>A Standards definition document has been prepared along with draft standards on:</p> <ul style="list-style-type: none"> <li>&gt; Consultation</li> <li>&gt; Harvest strategy (TAC setting)</li> <li>&gt; Introduction of species into the QMS.</li> </ul> <p>This set of documents was sent to stakeholders for consultation. The deadline of 30 December 2006 was not met because of two extensions to the consultation period, both at the request of stakeholders. Consultation has now been completed. The issues raised by stakeholders are being analysed. Development on the draft standards is taking place.</p>
<p>As and when required, concurrence reports on marine reserve applications will be provided to the Minister of Fisheries following receipt of a request by the Minister of Conservation within a timeframe agreed with the Minister of Fisheries for each request, and within the terms of the Marine Reserves Protocol.</p>	<p>The Ministry continued to progress the concurrence process for the proposed Great Barrier Island Marine Reserve.</p> <p>Concurrence for the Tapuae (New Plymouth) Marine Reserve was achieved during the year.</p>
<p>As and when required, a reservation or determination is issued within the timeframes set in section 186E of the Fisheries Act 1996 to the relevant regional council following receipt of advice from the council that an aquaculture management area is proposed.</p>	<p>No new Aquaculture Management Areas have been created to date.</p>
<p>Final advice papers provided to the Minister of Fisheries on the proposed sustainability measures and management controls to be implemented for the 1 October 2006 and 1 April 2007 fishing years will be completed in sufficient time to implement decisions prior to the relevant fishing year.</p>	<p>Final advice for the October 2006 sustainability round was completed on 4 September 2006.</p> <p>Final advice for regulatory measures to be implemented by 1 April 2007 was completed in November 2006.</p>

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Expected results: continued	Actual performance: continued
<p>Final advice papers will be provided to the Minister of Fisheries by 30 June 2007 on:</p> <ul style="list-style-type: none"> <li>&gt; Setting out the TACs/TACCs for new species to be introduced into the QMS on 1 October 2007 and</li> <li>&gt; Proposing new species to be introduced into the QMS on 1 October 2008.</li> </ul>	<p>Final advice for setting out the TACs/TACCs for new species to be introduced into the QMS on 1 October 2007 was completed on 24 May 2007.</p> <p>The advice on introductions for October 2008 was not completed by 30 June 2007. The process for 2008 introductions is following a new, extended timeframe incorporating additional stakeholder consultation. The new process still provides for species to be introduced into the QMS on 1 October 2008.</p>

## Deed of Settlement implemented

### Explanation

This provides for the delivery of many of the services needed to fulfil the Ministry's Treaty and Fisheries Deed of Settlement obligations. It includes Pou Hononga, Extension and other resources to build and maintain relationships, develop capacity within tangata whenua to manage customary access and assistance with use of customary management tools.

Expected results	Actual Performance
<p>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:</p> <ul style="list-style-type: none"> <li>&gt; appointment of Kaitiaki</li> <li>&gt; establishment of mātaítai reserves</li> <li>&gt; establishment of taiapure/local fisheries</li> <li>&gt; other customary management proposals.</li> </ul>	<p><i>Appointment and Training of Kaitiaki:</i></p> <ul style="list-style-type: none"> <li>&gt; 47 Tangata Kaitiaki appointments in six new areas of the North Island were confirmed during the period July 2006 to June 2007.</li> <li>&gt; Six new Tangata Kaitiaki appointments were also confirmed for an area already managed by Ngāitai Iwi.</li> <li>&gt; Extensions and replacement Tangata Tiaki appointments were confirmed for three areas in the Ngāi Tahu Takiwā.</li> <li>&gt; Training of Tangata Kaitiaki/Tangata Tiaki on their roles and responsibilities is being consolidated with assistance from SITO and the registration of a training package (KAI I) on the NZQA framework. It is anticipated all Tangata Kaitiaki/Tangata Tiaki will have been offered the opportunity to undertake the training by the end of September 2007.</li> </ul>
<p>Continue to develop and support 13 regional forums to engage with iwi and hapu.</p>	<p>Nine forums have been established to date; four are at various stages of development.</p>

## Statutory decision processes administered

### Explanation

This output provides for fisheries management advice on:

- > freshwater farm applications
- > administration of existing marine and freshwater farm authorisations
- > the issuing of special permits
- > management of transitional aquaculture registrations under the Fisheries Act 1996.

Expected results	Actual performance
<p>95% of all applications made under the Freshwater Fish Farming Regulations 1983, transitional issues and applications for fish farm registration under the Fisheries Act 1996 will be determined within six months of the date of receipt.</p>	<p>Applications processed: 2 new, 1 variation. All applications were processed within the six-month standard.</p> <p>Applications on hand: 5. Three applications were processed later than the six-month standard due to legislative issues.</p> <p>Transitional applications on hand (forfeiture applications being completed under Marine Farming Act): 10.</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>&gt; 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>&gt; 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>&gt; in compliance with the procedures in the <i>Special Permit Manual</i>.</li> </ul>	<p>95% of applications for the year have been determined to the required standard:</p> <ul style="list-style-type: none"> <li>&gt; 38 applications have been processed. Two applications have taken longer than six months to complete because of the time needed to resolve iwi relationship and consultation issues.</li> <li>&gt; There are currently 2 applications on hand, both of which were received within six months.</li> </ul>

## Aquaculture permit applications processed

### Explanation

This output provides for fisheries management advice on management of the backlog of permit applications under the Fisheries Act 1983.

Expected results	Actual performance
The Ministry will resolve all applications made under the Fisheries Act 1983 by 1 July 2008.	There are currently 35 backlog priority list applications to complete.

## 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>&gt; expectations as defined by the Minister of Fisheries in respect of services provided through the Approved Service Delivery Organisation</li> <li>&gt; 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>Breaches of standards are to be managed in accordance with the auditing, monitoring and sanctions policy approved by the Minister of Fisheries.</p>	The requirements have been met, with all reports provided on time.
By 1 October 2006, allocate quota for species declared by the Minister to be subject to the Quota Management System for 1 October 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.	Allocations have been made within the required quality standards and timeframes.

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Expected results: continued	Actual performance: continued
<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 2007, 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 allocation of fish stocks for 1 October 2007 is on schedule.</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 specific management services to the Ministry of Agriculture and Forestry (MAF) following the transfer of marine biosecurity functions to MAF.

Expected results	Actual performance
<p>As and when required, provide advice to Ministers on the fishing-related impacts of biosecurity decisions.</p>	<p>The Ministry provides advice on the fishing-related impacts of biosecurity decisions indirectly to Ministers through its participation in a range of biosecurity forums and projects on strategic goals for marine biosecurity.</p> <p>Included in this advice was input into Strategic Priorities for the Pest Management work plan, to review progress across projects and report back to Central/Regional Biosecurity Coordination Group (BCG).</p>
<p>Provide MAF, as the lead biosecurity agency, with advice and support from a fisheries management perspective on the formulation of strategic goals for the marine biosecurity system and advice on biosecurity risks. This advice should wherever possible help to minimise the risks to the aquatic environment from biosecurity threats. Work will be done in accordance with timelines and priorities determined by MAF in consultation with other interested agencies, including MFish.</p>	<p>The Ministry provides input and advice to Biosecurity New Zealand on relevant marine biosecurity issues, in particular incursion response and pest management issues.</p> <p>Included in this advice was the Ministry's response to the draft Biosecurity Science Research and Technology Standard for New Zealand.</p>

## 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
In accordance with the work programme for the implementation of the Marine Protected Area Policy, by 30 June 2007 work will have been undertaken to finalise Stage One of the Policy and implement Stage Two.	Work on the classification and protection standard is proceeding. A consultation paper for stakeholders outlining options for the protection standard and the classification system was released for consultation in June 2007.
The Ministry intends to have Cabinet decisions on the fishing industry proposals for Benthic Protected Areas in the deepwater environment by 22 December 2006.	The Benthic Protected Areas (BPA) proposal was approved by Cabinet on 9 April 2007. The delay was due to the longer-than-expected discussions with industry to finalise an agreed proposal.
A Threat Management Plan for Hector's and Maui's dolphins will be sent to the Minister of Fisheries and Minister of Conservation by 31 December 2006.	<p>This milestone has been deferred to the 2007/08 year.</p> <p>A project plan for development of the Threat Management Plan has been completed. An information brief has also been completed. An expert panel and advisory group have been appointed and have met. The threats facing the dolphins have been identified and analysed.</p> <p>Development of the Threat Management Plan has been delayed to allow for new scientific analysis to be incorporated and for proper input and participation of stakeholders. The Minister of Fisheries has agreed to this delay. Interim measures to manage urgent risks to dolphin populations ahead of the Threat Management Plan were implemented by Gazette Notice in December 2006.</p>
Planning and prioritisation of the next phase for the implementation of the New Zealand Biodiversity Strategy following completion of the five year review will be undertaken by 30 June 2007.	The Ministry provided input to a Cabinet paper prepared by the Department of Conservation noting the recommendations from Chief Executives on priorities for continued implementation of the Biodiversity Strategy. A press statement, synthesis report and the theme by theme report have been released.

## ■ Departmental Output Expense – Fisheries Compliance

### Description

This output class covers the outputs that promote compliance with fisheries laws and lead to detection of those involved in illegal fisheries activities.

### Objectives

The objectives are to:

- > promote voluntary compliance
- > monitor fishing-related activities
- > detect non-compliance with fisheries policies
- > take enforcement steps where appropriate
- > collate and provide information on non-compliance to support policy and regulatory decision-making processes
- > provide recommendations for prosecution
- > successfully prosecute those who have offended against fisheries laws.

### Definition of terms

Terms used in the following outputs

- \* The term *completed* indicates that the investigation file has been closed and all matters subsequent to prosecution have been dealt with in accordance with law and policy.
- \*\* The focus of the investigations group will be on serious offending and cases undertaken will be prioritised against the 'risk based compliance strategy', however, it is recognised that some work undertaken will be important and necessary for other reasons.
- \*\*\* The term *finalised* indicates that a decision to prosecute has been made and informations have been laid. Alternatively, a decision has been made and documented to finalise the investigation by a means other than prosecution.

## Commercial fisheries compliance

### Explanation

Under this output the Ministry of Fisheries provides services to monitor, inspect and investigate commercial fishers to support the integrity of the Quota Management System.

Expected results		Actual performance
<i>Observations and inspections</i>	No.	No.
Landings of fish observed.	100 - 150	Milestone removed with Ministerial approval
Vessels inspected.	500 - 550	1,567
Licensed Fish Receivers (LFR) inspected.	100 - 150	385
The quality of the observed landings, vessel and LFR inspections will be in accordance with surveillance plans for each district and will be not less than.	90%	100%
<i>Monthly Harvest Returns</i>		
Monthly harvest returns provided within 30 days after month end.	95%	98.9%
<i>Investigation cases</i>		
Investigations commenced (from 1 July 2006).	10	12
Investigations completed* (as at 30 June 2007).	5	6
Cases undertaken categorised as high and medium risk against the 'Risk Based Compliance Strategy'.	75%**	100%
Prosecution decision making is consistent with Crown Law Office prosecution Guidelines and Compliance policy statements.	100%	100%
The number of cases investigated that are finalised*** within 18 months of commencement will be not less than.	80%	100%

## Non-commercial fisheries compliance

### Explanation

Under this output the Ministry of Fisheries provides services to educate, monitor, inspect and investigate recreational and customary fishers.

Expected results		Actual Performance
	No.	No.
Intermediate schools visited to promote fisheries compliance (or to deliver education programmes).	180 - 200	32 School presentations are being developed as part of a wider education package.
Non-commercial patrols undertaken during the year. These include: > Recreational patrols and inspections > Kaitiaki liaison > Enforcement of customary regulations > Community based education, brochures and signage > Management of Honorary Fishery Officers.	700 - 780	1,825
Kaitiaki appointees trained in fisheries compliance matters.	90 - 100	209
Carry out recreational and customary patrols in accordance with Surveillance plans for each district.	90% achieved	100%



## New Zealand's international fisheries compliance

### Explanation

Under this output the Ministry of Fisheries provides technical advice into international fisheries frameworks, supporting New Zealand's international obligations, liaison with Monitoring, Control and Surveillance ('MCS') practitioners especially in the South Pacific and providing investigative responses to offending that impacts on New Zealand's international obligations.

Expected results		Actual performance
	No.	No.
Investigation cases commenced.	2	4
Investigation cases completed.*	1	4
Technical advice will be provided where requested.	100%	100%
Cases undertaken categorised as high and medium risk against the 'Risk Based Compliance Strategy'.	50%**	75%
Case management and legal review processes are in place to ensure prosecution decision making is consistent with Crown Law Office prosecution guidelines and Compliance policy statements.	100%	100%
Cases investigated are finalised*** within 12 months of commencement.	Min 50%	100%
Technical advice is relevant, timely and accurate.	100%	100%

## Poaching and black market activities deterred

### Explanation

Under this output the Ministry of Fisheries provides services to detect and prosecute key offenders and disrupt the supply of poached or black-market seafood through effective monitoring, inspection and investigations so that fisheries resources are available for legitimate users.

Expected results		Actual performance
	No.	No.
Poaching and black market patrols undertaken.	400 - 500	758
Investigation cases commenced.	12	10
Investigation cases completed.*	5	6
Cases undertaken categorised as high and medium risk against 'the Risk Based Compliance Strategy'.	Min 75%**	90%
Case management and legal review processes are in place to ensure prosecution decision making is consistent with Crown Law Office prosecution guidelines and Compliance policy statements.	100%	100%
Cases investigated are finalised*** within 12 months of commencement.	Min 80%	100%

## Prosecutions managed

### Explanation

Under this Output the Ministry of Fisheries delivers services that relate to the prosecution of offences against fisheries laws and regulations.

Expected results		Actual performance
	No.	No.
Prosecution cases initiated within statutory timeframes.	100%	100%
Successful prosecutions achieved under the Fisheries Act 1996.	90%	95%
Successful prosecutions achieved under Fisheries regulations.	75%	94%
Prosecution cases meet prima facie requirements.	95%	100%

## ■ Departmental Output Expense – Aquaculture Settlement

### Description

This output 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
- > comply with the Crown's obligations under the principles of the Treaty of Waitangi.

### Explanation

The Act 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.

Expected results	Actual performance
Progress the implementation of the Act in an effective and efficient manner; ensuring that all legislative timetables are met (ie s23(1)).	<p>On target. The Ministry is working with Ministry for the Environment on a range of remedial legislative issues.</p> <p>The Ministry is monitoring the appeal of the <i>Tasman</i> Environment Court decision and the <i>SMW</i> case for impacts on the settlement.</p> <p>The Ministry has evaluated the tender for the required valuation methodology for aquaculture space and has awarded the contract. Target date for advice to the Minister on a valuation methodology is March 2008.</p>
Maintain aquaculture settlement register and calculate the space required in each region to meet the settlement obligation.	<p>On target. The aquaculture settlement register has been established, and last updated on 1 February 2007 for current permitting decisions. Te Ohu Kai Moana Trustees Ltd (TOKMTL) has been advised and the Ministry's website has been updated.</p> <p>Ernst &amp; Young have been jointly engaged by the Ministry and the Trustee to audit the register; this audit has been completed and Ernst &amp; Young have issued an unqualified audit report. A process will be established for the annual auditing of the register for pre moratorium permitting decisions.</p>

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Expected results: continued	Actual performance: continued
<p>Provision of advice to Minister on the proportion of new space to be allocated to iwi within each region, when established for a region, and supporting the Order-in-Council process.</p>	<p>Currently no new Aquaculture Management Areas have been created.</p>
<p>Monitor the performance of Te Ohu Kai Moana Trustee Ltd as trustee of the settlement process both in terms of funding and performance of their role as trustee.</p>	<p>On target. Quarterly monitoring of the performance of TOKMTL is in place consistent with the funding agreement:</p> <ul style="list-style-type: none"> <li>&gt; TOKMTL anticipates full year expenditure will be in line with budget for 2006/07. The Trust's financial year runs from 1 October to 30 September.</li> <li>&gt; TOKMTL has recognised 38 iwi organisations as mandated for aquaculture settlement.</li> <li>&gt; TOKMTL has appealed the <i>Tasman</i> Environment Court decision. The Crown has joined this appeal.</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.

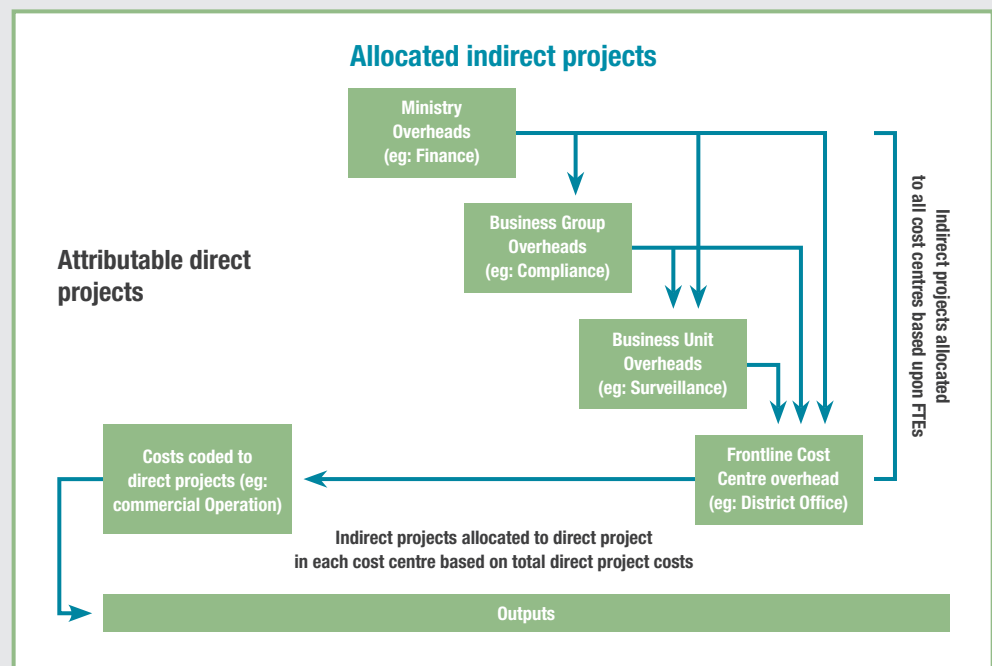
## ■ Specific Accounting Policies

### 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.

### Cost allocation

Those costs that can be specifically attributed to an output are charged directly to that output. All other costs are assigned through a methodology that cascades input costs to outputs as illustrated below.



## 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.

## Debtors and receivables

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

## Leases

These comprise of 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 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

The accounting policies of the Ministry have not changed since the last audited financial statements. All policies have been applied on a basis consistent with the previous financial year.

## Statement of Financial Performance for the year ended 30 June

	Notes	2007 Main Estimates \$000	2007 Supplementary Estimates \$000	2007 Actual \$000	2006 Actual \$000
<b>Revenue:</b>					
Crown	1	86,614	91,132	87,985	83,398
Department	2	1,809	1,816	1,748	1,688
Other	3 & 4	1,018	1,151	1,160	979
<b>Total revenue</b>		<b>89,441</b>	<b>94,099</b>	<b>90,893</b>	<b>86,065</b>
<b>Expenditure:</b>					
Personnel costs	5	38,227	41,112	40,349	37,485
Operating costs	6	47,951	49,532	46,674	44,084
Depreciation	7	2,500	2,560	2,722	2,446
Capital charge	8	763	895	959	701
<b>Total expenditure</b>	<b>20</b>	<b>89,441</b>	<b>94,099</b>	<b>90,704</b>	<b>84,716</b>
<b>Net surplus</b>		<b>0</b>	<b>0</b>	<b>189</b>	<b>1,349</b>

## Statement of Movements in Taxpayers' Funds for the year ended 30 June

	2007 Main Estimates \$000	2007 Supplementary Estimates \$000	2007 Actual \$000	2006 Actual \$000
<b>Taxpayers' funds at start of period</b>	<b>12,789</b>	<b>12,789</b>	<b>12,789</b>	<b>8,764</b>
Net surplus	0	0	189	1,349
<b>Total recognised revenues and expenses for the period</b>	<b>0</b>	<b>0</b>	<b>189</b>	<b>1,349</b>
Provision for repayment of surplus to the Crown	0	0	(189)	(1,349)
Capital contribution	0	0	0	4,025
<b>Taxpayers' funds at end of period</b>	<b>12,789</b>	<b>12,789</b>	<b>12,789</b>	<b>12,789</b>

These financial statements should be read in conjunction with the statement of accounting policies on pages 51 to 53 and the notes to the financial statements on pages 62 to 71.



## Statement of Financial Position as at 30 June

	Notes	2007 Main Estimates \$000	2007 Supplementary Estimates \$000	2007 Actual \$000	2006 Actual \$000
<b>Taxpayers' funds</b>					
General funds	9a	12,052	12,067	12,067	12,062
Revaluation reserves	9b	737	722	722	727
<b>Total taxpayers' funds</b>		<b>12,789</b>	<b>12,789</b>	<b>12,789</b>	<b>12,789</b>
<i>Represented by:</i>					
<b>Current assets</b>					
Cash		2,713	2,077	2,244	1,412
Prepayments		300	300	692	521
Inventory		46	0	0	0
Debtors and receivables	10	15,745	18,791	17,646	18,565
<b>Total current assets</b>		<b>18,804</b>	<b>21,168</b>	<b>20,582</b>	<b>20,498</b>
<b>Property, plant and equipment</b>	11	14,363	11,699	12,671	11,359
<b>Total assets</b>		<b>33,167</b>	<b>32,867</b>	<b>33,253</b>	<b>31,857</b>
<b>Current liabilities</b>					
Creditors and payables	12	15,478	14,928	15,182	12,810
Provision for:					
- repayment of surplus to the Crown	13	0	0	189	1,349
- employee entitlements	14	2,000	2,000	2,246	2,119
Unearned revenue		0	0	15	76
<b>Total current liabilities</b>		<b>17,478</b>	<b>16,928</b>	<b>17,632</b>	<b>16,354</b>
<b>Term liabilities</b>					
Provision for employee entitlements	14	2,900	3,150	2,832	2,714
<b>Total liabilities</b>		<b>20,378</b>	<b>20,078</b>	<b>20,464</b>	<b>19,068</b>
<b>Net assets</b>		<b>12,789</b>	<b>12,789</b>	<b>12,789</b>	<b>12,789</b>

These financial statements should be read in conjunction with the statement of accounting policies on pages 51 to 53 and the notes to the financial statements on pages 62 to 71.

## Statement of Cash Flows for the year ended 30 June

	Notes	2007 Main Estimates \$000	2007 Supplementary Estimates \$000	2007 Actual \$000	2006 Actual \$000
<b>Cash flows from operating activities</b>					
<i>Cash provided from:</i>					
Supply of outputs:					
- Crown		86,614	90,756	88,502	87,668
- Department		1,809	1,816	1,854	1,309
- Other parties		1,018	933	1,376	619
		89,441	93,505	91,732	89,596
<i>Cash expended on:</i>					
Cost of producing outputs:					
- Output expenses		(85,878)	(87,696)	(84,620)	(81,752)
- Capital charge		(763)	(895)	(959)	(701)
		(86,641)	(88,591)	(85,579)	(82,453)
<b>Net cash inflow/(outflow) from operating activities</b>	15	<b>2,800</b>	<b>4,914</b>	<b>6,153</b>	<b>7,143</b>
<b>Cash flows from investing activities</b>					
<i>Cash provided from:</i>					
- Sale of property, plant and equipment		0	0	209	386
<i>Cash expended on:</i>					
- Purchase of physical assets		(2,900)	(2,900)	(4,181)	(6,141)
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(2,900)</b>	<b>(2,900)</b>	<b>(3,972)</b>	<b>(5,755)</b>
<b>Cash flows from financing activities</b>					
<i>Cash provided from:</i>					
- Capital contribution from the Crown		0	0	0	4,025
<i>Cash disbursed for:</i>					
- Payment of surplus to the Crown		0	(1,349)	(1,349)	(6,638)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>0</b>	<b>(1,349)</b>	<b>(1,349)</b>	<b>(2,613)</b>
Net increase/(decrease) in cash balance		(100)	665	832	(1,225)
Add opening cash balance		2,813	1,412	1,412	2,637
<b>Closing cash balance</b>		<b>2,713</b>	<b>2,077</b>	<b>2,244</b>	<b>1,412</b>

These financial statements should be read in conjunction with the statement of accounting policies on pages 51 to 53 and the notes to the financial statements on pages 62 to 71.

## ■ 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 2006/2007 for which the service will be performed after 30 June 2007.

	<b>2007 Actual \$000</b>	<b>2006 Actual \$000</b>
<b>Operating commitments</b>		
- Less than one year	20,659	20,239
- One to two years	11,223	9,259
- Two to five years	11,372	12,677
- More than five years	7,902	7,932
<b>Total operating commitments</b>	<b>51,156</b>	<b>50,107</b>
<b>Capital commitments</b>	<b>0</b>	<b>0</b>
<b>Total commitments</b>	<b>51,156</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.

	<b>2007 Actual \$000</b>	<b>2006 Actual \$000</b>
<b>Quantifiable Contingent Liabilities</b>		
<b>Department</b>		
Legal proceedings	0	20
<b>Total department</b>	<b>0</b>	<b>20</b>
<b>Non-department</b>		
Legal proceedings	950	1,206
Settlement	0	250
<b>Total non-department</b>	<b>950</b>	<b>1,456</b>
<b>Total contingent liabilities</b>	<b>950</b>	<b>1,476</b>

These financial statements should be read in conjunction with the statement of accounting policies on pages 51 to 53 and the notes to the financial statements on pages 62 to 71.

### **Legal proceedings**

On 2 December 2003, the Primary Production Committee (PPC) released the report on its inquiry into the administration and management of the scampi fishery. One of its recommendations was that six parties identified by the PPC should each receive a minimum ex gratia payment from the Ministry of Fisheries in recognition of the justified grievance they each had with the previous Ministry of Agriculture and Fisheries. In July 2007, Cabinet approved a negotiated settlement for two fishers (one of which was named in the PPC report).

### **Unquantifiable contingent liabilities**

The Ministry also has a number of contingent liabilities which cannot be quantified at 30 June 2007. These arise primarily from permit and allocation decisions and employment matters.

These financial statements should be read in conjunction with the statement of accounting policies on pages 51 to 53 and the notes to the financial statements on pages 62 to 71.

## ■ Statement of Expenditure Appropriations for the year ended 30 June

	2007 Appropriation* \$000	2007 Actual \$000	2006 Actual \$000
<b>Vote Fisheries</b>			
<b>Appropriations for output expenses: annual appropriation</b>			
Policy advice	7,094	6,884	5,758
Fisheries information	31,999	28,873	27,029
Fisheries operations	23,714	23,980	20,209
Fisheries compliance	29,995	29,980	30,717
Aquaculture settlement	1,297	987	1,003
<b>Total</b>	<b>94,099</b>	<b>90,704</b>	<b>84,716</b>
<b>Appropriations for other expenses incurred by the Crown: annual appropriation</b>			
Settlements	3,058	2,879	800
Bad debt write off	480	422	0
Subscriptions to international organisations	260	216	167
Transfer of Quota/ACE	250	71	4,413
Provision for bad debts	48	48	0
Quota share/ACE administration costs	24	16	17
GST on expenses	3	1	10
<b>Total</b>	<b>4,123</b>	<b>3,653</b>	<b>5,407</b>
<b>Capital Injection</b>			
Capital injection	0	0	4,025
<b>Total capital injection</b>	<b>0</b>	<b>0</b>	<b>4,025</b>

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

At the close of the year, the Ministry was required to seek approval from the Minister of Finance under Section 26B of the Public Finance Act 1989 to unappropriated expenses in the Fisheries Operations Departmental Output Expense. The amount involved an overspend of \$266,000 in an Output Expense budget of \$23.98 million (1.1 percent). This unappropriated expenditure related to additional expenditure on scampi litigation and the establishment of the infrastructure to support the development of objectives-based management and fisheries plans initiative.

These financial statements should be read in conjunction with the statement of accounting policies on pages 51 to 53 and the notes to the financial statements on pages 62 to 71.

### 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. Management has performed a preliminary assessment to determine those standards likely to impact 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 the requirement for recording a provision for sick leave
- > Reclassification of software from property, plant and equipment to intangible assets
- > Land, buildings and vessels measured at deemed cost less accumulated depreciation
- > 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 management's 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.

### Department Statement of Financial Position at 30 June 2007

(In thousands of New Zealand dollars)

	Notes	Previous GAAP	Effect of Transition to NZIFRS	NZIFRS
<b>Taxpayers' funds</b>				
General funds	1, 3	12,067	591	12,658
Revaluation reserves	1	722	(722)	0
<b>Total taxpayers' funds</b>		<b>12,789</b>	<b>(131)</b>	<b>12,658</b>
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents		2,244	0	2,244
Prepayments		692	0	692
Trade and other receivables		17,646	0	17,646
<b>Total current assets</b>		<b>20,582</b>	<b>0</b>	<b>20,582</b>
<b>Non-current assets</b>				
Property, plant and equipment	2	12,671	(2,588)	10,083
Intangible assets	2	0	2,588	2,588
<b>Total non-current assets</b>		<b>12,671</b>	<b>0</b>	<b>12,671</b>
<b>Total assets</b>		<b>33,253</b>	<b>0</b>	<b>33,253</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables		15,182	0	15,182
Provisions – employee entitlements		2,246	(1,589)	657
– repayment of surplus to the Crown		189	0	189
Unearned revenue		15	0	15
<b>Total current liabilities</b>		<b>17,632</b>	<b>(1,589)</b>	<b>16,043</b>
<b>Non-current liabilities</b>				
Provisions – employee entitlements		2,832	1,720	4,552
<b>Total non-current liabilities</b>		<b>2,832</b>	<b>1,720</b>	<b>4,552</b>
<b>Total liabilities</b>	<b>3</b>	<b>20,464</b>	<b>131</b>	<b>20,595</b>

### **Explanatory notes**

- 1 At 30 June 2007, an amount of \$722,000 has been reclassified from a revaluation reserve recognised under previous GAAP to general funds. The amount represents the balance of the revaluation reserve at 30 June 2007 in respect of assets for which the net book value under previous GAAP has been used as deemed cost under NZ IFRS.
- 2 Under previous GAAP, computer software development expenditure was classed as property, plant and equipment. Under NZ IFRS, these expenditures are classified as an intangible asset. The effect is to increase intangible assets by \$2,588,000 at 30 June 2007, and decrease property, plant and equipment by a corresponding amount.
- 3 In accordance with NZ IFRS, provision has been made for sick leave. The effect is to increase total liabilities for employee entitlements by a net amount of \$131,000 at 30 June 2007, and decrease taxpayer's funds by the same amount.

## Notes to the Financial Statements for the year ended 30 June

### 1 Revenue Crown

	2007 Main Estimates \$000	2007 Supplementary Estimates \$000	2007 Actual \$000	2006 Actual \$000
Policy advice	5,849	6,745	6,745	5,691
Fisheries information	27,858	30,533	27,586	26,015
Fisheries operations	22,020	22,924	22,924	19,365
Fisheries compliance	29,334	29,634	29,634	31,281
Aquaculture settlement	1,553	1,296	1,096	1,046
<b>Total revenue Crown</b>	<b>86,614</b>	<b>91,132</b>	<b>87,985</b>	<b>83,398</b>

### 2 Revenue Department

	2007 Main Estimates \$000	2007 Supplementary Estimates \$000	2007 Actual \$000	2006 Actual \$000
Recovery of state sector retirement savings scheme costs	664	804	768	709
Observer charges	710	710	695	510
Fisheries expertise seconded to the FAO	285	285	285	285
Biosecurity data management services provided to MAF	150	17	0	150
Other	0	0	0	34
<b>Total revenue department</b>	<b>1,809</b>	<b>1,816</b>	<b>1,748</b>	<b>1,688</b>



### 3 Revenue Other

	2007 Main Estimates \$000	2007 Supplementary Estimates \$000	2007 Actual \$000	2006 Actual \$000
Marine farming, licence fees, transfer and lease fees	400	305	273	395
Transshipment and observer charges	468	648	575	324
Permit fees	150	198	189	166
Gain on sale of property, plant and equipment (Note 4)	0	0	62	18
Miscellaneous	0	0	61	76
<b>Total revenue other</b>	<b>1,018</b>	<b>1,151</b>	<b>1,160</b>	<b>979</b>

### 4 Gain on Sale of Property, Plant and Equipment

	2007 Main Estimates \$000	2007 Supplementary Estimates \$000	2007 Actual \$000	2006 Actual \$000
Motor vehicles	0	0	0	11
Vessels	0	0	60	7
Computer equipment	0	0	2	0
<b>Net gain on sale of property, plant and equipment</b>	<b>0</b>	<b>0</b>	<b>62</b>	<b>18</b>

### 5 Personnel Costs

	2007 Main Estimates \$000	2007 Supplementary Estimates \$000	2007 Actual \$000	2006 Actual \$000
Salaries and wages	36,147	34,388	33,795	30,205
Other	2,080	6,724	6,554	7,280
<b>Total personnel costs</b>	<b>38,227</b>	<b>41,112</b>	<b>40,349</b>	<b>37,485</b>

## 6 Operating Costs

	2007 Main Estimates \$000	2007 Supplementary Estimates \$000	2007 Actual \$000	2006 Actual \$000
Advertising, Info and Publicity	543	685	647	584
Asset operating costs	3,033	3,047	3,692	3,652
Bad debts written-off	0	1	3	0
Communications	1,391	1,364	1,360	1,600
Computer consumables	973	1,567	1,766	1,055
Contract for services	28,459	31,643	28,547	24,589
Fees for audit of the financial statements	150	172	172	135
Fees to auditors for other services	0	20	14	12
Legal	789	2,123	1,716	1,272
Operating lease rentals	3,146	2,732	2,507	2,206
Printed materials	1,057	835	833	1,385
Travel	3,635	4,719	4,368	3,506
Other operating costs	4,775	624	1,049	4,088
<b>Total operating costs</b>	<b>47,951</b>	<b>49,532</b>	<b>46,674</b>	<b>44,084</b>

## 7 Depreciation Expense

	2007 Main Estimates \$000	2007 Supplementary Estimates \$000	2007 Actual \$000	2006 Actual \$000
Buildings and Leasehold Improvements	436	548	466	605
Plant and equipment	1,525	1,427	1,652	1,274
Motor vehicles	419	484	496	489
Vessels	120	101	108	78
<b>Total depreciation expense</b>	<b>2,500</b>	<b>2,560</b>	<b>2,722</b>	<b>2,446</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 2007 was 7.5%: (2006: 8.0%).

## 9 Taxpayers' Funds

	2007 Main Estimates \$000	2007 Supplementary Estimates \$000	2007 Actual \$000	2006 Actual \$000
Taxpayers' funds comprises two components:				
<i>a) General Funds</i>				
<b>General funds at start of period</b>	<b>12,052</b>	<b>12,062</b>	<b>12,062</b>	<b>8,027</b>
Net surplus	0	0	189	1,349
Capital contribution	0	0	0	4,025
Provision for repayment of surplus to the Crown	0	0	(189)	(1,349)
Transfer from revaluation reserve	0	5	5	10
<b>General funds at end of period</b>	<b>12,052</b>	<b>12,067</b>	<b>12,067</b>	<b>12,062</b>

### *b) Revaluation Reserves*

2006 Land \$000	2006 Building \$000	2006 Vessels \$000	2007 Total \$000		2007 Land \$000	2007 Buildings \$000	2007 Vessels \$000	2007 Total \$000
96	476	165	737	Balance at start of period	96	476	155	727
0	0	(10)	(10)	Transfer to general funds	0	0	(5)	(5)
<b>96</b>	<b>476</b>	<b>155</b>	<b>727</b>	<b>Balance at end of period</b>	<b>96</b>	<b>476</b>	<b>150</b>	<b>722</b>

## 10 Debtors and Receivables

	2007 Actual \$000	2006 Actual \$000
Debtors	609	763
<i>Less:</i>		
Provision for doubtful debts	(114)	(160)
Net debtors	495	603
Receivables	398	692
Debtor: Crown funding	16,753	17,270
<b>Total debtors and receivables</b>	<b>17,646</b>	<b>18,565</b>

## 11 Property, Plant and Equipment

	2007 Actual \$000	2006 Actual \$000
<b>Land – at valuation</b>	<b>147</b>	<b>147</b>
<b>Buildings</b>		
At valuation	2,406	2,368
Accumulated depreciation	(256)	(167)
<b>Net book value</b>	<b>2,150</b>	<b>2,201</b>
<b>Leasehold improvements</b>		
At cost	3,992	4,732
Accumulated depreciation	(462)	(2,716)
<b>Net book value</b>	<b>3,530</b>	<b>2,016</b>
<b>Plant and equipment</b>		
At cost	13,536	19,221
Accumulated depreciation	(9,635)	(15,118)
<b>Net book value</b>	<b>3,901</b>	<b>4,103</b>
<b>Capital work in progress – at cost</b>	<b>887</b>	<b>284</b>
<b>Motor vehicles</b>		
At cost	2,713	3,024
Accumulated depreciation	(1,083)	(913)
<b>Net book value</b>	<b>1,630</b>	<b>2,111</b>
<b>Vessels</b>		
At valuation	770	734
Accumulated depreciation	(344)	(237)
<b>Net book value</b>	<b>426</b>	<b>497</b>
<b>Total property, plant and equipment</b>		
<b>At cost / valuation</b>	<b>24,451</b>	<b>30,510</b>
<b>Accumulated depreciation</b>	<b>(11,780)</b>	<b>(19,151)</b>
<b>Total net book value</b>	<b>12,671</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

	2007 Actual \$000	2006 Actual \$000
Creditors	2,941	5
Accrued expenses	12,241	12,805
<b>Total creditors and payables</b>	<b>15,182</b>	<b>12,810</b>

## 13 Provision for Repayment of Surplus to the Crown

	2007 Actual \$000	2006 Actual \$000
Net surplus	189	1,349
<b>Total provision for repayment of surplus</b>	<b>189</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 2006	1,887	232	2,119
Expenditure during the period	(1,460)	(232)	(1,692)
Increase in provision	1,695	124	1,819
<b>Balance at end of period 2007</b>	<b>2,122</b>	<b>124</b>	<b>2,246</b>
	Retirement Leave \$000	Long Service Leave \$000	Total \$000
<b>Term Liabilities</b>			
Balance at start of period 2006	2,192	522	2,714
Expenditure during the period	(41)	(51)	(92)
Increase in provision	155	55	210
<b>Balance at end of period 2007</b>	<b>2,306</b>	<b>526</b>	<b>2,832</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. Mr Bernie Higgins of Aon Consulting New Zealand Limited, an independent consulting actuary, undertook this valuation at 30 June 2007. For the purpose of this valuation the following key assumptions were used:

	31/12/2006	30/6/2007
	%	%
Discount Rate Projection - Year 1	6.41	7.37
Discount Rate Projection - Year 2	6.45	7.21
Discount Rate Projection - Year 3	6.39	7.03
Discount Rate Projection - Year 4	6.24	6.92
Discount Rate Projection - Year 5	6.13	6.75
Discount Rate Projection - Year 6	5.93	6.55
Discount Rate Projection - Year 7	5.80	6.40
Discount Rate Projection - Year 8	5.71	6.29
Discount Rate Projection - Year 9	5.67	6.28
Discount Rate Projection - Year 10+	5.65	6.27
Long Term Annual Rate of Salary Growth		3.00
A promotional scale is added to the base salary growth rate of 3% p a		

In-Service decrements representing the probabilities of Resignation, Death, Disablement, 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

	2007 Main Estimates \$000	2007 Supplementary Estimates \$000	2007 Actual \$000	2006 Actual \$000
<b>Net surplus</b>	<b>0</b>	<b>0</b>	<b>189</b>	<b>1,349</b>
<b>Add non-cash items:</b>				
Depreciation	2,500	2,560	2,722	2,446
<b>Total non-cash items</b>	<b>2,500</b>	<b>2,560</b>	<b>2,722</b>	<b>2,446</b>
<b>Movements in working capital items:</b>				
(Increase)/decrease in				
- debtors and receivables	0	(226)	919	3,805
- prepayments	0	221	(171)	(177)
- inventories	0	0	0	17
Increase/(decrease) in				
- creditors and payables	100	1,886	2,372	(919)
- employee entitlements	200	549	245	746
- unearned revenue	0	(76)	(61)	(106)
<b>Net increase/(decrease) in working capital items</b>	<b>300</b>	<b>2,354</b>	<b>3,304</b>	<b>3,366</b>
<b>Add/(less) investing activity items:</b>				
Net (gain)/loss on sale of property, plant and equipment	0	0	(62)	(18)
<b>Total investing activity items</b>	<b>0</b>	<b>0</b>	<b>(62)</b>	<b>(18)</b>
<b>Net cash inflow/(outflow) from operating activities</b>	<b>2,800</b>	<b>4,914</b>	<b>6,153</b>	<b>7,143</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**

	<b>2007 Actual \$000</b>	<b>2006 Actual \$000</b>
Cash	2,244	1,412
Debtors and receivables	17,646	18,565
<b>Maximum credit risk</b>	<b>19,890</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 2007 (2006: 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 2006/2007 Budget Night (Main) Estimates to Supplementary Estimates were due to:

	<b>\$000</b>
1 The carry forward of fisheries research funding from 2005/06 into 2006/07	3,264
2 A transfer from 2005/06 to fund commitments coming to charge in 2006/07	995
3 An increase in litigation costs	800
4 The carry forward of aquaculture settlement funding from 2005/06 into 2006/07	434
5 Increase in funding for the State Sector Retirement Savings Scheme	140
6 Funding provided from the Resource Management Act/Coastal Maritime Area Contingency fund for aquaculture implementation projects	105
7 The cost of tendering Crown owned quota and ACE	100
8 Increase in funding to support the Growth and Innovation Framework	73
9 A transfer to outyears to fund the South Pacific Regional Fisheries Management Organisation (SPRFMO)	(1,000)
10 The carry forward of aquaculture settlement funding from 2006/07 to 2007/08	(200)
11 A contribution made to the National Maritime Coordination Centre	(53)
<b>Total</b>	<b>4,658</b>

These movements are shown in the table below.

(\$000)	Fisheries Policy	Fisheries Information	Fisheries Operations	Fisheries Compliance	Aquaculture	Total
Main Estimates	6,185	29,138	22,950	29,615	1,553	89,441
Cabinet approvals			800 <sup>3</sup>			800
Fiscally neutral adjustments	878	(400)	(533)	544	(489)	-
Transfers to/from Ministry	73 <sup>8</sup> 13 <sup>5</sup>	6 <sup>5</sup>	105 <sup>6</sup> 40 <sup>5</sup>	(53) <sup>11</sup> 80 <sup>5</sup>	1 <sup>5</sup>	125 140
Expense transfers	85 <sup>2</sup>	3,264 <sup>1</sup>	785 <sup>2</sup>	125 <sup>2</sup>	434 <sup>4</sup> (200) <sup>10</sup>	4,693 (200)
SPRFMO Other	(140) <sup>9</sup>	(9) <sup>9</sup>	(533) <sup>9</sup> 100 <sup>7</sup>	(316) <sup>9</sup>	(2) <sup>9</sup>	(1,000) 100
<b>Total Appropriations</b>	<b>7,094</b>	<b>31,999</b>	<b>23,714</b>	<b>29,995</b>	<b>1,297</b>	<b>94,099</b>
<b>Actual expenditure</b>	<b>6,884</b>	<b>28,873</b>	<b>23,980</b>	<b>29,980</b>	<b>987</b>	<b>90,704</b>

## ■ Report on Vote Fisheries Non-Departmental Funds managed by the Ministry of Fisheries

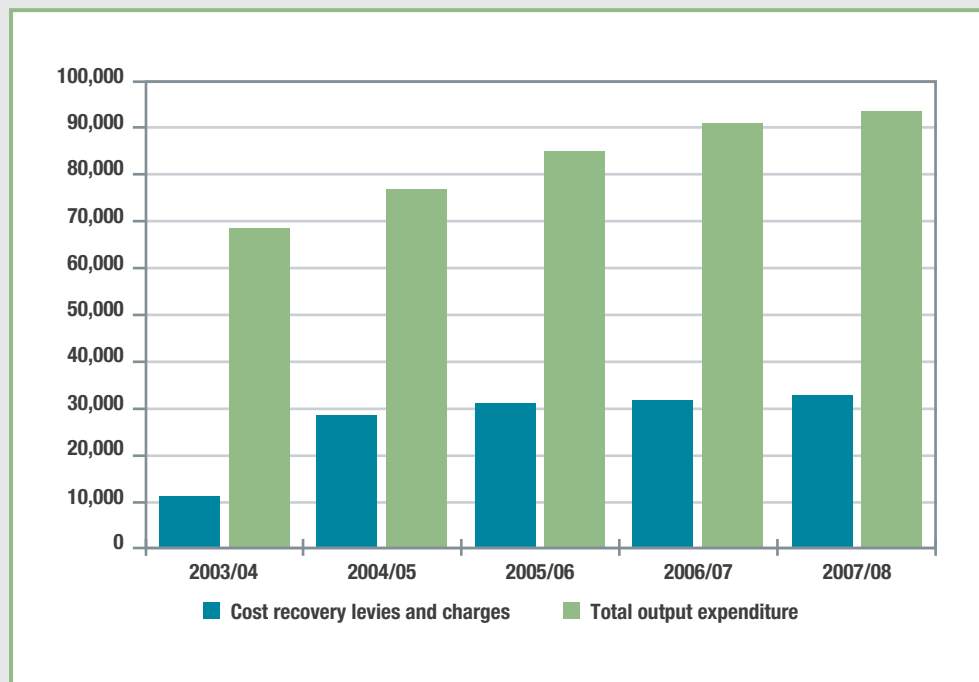
These public funds include revenues received from the commercial fishing industry through cost recovery levies that recover the costs of fisheries-related conservation services and fisheries services:

- (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 2006 to 30 June 2007 is recovered from the commercial fishing sector over the period 1 October 2006 to 30 September 2007.

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 actual cost recovery levies and departmental charges as a proportion of total departmental output expenditure for the period from 2003/04 through to 2006/07 and what is planned for 2007/08.



### Statement of Non-Departmental Accounting Policies

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 2007.

## ■ Schedule of Revenue and Expenditure for the year ended 30 June

	Notes	2007 Main Estimates \$000	2007 Supplementary Estimates \$000	2007 Actual \$000	2006 Actual \$000
<b>Revenue:</b>					
Cost recovery levies	1	31,520	29,520	32,359	30,473
Deemed value charges		5,500	9,500	10,877	10,568
Other	2	750	1,225	4,425	15,784
<b>Total revenue</b>	<b>3a</b>	<b>37,770</b>	<b>40,245</b>	<b>47,661</b>	<b>56,825</b>
<b>Expenditure:</b>					
Operating	4	1,248	4,123	3,653	5,407
<b>Total expenditure</b>	<b>3b</b>	<b>1,248</b>	<b>4,123</b>	<b>3,653</b>	<b>5,407</b>

## ■ Schedule of Assets and Liabilities as at 30 June

	Notes	2007 Main Estimates \$000	2007 Supplementary Estimates \$000	2007 Actual \$000	2006 Actual \$000
<b>Current assets</b>					
Cash and bank balances	5	3,161	3,140	3,661	3,140
Accounts receivable	6	9,365	12,184	12,167	12,814
Prepayments	7	2,310	94	107	94
<b>Total current assets</b>		<b>14,836</b>	<b>15,418</b>	<b>15,935</b>	<b>16,048</b>
<b>Non-current assets</b>					
Intangible assets	8	2,250	1,592	1,777	1,842
<b>Total non-current assets</b>		<b>2,250</b>	<b>1,592</b>	<b>1,777</b>	<b>1,842</b>
<b>Total assets</b>		<b>17,086</b>	<b>17,010</b>	<b>17,712</b>	<b>17,890</b>
<b>Current liabilities</b>					
Accounts payable	9	5,353	1,541	4,692	2,182
Over and under recovered costs	10	9,712	4,878	3,874	4,237
<b>Total current liabilities</b>		<b>15,065</b>	<b>6,419</b>	<b>8,566</b>	<b>6,419</b>
<b>Total liabilities</b>		<b>15,065</b>	<b>6,419</b>	<b>8,566</b>	<b>6,419</b>

These schedules should be read in conjunction with the notes on pages 74 to 77.

## Notes to the Non-Departmental Schedules for the year ended 30 June

### 1 Cost Recovery Levies

	2007 Main Estimates \$000	2007 Supplementary Estimates \$000	2007 Actual \$000	2006 Actual \$000
Fisheries services	30,467	28,467	30,323	29,351
Conservation services	1,053	1,053	2,036	1,122
<b>Total</b>	<b>31,520</b>	<b>29,520</b>	<b>32,359</b>	<b>30,473</b>

### 2 Other Revenue

	2007 Main Estimates \$000	2007 Supplementary Estimates \$000	2007 Actual \$000	2006 Actual \$000
Sale of quota/ACE	0	800	3,541	14,343
Forfeitures and redemptions	500	150	169	496
Fisheries research catch	0	0	0	348
Infringement notices	200	125	189	199
Interest	30	90	337	188
Other	20	60	189	210
<b>Total</b>	<b>750</b>	<b>1,225</b>	<b>4,425</b>	<b>15,784</b>

### 3 Major Budget Variations

The variations from the initial 2006/2007 Budget Night (Main) Estimates to Supplementary Estimates were due to:

(a) Revenue	\$000
Sale of quota shares and ACE	800
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	(2,000)
Other income	(325)
<b>Total</b>	<b>2,475</b>

<b>(b) Non-departmental expenditure</b>	<b>\$000</b>
Settlements	3,058
Bad debt write offs	480
Provision for bad debts	(663)
Quota shares/ACE administration costs	(3)
GST on expenses	3
<b>Total</b>	<b>2,875</b>

#### 4 Operating Expenditure

	2007 Main Estimates \$000	2007 Supplementary Estimates \$000	2007 Actual \$000	2006 Actual \$000
Settlements	0	3,058	2,879	800
Bad debt write-offs	0	480	422	667
Subscriptions to international organisations	260	260	216	167
Transfer of quota shares and ACE	250	250	71	4,413
Increase/(decrease) in provision for bad/ doubtful debts	711	48	48	(667)
Quota share/ACE administration costs	24	24	16	17
GST on expenses	3	3	1	10
<b>Total operating expenditure</b>	<b>1,248</b>	<b>4,123</b>	<b>3,653</b>	<b>5,407</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.

	2007 Main Estimates \$000	2007 Supplementary Estimates \$000	2007 Actual \$000	2006 Actual \$000
Infringement receipts	0	26	35	26
Receipts on behalf of the Crown	0	126	400	126
Funding for payments on behalf of the Crown	3,161	2,988	3,226	2,988
<b>Total cash and bank balances</b>	<b>3,161</b>	<b>3,140</b>	<b>3,661</b>	<b>3,140</b>

## 6 Accounts Receivable

	2007 Main Estimates \$000	2007 Supplementary Estimates \$000	2007 Actual \$000	2006 Actual \$000
Debtors and receivables	11,076	12,482	12,465	13,064
<b>Less:</b>				
Provision for doubtful debts	(1,711)	(298)	(298)	(250)
<b>Total receivables</b>	<b>9,365</b>	<b>12,184</b>	<b>12,167</b>	<b>12,814</b>

## 7 Prepayments

	2007 Main Estimates \$000	2007 Supplementary Estimates \$000	2007 Actual \$000	2006 Actual \$000
Subscriptions to international organisations	0	94	107	94
Deemed value cash received in advance	2,310	0	0	0
<b>Total prepayments</b>	<b>2,310</b>	<b>94</b>	<b>107</b>	<b>94</b>

## 8 Intangible Assets

	2007 Main Estimates 000	2007 Supplementary Estimates \$000	2007 Actual \$000	2006 Actual \$000
Crown-owned quota	2,250	1,592	1,777	1,842
<b>Total intangible assets</b>	<b>2,250</b>	<b>1,592</b>	<b>1,777</b>	<b>1,842</b>

## 9 Accounts Payable

	2007 Main Estimates \$000	2007 Supplementary Estimates \$000	2007 Actual \$000	2006 Actual \$000
Creditors	4,693	1,119	4,071	8
GST payable on receipts on behalf of the Crown	657	419	618	419
Accrued expenses	3	3	3	1,755
<b>Total payables and provisions</b>	<b>5,353</b>	<b>1,541</b>	<b>4,692</b>	<b>2,182</b>

## 10 Over and Under Recovered Costs

	<b>2007 Main Estimates \$000</b>	<b>2007 Supplementary Estimates \$000</b>	<b>2007 Actual \$000</b>	<b>2006 Actual \$000</b>
Net over recovery of costs	9,712	4,878	3,874	4,237
<b>Total net over recovered costs</b>	<b>9,712</b>	<b>4,878</b>	<b>3,874</b>	<b>4,237</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 2007 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> \$000	Forfeit Property Account <sup>2</sup> \$000	Total \$000
<b>Balance at start of period 2006</b>	<b>2,604</b>	<b>255</b>	<b>2,859</b>
<i>Plus:</i>			
- Contribution	17,154	275	17,429
- Revenue	341	23	364
<i>Less:</i>			
- Distribution	(15,761)	(235)	(15,996)
- Expenses	(284)	0	(284)
<b>Balance at end of period 2007</b>	<b>4,054</b>	<b>318</b>	<b>4,372</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 2007

<b>Human Resources</b>			<b>Number</b>
<i>Full time equivalents</i>			
Female			152
Male			293
<b>Honorary Fishery Officers</b>			178
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.			
<b>Land and buildings owned</b>	<b>Area (m<sup>2</sup>)</b>	<b>Number</b>	
<b>Commercial</b>			
- Offices	1,715		3
- Storage	451		2
- Land	7,384		4
<b>Residential</b>			
- House on separately saleable residential section	140		1
<b>Land and buildings leased</b>	<b>Area (m<sup>2</sup>)</b>	<b>Number</b>	
<b>Commercial</b>			
- Office	13,759		17
- Storage	4,906		17
- Land	2,835		1
<b>Motor vehicles owned</b>			<b>Number</b>
Sedan/hatch/station wagon			43
Utilities/vans			11
4 wheel drive			40
<b>Vessels</b>			<b>Number</b>
Patrol vessels used to protect, manage and enhance New Zealand's fisheries resource.			24

### Areas of work where contractors and consultants were used during the year

The Ministry engages contractors and consultants during the year to:

- > undertake the fisheries research required to obtain the information necessary to advise the Minister of Fisheries on annual harvest levels. All fisheries research projects are tendered externally on a contestable basis.
- > assist in the provision of legal advice, particularly in relation to litigation faced by the Ministry.
- > provide particular levels of expertise that are required on a short term basis.

In addition to these, the Ministry has also outsourced its payroll function, travel services, fleet management and specific services relating to fisheries administration.

The costs of consultants and contractors engaged in 2006/07 are set out below.

	<b>\$000</b>
Fisheries research projects	20,864
Legal advice and litigation	1,421
Ministry operating and capital expenditure	5,777
Outsourced services	3,549
<b>Total</b>	<b>31,611</b>

### Overseas travel undertaken during the year

The Ministry undertakes overseas travel each year to:

- > promote and protect New Zealand's interests in and access to international fisheries and markets
- > keep abreast of developments in fisheries science
- > maintain long term Ministry capability.

The cost of overseas travel in 2006/07 is shown below.

	<b>\$000</b>
New Zealand's interests in and access to international markets	206
Developments in fisheries science	182
Maintaining long term Ministry capability	80
<b>Total</b>	<b>468</b>

In addition to the above travel, the Ministry also undertakes travel to Australia and the South Pacific on a range of fisheries related issues. The cost of this in 2006/07 was \$322,000.

## 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 sets 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 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 monitoring activities undertaken by the compliance business, reports on non-compliance detected, 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 1 Module – records offence events detected by compliance activity and action taken in respect of these events; manages file progress and location tracking; records and manages prosecution action and outcomes in relation to all offences detected in the course of compliance business activity.
  - > Offences Phase 2 Module – records information from the commencement of a prosecution through to outcomes. Assists with automation of some prosecution processes.
- > 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.
- > Operational Communications Monitoring System (OCMS) – the primary tool for the national Compliance Communications Centre (ComCen) which monitors fishery officer safety through full radio discipline procedures.

## 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.

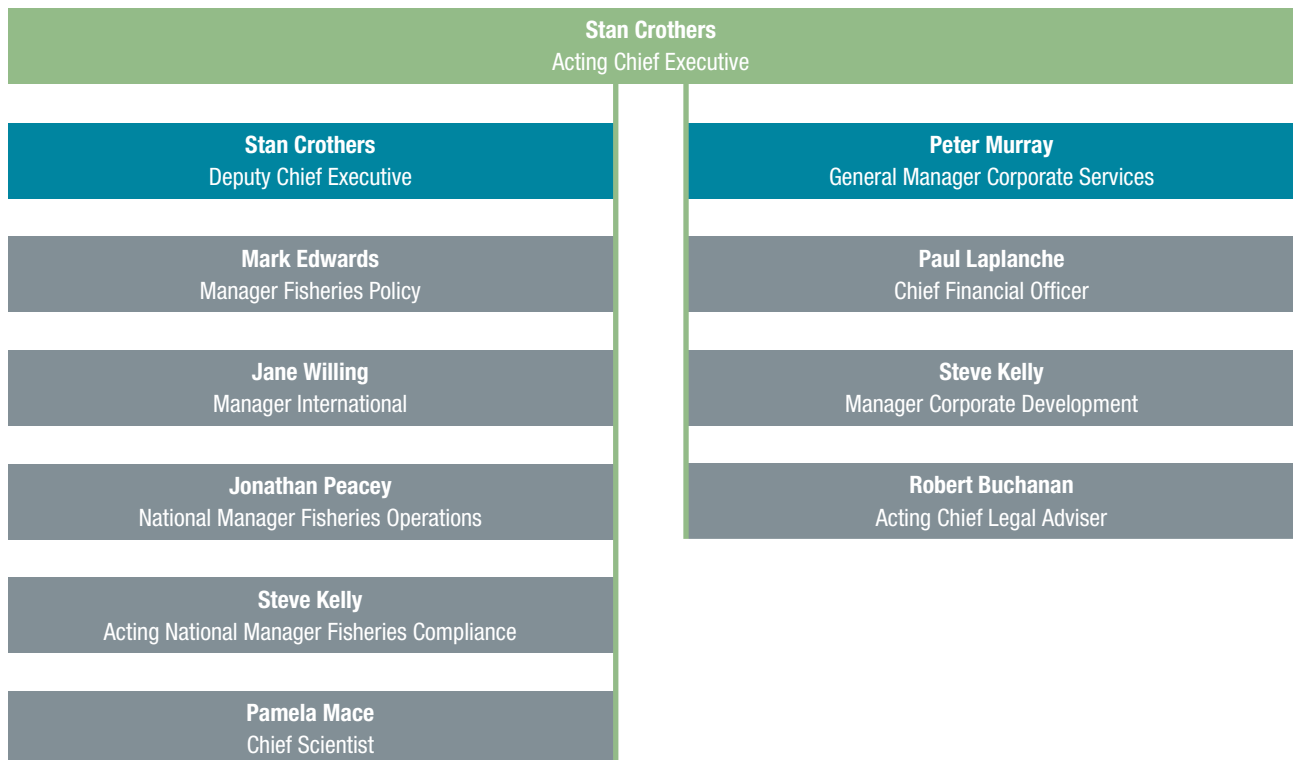
## Accounting

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.

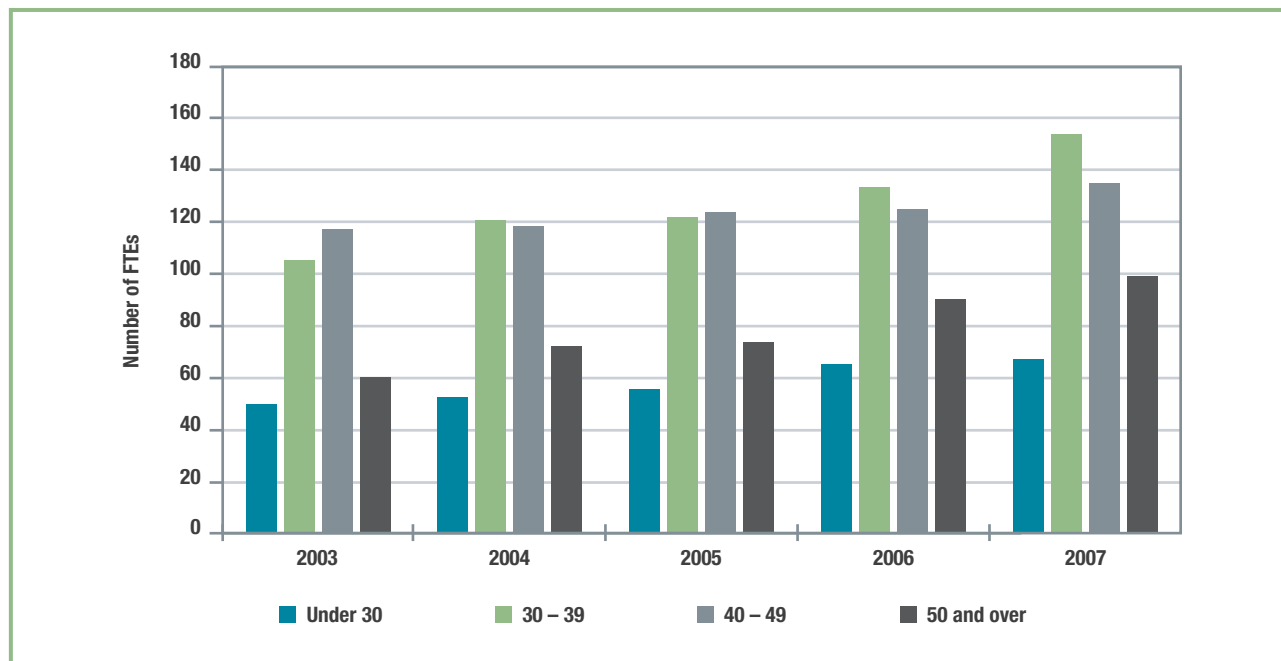
## Structure



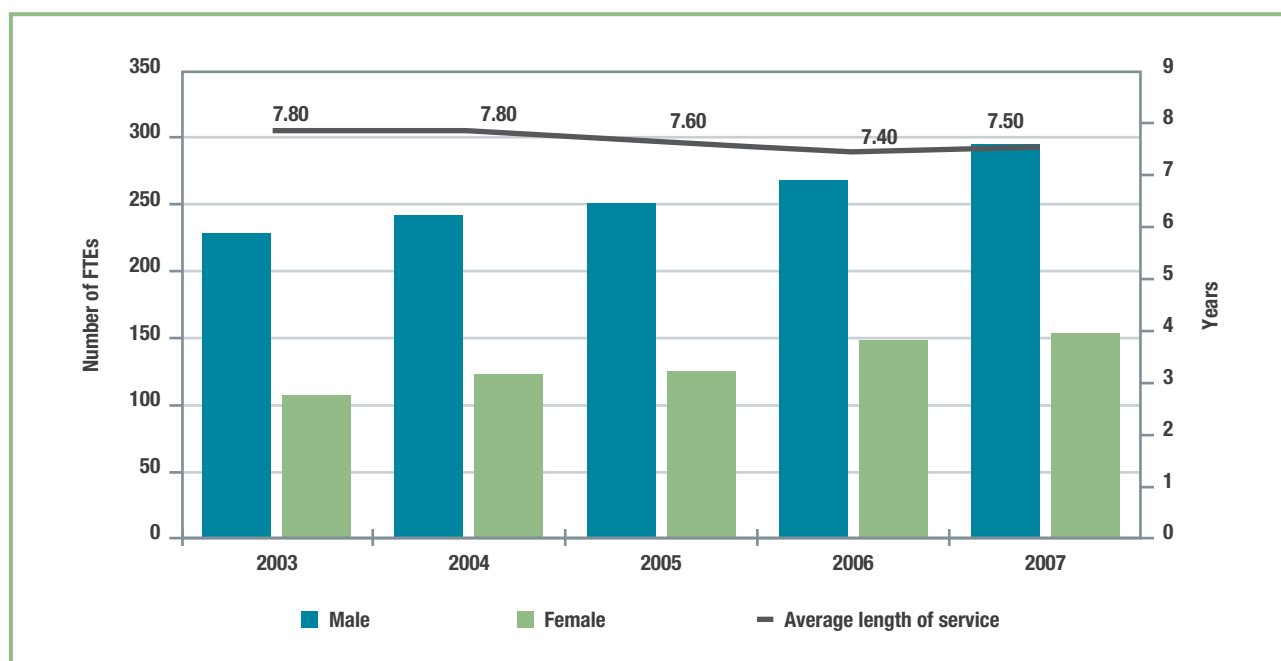
## Staff

The following graphs provide basic statistics of the Ministry's staff over the last five years as at 30 June each year.

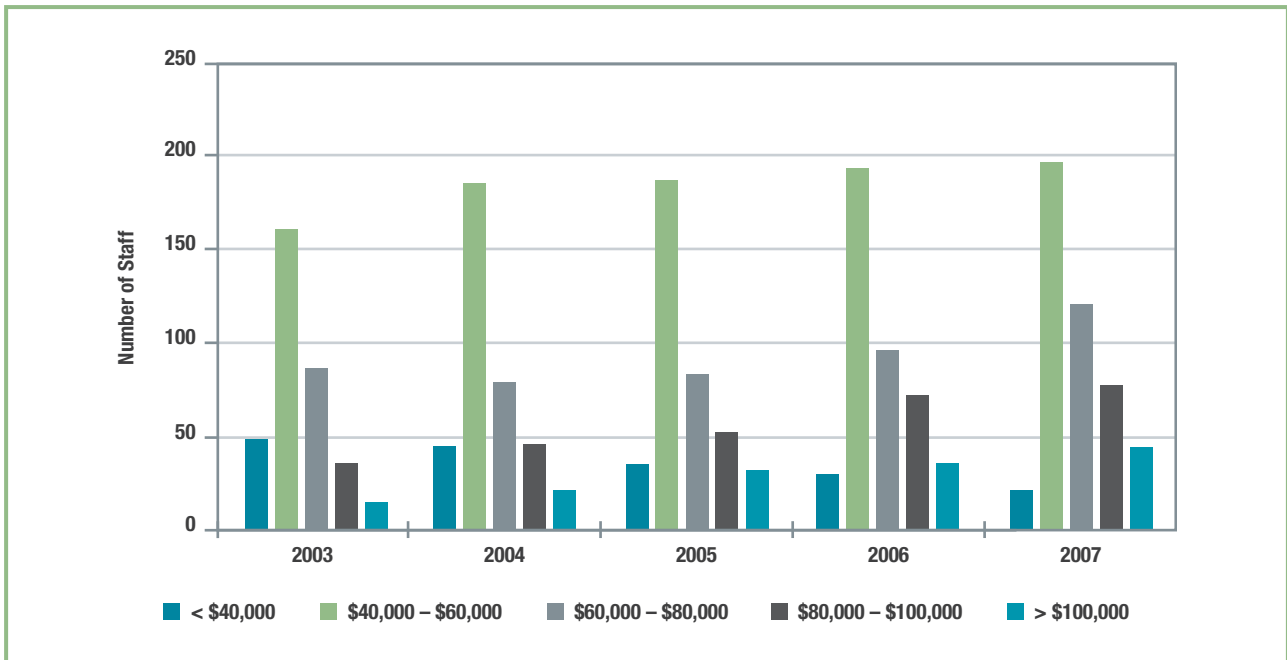
### Number of staff by age



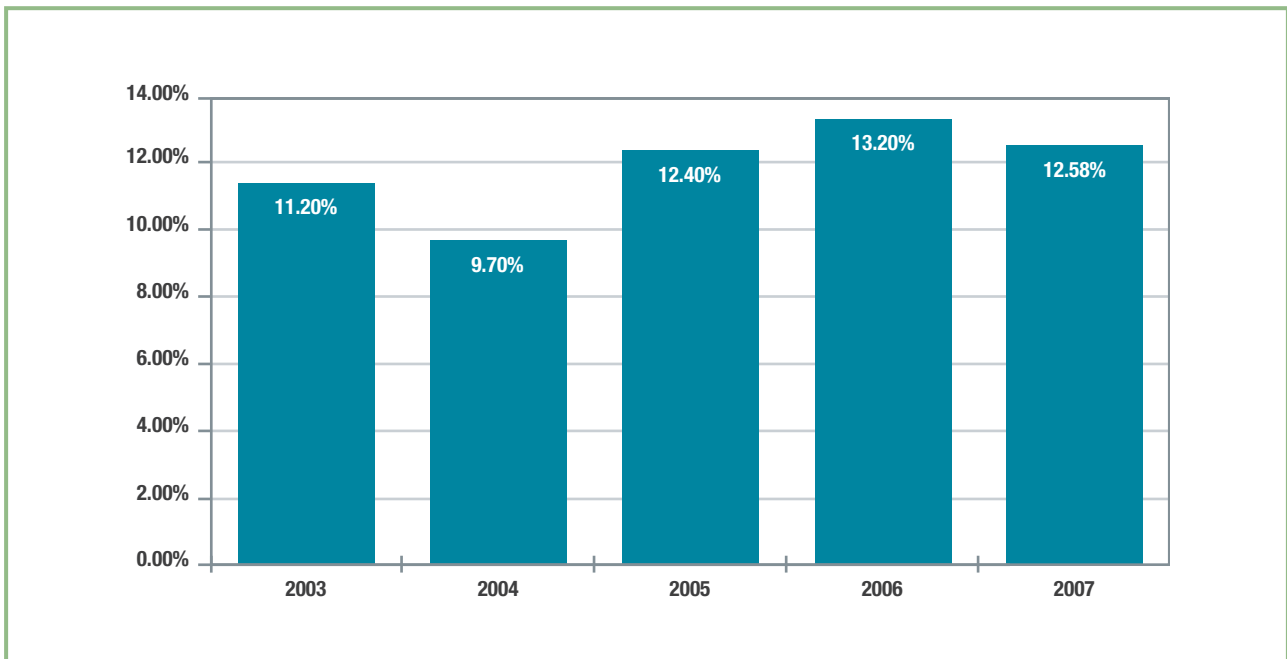
### Gender/average length of service



### Average salary by salary band



### Māori staff in the Ministry



## Employee turnover

	2005	2006	2007
Death	1	0	0
Dismissed	1	1	0
Resignation	36	33	48
Ceased fixed term	5	7	7
Parental leave	0	14	7
Redundancy	7	1	6
Retirement	2	2	4
Turnover	13.9%	14.2%	16.0%

## ■ Legislation Administered by the Ministry as at 30 June 2007

### 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 these 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 the inside back cover.

In addition to the main number, calls can also be made using the following free calling numbers:

- > 0800 4 RULES (0800 4 78537) service provides fishers with advice on fishing rules. These can also be found on the Ministry's web site.
- > 0800 4 POACHER (0800 4 76224) service provides opportunity for the public to report suspicious fishing activity.

**Internet homepage:** [www.fish.govt.nz](http://www.fish.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 the management of highly migratory fish stocks (fish that travel through several national management boundaries) 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

## Ministry of Fisheries school art competition

Over 2006/07 the Ministry of Fisheries ran a school art competition to raise awareness of fisheries among young New Zealanders. Entries were received from students around the country, showing great talent and a real understanding of the issues facing the sector.

The theme of the competition was *Guardian of the Multitudes of Tangaroa*, which is taken from the Ministry's Māori name *Te Tautiaki i nga tini a Tangaroa*.

The cover of this year's annual report features the work of 11 year old Mervyn Merumeru, the junior national winner.

The artwork of the senior national winner, Riah King-Wall, was used for the cover of the Ministry's Statement of Intent 2007-2012.

Other images featured in this annual report include:

Page 3: *What about the fish?* By Kiri Jones (12), Kerikeri.



Page 17: *Seige of Tangaroa*. By Catherine Pealee (15), Te Awamutu.



Page 81: An untitled piece by Robyn Tomlinson (14), Golden Bay.



