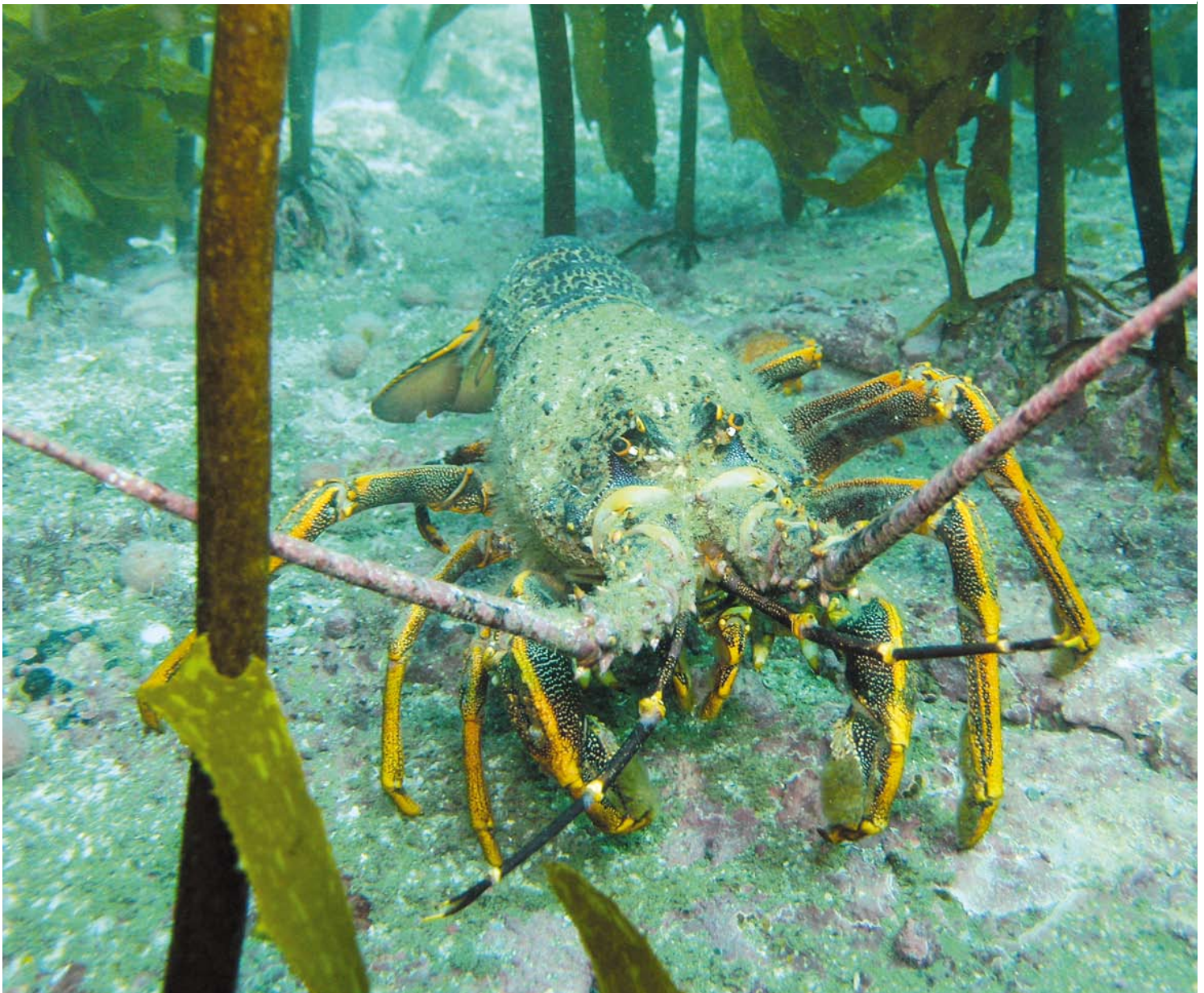




# Annual Report – 2009/10

*Presented to the House of Representatives pursuant to section 44(1) of the Public Finance Act 1989*





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## New Zealand Fisheries at a Glance

Environment	2009/10	2008/09
NZ Marine Fisheries Waters (Exclusive Economic Zones and Territorial Sea)	4.4 million km <sup>2</sup>	4.4 million km <sup>2</sup>
NZ Coastline	15,000km	15,000km
Marine species identified <sup>1</sup>	16,000+	16,000
Species commercially fished <sup>2</sup>	130	130
Area closed to bottom trawling (fisheries restrictions)		
Territorial Sea	15%	15%
Exclusive Economic Zone	32%	32%
Primary productivity	Moderate with some high	Moderate with some high
Ecosystems	Diverse	Diverse
Climate	Sub-tropical to sub-Antarctic	Sub-tropical to sub-Antarctic
<b>Quota Management System (QMS) stocks</b>		
Species/species complexes in QMS	97	96
Individual stocks in QMS	633	628
% of landings (by value) from assessed stocks <sup>3</sup>	66%	72%
% assessed stocks at or above target level	69%	67.5%
Allowable commercial take (TACC) <sup>4</sup>	603,122 tonnes	585,685 tonnes
Actual commercial catch	422,774 tonnes	434,327 tonnes
<b>Commercial Fisheries and Aquaculture</b>		
Total seafood export value, (FOB) <sup>5</sup>	\$1.42 billion	\$1.35 billion
Aquaculture exports <sup>6</sup>	\$250.7 million	\$263 million
Total seafood exports	290,537 tonnes	296,250 tonnes
Total quota value <sup>7</sup>	\$4.017 billion	\$3.97 billion
Quota holders	1,542	1,592
Commercial fishing vessels	1,297	1,360
Processors and Licensed Fish Receivers	221	229
Direct employment (full-time equivalents) <sup>8</sup>	8,310	7,155
Cost recovery levies (fisheries services) and user fees	\$31 million	\$35 million
<b>Customary Fisheries</b>		
Tangata Tiaki appointed (South Island)	127	112
Tangata Kaitiaki appointed (North Island)	276	234
Tangata Kaitiaki appointed (Chatham Islands)	13	N/A
Temporary closures (section 186)	6	6
Taiapure-local fisheries	8	8
Mataitai reserves	10	10
Customary take provided for within the TACC	4,813 tonnes	4,802 tonnes
<b>Recreational Fisheries</b>		
Estimated participation (as a % of the total NZ population) <sup>9</sup>	20%	33%
Estimated annual take <sup>10</sup>	25,000 tonnes	25,000 tonnes
<b>Ministry of Fisheries</b>		
Budget (excl. GST)	\$99.6 million	\$102.7 million
Net assets	\$13.3 million	\$13.3 million
Staff (FTEs)	437	446
Honorary fishery officers (June 2010)	205	185
Observers (June 2010)	47	48

1 *Environment New Zealand 2007*, Ministry for the Environment.

2 All species commercially fished, including those outside of the QMS.

3 Percentage of stocks calculated by weight and value, excluding squid.

4 Latest complete fishing year, excludes OYU5, which are recorded as individuals.

5 Seafood Export Report 7, SeaFIC (monthly data from July 2009 to June 2010).

6 Mussel, salmon and oyster exports from Seafood Export Report 7, SeaFIC (monthly data from July 2009 to June 2010).

7 Statistics New Zealand, Fish Monetary Stock Account 1996–2009.

8 Statistics New Zealand, Linked Employer-Employee database figures.

9 Sport and Recreation Profile: Fishing, SPARC 2007/08 Active NZ Survey, 2009. Previous participation estimates were derived from a Ministry-commissioned telephone survey.

10 1999/2000 Survey of recreational fishers.

# Part One: Overview

## FOREWORD FROM THE CHIEF EXECUTIVE

I am pleased to present the Ministry of Fisheries Annual Report for the year ended 30 June 2010.

This has been a year of marked change for the Ministry of Fisheries. Fisheries 2030, the long-term goal and action plan for the fisheries sector, was approved by Cabinet and published in September 2009. Fisheries 2030 represents a step change for the Ministry and for the fisheries sector as for the first time there is a clear direction for everyone with an interest in New Zealand's fisheries. We have a goal to work towards with two outcomes, a set of objectives, and a plan of action for how the objectives will be achieved.

Fisheries 2030 will guide the Ministry for years to come in its approach to fisheries management and will provide more certainty to tangata whenua and stakeholders as they make decisions about investments and activities.

The Ministry has had to rethink, refocus and reorganise itself to deliver on the goal, objectives and actions that Fisheries 2030 sets out for us and to meet the priorities the Government set for the fisheries sector.

I would like to thank our staff for their commitment to managing New Zealand's fisheries throughout the change process. The results of the changes are now starting to show through an increased focus and drive across the Ministry.

There is still plenty of work to do for the Ministry and indeed across the sector but we are well placed to meet these challenges and are focused on working towards our goal of *New Zealanders maximising benefits from the use of fisheries within environmental limits*.



**Wayne McNee**  
Chief Executive

## THE MINISTRY'S ROLE

**Our role** is to act as the government's principal adviser on New Zealand's fisheries management and on matters related to the aquatic environment, including issues that may impact on the continued viability of fisheries or other marine resources.

**The goal** for the fisheries sector under Fisheries 2030 is:

*New Zealanders maximising benefits from the use of fisheries within environmental limits.*

**Our five-year action plan** is set out in Fisheries 2030 and lists the priority strategic actions and projects the Ministry will focus on and work towards.

**Our behaviour** will, at all times, be consistent with the responsibilities of the Crown as partner to the Treaty of Waitangi and our specific legal obligations under the Treaty of Waitangi (Fisheries Claims) Settlement Act 1992 and the Fisheries Act 1996.

The Ministry's work over the year covered issues ranging from:

- > reviewing the policy and legal frameworks to enable fishers to maximise benefits from the use of fisheries within environmental limits
- > maintaining fisheries' sustainability
- > demonstrating environmental performance
- > delivering the Crown's Treaty settlement obligations
- > maximising compliance with fisheries laws and regulations
- > providing stock assessment information and advice to the Minister to set annual catch limits
- > securing and maintaining access to international markets for New Zealand seafood
- > combating illegal, unreported and unregulated fishing.

To achieve this, the Ministry worked with a wide range of government agencies; iwi; service providers, including Commercial Fisheries Services Ltd (FishServe) and research providers; and stakeholder groups, including fishers and environmental organisations.

## ■ CHIEF EXECUTIVE'S OVERVIEW

### Repositioning the Ministry to Deliver Fisheries 2030 and Government Priorities

Fisheries 2030 gives the Ministry a new focus and a new way of working right across the organisation.

The Ministry needed to refocus on Fisheries 2030 to make sure the plan of action will be achieved and give the fisheries sector the leadership and support it required.

To achieve the adjustment to the new way of operating, the Ministry undertook a comprehensive Organisation Design Review, which was completed in June 2009. The review resulted in significant structural changes which took effect from 1 October 2009.

The new organisational structure was designed to:

- > create a more integrated organisation
- > enable more flexible working arrangements to ensure that resources are in the right place at the right time to achieve Ministry outcomes and Government priorities
- > deliver fisheries plans more effectively
- > improve the overall performance of the Ministry.

Underpinning the new structure are revised approaches with:

- > the development of five objectives-based national fisheries plans with area and fishery-specific chapters
- > more effective engagement with stakeholders and tangata whenua
- > effective prioritisation and leadership.

### Further Service Effectiveness Reviews and Enhancements

The Organisation Design Review made large scale changes in a number of areas that were needed to position the organisation to deliver Fisheries 2030. The review and Government priorities for fisheries also identified a number of Ministry services where more concentrated redesign and review was needed.

The Research Services Strategy and Review of Observer Services projects are areas where the services being provided have a substantial financial impact on the fishing industry through the cost recovery system so they are being carried out collaboratively with industry representatives.

The other projects focused on improving the efficiency and effectiveness of the services the Ministry provides so were carried out in-house with the assistance of expert consultants as required.

### Research Services Strategy

This Ministry-led collaborative review with industry focused on the planning, prioritisation and procurement of fisheries research. The review concluded with thirteen recommendations which are now being implemented.

More effective and less frequent engagement in the planning phase will reduce the cost to the Ministry and stakeholders in planning of research. A new procurement strategy to implement long-term procurement arrangements will reduce costs on both research providers and the Ministry in research tendering and contract management.

Simplified project milestones and administration will enable more research to be undertaken from the available funding, providing the commercial levy payers with better value for their contributions and more research results for fisheries management.

The Research Services Strategy is being implemented in five separate workstreams. The first workstreams are well underway with full implementation targeted for May 2011.

### Review of Observer Services

The collaborative Observer Services Review is part of a range of initiatives in Fisheries 2030 designed to improve the economic performance of the seafood sector by identifying opportunities:

- > to improve the effectiveness of the contribution of Observers to fisheries management and compliance
- > to reduce fishing industry costs, government-imposed or otherwise
- > to improve the efficiency of the Ministry's services to the seafood industry
- > for government to further assist the economic development of the fishing industry.

Good progress has been made this year and the review is due to be completed by the end of 2010.

### Obligations to Māori Service Delivery Review

This review refocused Obligations to Māori services to ensure that input and participation into customary fisheries management is enabled through iwi fisheries plans.

The customary forums established throughout the country will be transitioned into forums more closely aligned with fisheries management areas, and iwi customary and commercial fishing objectives will be better integrated. The reshaping of forums will also allow national forums to be established for strategic input into fisheries directions.

## Information Services Strategic Plan (ISSP)

The Information Services Strategic Plan (ISSP) is a three-year programme to simplify and enhance the quality and usability of the significant annual flow of fisheries and scientific data into information to effectively manage New Zealand's fisheries and the effects of fishing on the aquatic environment.

The ISSP will form the basis for how the Ministry manages its information and organises its information infrastructure and information support services into the future.

## Organisation Services Review

This review focused on the efficient and effective provision of corporate support services. The ISSP (outlined above) formed the first phase of the review and was a key driver for this second phase.

The Information Services, Legal/Prosecutions, Finance and Human Resources teams were reviewed to ensure the ISSP could be delivered and that these and other corporate services are provided efficiently and effectively. The review will result in ongoing annual cost savings of \$1.243 million from July 2011 and a reduction in support staffing levels of approximately 12 percent.

## Performance Monitoring and Evaluation

The Ministry has recently completed consultation on indicators to monitor sector performance and is now developing a range of indicators using a panel of experts. Approval and the first annual report on these indicators will take place during 2010/11.

Performance measures for Ministry outcomes are outlined in the 2010/15 Statement of Intent. Ongoing clarification of the Ministry's contribution to sector outcomes and the subsequent measure of this contribution will occur through development of the 2011/16 Statement of Intent.

## Strategic Direction: Completing and Implementing Fisheries 2030

Fisheries 2030 and its action plan were approved by Cabinet and published in September 2009. Fisheries 2030 sets out a clear pathway for the entire fisheries sector and identifies a number of actions needed to achieve the goal of: *New Zealanders maximising the benefits from the use of fisheries resources within environmental limits.*

Meeting the actions and priorities set out in Fisheries 2030 and the Government's priorities for the fisheries sector now drives how the Ministry is organised and how it delivers its services. Fisheries 2030 guides how resources are allocated within the Ministry, what projects will be progressed and what priority various actions will receive.

The Ministry acknowledges that it will not be possible to achieve all the actions set out in Fisheries 2030 immediately so an action plan has been developed that will drive resource allocation and prioritise projects and actions over time.

The aim of the action plan and staged approach is to make sure that projects and actions are completed and the Ministry does not become over-loaded with competing priorities that could compromise their completion.

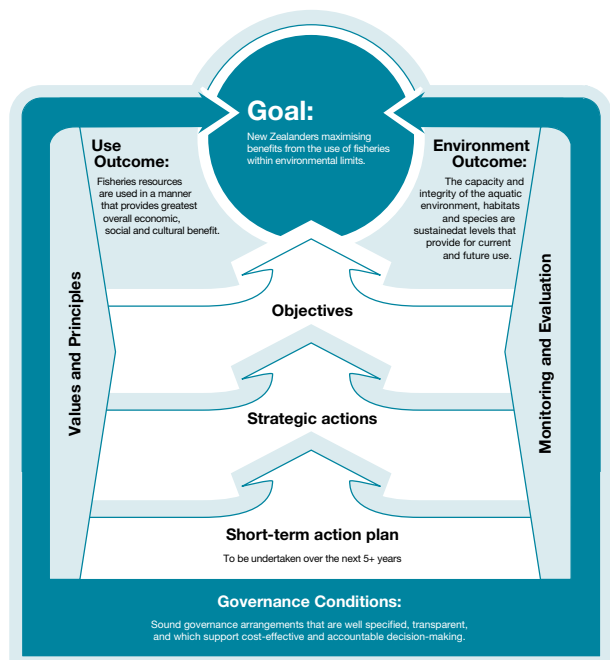
It is also clear the Ministry has to be more targeted in its dealings with stakeholders, to be more strategic in how it allocates resources and takes on new work and more pragmatic in how core work is managed and designed.

Work to achieve this, guided by Fisheries 2030 and in accordance with the Government's priorities is well underway across the Ministry.

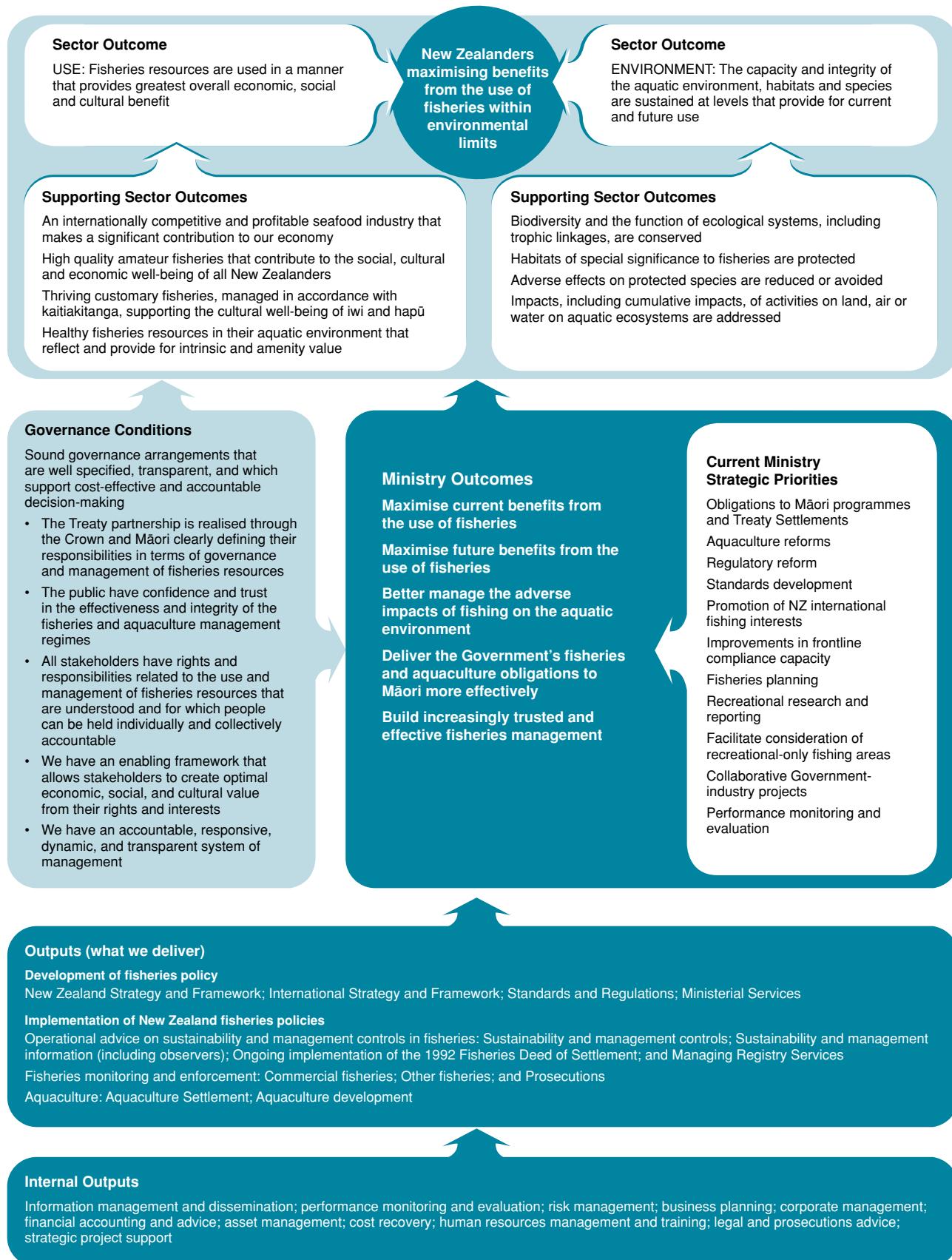
Five new Ministry outcomes have been developed that better reflect the goal and sector outcomes in Fisheries 2030. These new Ministry outcomes are set out in the 2010/15 Statement of Intent and in the diagram on page 6 and further refine and build on the three outcomes reported against in this Annual Report.

## Fisheries 2030

### New Zealanders maximising benefits from the use of fisheries within environmental limits



## Ministry Contribution to Sector Outcomes





## Government Priorities

The Government's main priority continues to be to grow New Zealand's economy.

Fisheries contribute directly to this goal through greater efficiencies and by realising greater benefit from the seafood New Zealand catches and farms. The Ministry can support this by enabling the creation of economic benefits and reducing costs to industry, while acting to ensure fishing activity remains within environmental limits.

Aquaculture is New Zealand's fastest growing seafood sector, with significant potential to help boost New Zealand's economic growth. The Government is committed to enabling that growth and maximising the benefits within environmental limits.

The Government's focus for New Zealand's fisheries sector is on:

- > reform to support improved performance of aquaculture and commercial fisheries
- > front-line compliance, including increasing the number of fishery officers
- > research into fish stock status
- > implementation of the Deed of Settlement with Māori
- > addressing information shortcomings, including those necessary to better recognise the interests of amateur fishers.

The Government has signalled a focus on efficiency gains and the removal of unnecessary barriers and costs to doing business across the economy. The Government wants to see more cross-agency collaboration and an ongoing focus from all government departments on finding ways to deliver services more effectively and efficiently.

These priorities align closely with actions under Fisheries 2030. The Ministry has several workstreams underway that form strategic actions under Fisheries 2030 and answer the Government's call to deliver our services more efficiently and cost-effectively.

## Natural Resources Sector (NRS)

The Ministry works with other government agencies to ensure that a strategic and integrated approach is taken to managing New Zealand's natural resources. The Natural Resources Sector (NRS) Network is led by the Ministry for the Environment and involves the Ministries of Agriculture and Forestry and Economic Development, the Department of Conservation, Land Information New Zealand, and Te Puni Kōkiri. The Treasury, State Services Commission, and Department of the Prime Minister and Cabinet support the NRS network.

The Ministry contributed to a range of NRS work throughout the year, including leading reforms to aquaculture management; and supporting the New Start for Fresh Water programme, establishment of the Environmental Protection Authority and Phase Two reforms to the Resource Management Act. The Ministry seconded resources to the NRS secretariat.

The Natural Resources Sector government agencies have begun work on sharing capability, designed to eliminate unnecessary duplication and minimise expensive new investments in corporate and organisational infrastructures. This shared capability work is being undertaken to ensure alignment with the Treasury-led Better Administrative Support Services (BASS) review and Department of Internal Affairs-led work on Government Information and Communication Technology.

## Better and Less Regulation

The Government is committed to improving the regulatory environment across all public sector agencies to lower the costs of regulation on industry. The key commitments are that a new regulation will only be introduced when it is required, is reasonable and robust. All existing regulations are to be reviewed to identify and remove requirements that are unnecessary, ineffective or excessively costly.

To meet these government goals, the Ministry has established a Better and Less Fisheries Regulation project with eleven workstreams designed to provide more clarity and guidance on future regulation-making as well as reviewing and consolidating current regulations.

The project identified 29 individual provisions and three complete sets to revoke as well as 160 individual regulations for further substantive review. In addition, the project will consolidate the complete set of fisheries regulations into a simpler structure.

The project is also building a revised regulation-setting process to ensure future regulations are robust, necessary and reasonable.

## Primary Growth Partnership (PGP)

The Primary Growth Partnership has been established as part of the Government's economic growth agenda to help New Zealand become an internationally competitive economy and an attractive place to live and work. As part of the PGP programme the Ministry is working with the aquaculture and wild fishing sectors to identify opportunities to take research and development projects through to commercial viability.

There is potential for major economic and environmental benefits from this work; in particular, supplying high-value fish and shellfish to international markets as a premium product and reducing the environmental impacts of fishing methods.

## Aquaculture Reform

The aquaculture industry has been identified by the Government as having significant unrealised potential for boosting the economy through exports. The current regulatory regime is not working effectively and has not delivered the results the Government wants to see.

The aquaculture reform project is in place to overhaul the regulatory system and free up the aquaculture industry for development as part of the Government's wider programme of resource management reform.

The Ministry was confirmed as government's lead agency for aquaculture and continues to work closely with other agencies. Supporting aquaculture development is also an objective of Fisheries 2030 with four supporting strategic actions.

Good progress has been made on the development of a package of legislative and other reforms designed to reduce costs, delays and uncertainty, promote investment and enable integrated decision-making.

An Aquaculture Technical Advisory Group (TAG) was established in July 2009 and reported to Ministers in October. Public consultation on the TAG report took place during November and December 2009 attracting more than 200 submissions.

Cabinet made decisions in March and April 2010 on the scope of the reforms after considering the TAG report and public submissions, establishing objectives and a framework for the new aquaculture regime.

Further Cabinet decisions in July 2010 built on that framework and set out the pathway for a decisive transition to, and implementation of, the new regime. It is expected the Bill will be introduced and passed during the 2010/11 year.

In May 2010, an interim team was established to set up an Aquaculture Unit within the Ministry to be the government's principal adviser on aquaculture and to develop a national aquaculture strategy and action plan.

## Aquaculture Settlement

The Māori Commercial Aquaculture Claims Settlement (Regional Agreements) Amendment Act became law in March 2010. The Act gave effect to a Deed of Settlement between the Crown and iwi of the South Island and Coromandel signed in May 2009 for an early settlement of the Crown's pre-commencement space obligations in those regions.

The Act allows for future regional agreements the Crown may enter into with remaining iwi for an early settlement of the Crown's pre-commencement space obligations in their regions.

A payment of \$100 million for the agreed pre-commencement settlement was paid to the Trustee on behalf of those iwi in March 2010.

## Other Ministry Activity to Deliver on Our Legislative Obligations and Fisheries 2030

### Fisheries Plans

In accordance with the outcomes in Fisheries 2030, the Ministry is working to develop a planned approach to the long-term management of fisheries and environmental impacts based around agreed objectives.

National fisheries plans are being developed for the five groups of New Zealand fisheries: deepwater, highly migratory species, freshwater, inshore finfish and inshore shellfish, with separate chapters for certain fisheries and areas as required. This approach will ensure we strive for better fisheries management outcomes and are explicit in how we intend to deploy our resources so that they directly and efficiently deliver on management priorities.

Plans for inshore shellfish, inshore finfish and freshwater fisheries are currently being developed and are scheduled for completion in 2011.

### National Deepwater Fisheries Plan

The Minister of Fisheries and Aquaculture approved the release of a draft National Fisheries Plan for Deepwater and Middle-depth Fisheries (National Deepwater Plan) and the Ministry expects it will be implemented from September 2010.

The National Deepwater Plan establishes a five-year enabling framework for all deepwater fisheries and includes an overarching goal, outcomes and management objectives, reflecting the fisheries sector goal and outcomes in Fisheries 2030. The plan includes nine fishery-specific chapters for key target fisheries and their common bycatch species. Chapters have been completed for the hoki fishery and all orange roughy stocks. The remaining seven chapters cover squid, hake, ling, jack mackerel, oreo, scampi and southern blue whiting.

### National Highly Migratory Species Fisheries Plan

The Minister of Fisheries and Aquaculture approved the release of a draft National Fisheries Plan for Highly Migratory Species for consultation in June 2010. The plan includes larger pelagic species such as southern bluefin tuna and bigeye tuna, gamefish, and pelagic sharks, as well as skipjack and albacore tuna.

Fishery-specific chapters are being developed for each of these species groupings.

## Standards

Fishing, like all human activities, can have an impact on the natural environment and the birds, marine mammals, fish and other marine life in the seas surrounding New Zealand. The Ministry is responsible for managing these impacts under the Fisheries Act 1996 and ensuring impacts are managed is an objective of Fisheries 2030. The Ministry is working to achieve this through the development of standards that will set the expected level of environmental performance for fisheries and the management measures that will be required to meet the standard. Other standards work will guide the quality assurance of scientific research that is used to inform and underpin fishery management decisions.

### Seabird Standard

The Ministry is developing an environmental standard for seabird interactions with fisheries that will define the level of performance required in avoiding, remedying or mitigating any impacts on seabirds. A key component of the standard will be to provide a clear statement of when fishing is adversely affecting seabirds.

Management measures necessary to meet the standard will be implemented through fisheries plans. The Seabird Standard, and management measures necessary to meet the standard, will also inform New Zealand's National Plan of Action for Seabirds (NPOA Seabirds).

### Benthic (seafloor) Impact Standard

In line with current legislative obligations and government policy, the Ministry is developing a Benthic Impact Standard. This will establish criteria to enable the Minister of Fisheries and Aquaculture to determine when an effect of fishing on the seabed is adverse and therefore requires avoiding, remedying, or mitigating.

### Research Standard

An international review of best practice in science quality assurance was conducted and used to prepare a revised draft Research Standard. This draft is being internally reviewed and revised before being circulated for stakeholder and international expert review. The standard is due to be finalised by the end of 2010.

## Treaty Partnership

One of the Crown's obligations, recognised as a Government priority and reflected as a key outcome in Fisheries 2030, is to provide for the input and participation of tangata whenua in sustainability decisions and to complete Treaty settlements by 2014.

There is concern that existing processes did not support tangata whenua in bringing together and balancing their non-commercial and commercial fisheries objectives, but rather, left this task to the Crown.

The Treaty Strategy, completed in June 2009 and now being implemented, provides a framework for the Crown and tangata whenua to work together to provide for the sustainable use of fisheries, with the Crown meeting the range of fisheries obligations it has to Māori.

### Treaty Partnership Team

The Treaty Partnership team was established with positions filled in May 2010. The key goals are to support the development of processes to assist the implementation of the Ministry's Treaty Strategy, including developing a strategy for the delivery of iwi fisheries plans (IFP) and forum fisheries plans (FFP), a key principle of the Ministry's Treaty Strategy. Through IFP/FFP, tangata whenua can integrate their fisheries interests and increase the effectiveness of their input into all appropriate levels of fisheries management decision making, whether that be at a local, regional or national level.

### Treaty Settlements

The Office of Treaty Settlements (OTS) is the lead agency for the negotiation of historical Treaty claims. The Ministry actively participates in the settlement process and supports OTS in the development of fisheries redress as part of the cultural redress offers made to claimant groups. Although the 1992 Fisheries Deed of Settlement and its supporting legislation addressed all Māori claims relating to fishing, most iwi consider that some recognition of the cultural importance of fisheries must be made in individual historical Treaty settlements.

The Ministry has issued fisheries protocols to 11 claimant groups to date and a Fisheries Accord to Waikato-Tainui in relation to co-management of the Waikato River. The Ministry is currently involved in negotiations with another 30 mandated groups. The Ministry will be working to support the Government's goal to settle the historical Treaty claims of all mandated groups by 2014.

## The State of New Zealand's Fisheries

The results of the Ministry's scientific research along with catch reports and Observer data relevant to assessing the status of New Zealand's fish stocks is summarised in two annual Fisheries Plenary Reports.

The status of New Zealand's fish stocks improved slightly in 2009/10 over the previous year in most assessment measures routinely reported by the Ministry.

There are currently 633 stocks in the Quota Management System (QMS). However, 280 stocks are considered to be "nominal" stocks (fish stocks for which a significant commercial or non-commercial potential has not yet been demonstrated). Of the remaining 353 stocks, the Ministry has sufficient information to assess their status relative to management targets for 119, up from 117 stocks a year ago.

Although the number of stocks of known status only represents about a third of the total number of 353 stocks, it accounts for 66 percent of the total landings by weight and value<sup>1</sup> and represents most of the main commercial fish species.

Many of the 234 fish stocks with demonstrated fishing potential but unknown status are only taken as incidental bycatch or are currently very small fisheries. These stocks are in the QMS so that the Ministry can be sure all fishing is closely monitored and that any future expansion of a commercial fishery can be tightly managed.

Management measures are based on the amount of information we have; the less information, the more conservatively we manage. Of the 119 stocks or sub-stocks with known status, 82 (69 percent) have been determined to be at or above their management targets based on a recent assessment or evaluation – up from 79 (67.5 percent) a year ago (refer to the Status of the Stocks table on page 11).

However, just because a stock is below its target level does not mean that the stock is being fished unsustainably. Fish stocks are expected to fluctuate around their targets. Of greater importance is the number of stocks that are below biomass limits – either the soft limit (a biomass level where the stock is deemed to be "overfished" and needs to be actively rebuilt), or the hard limit (a biomass level where fishery closures should be considered in order to rebuild stocks at the fastest possible rate).

In 2010, 14 stocks were considered to be overfished (below the soft limit): southern bluefin tuna (a highly migratory species over which New Zealand has limited influence), three stocks of black cardinalfish, six stocks or sub-stocks of orange roughy, and one stock or sub-stock each of pua, rock lobster, scallop and snapper. Nine of these 14 stocks were also considered to be collapsed (below the hard limit).

In all cases where fisheries are below the soft or hard limit, corrective management action has been put in place to rebuild the stocks. For example, fisheries on three previously-collapsed orange roughy stocks have been closed to maximise the rate of rebuilding. One of these, which was closed in 2000, has now rebuilt sufficiently to consider a cautious re-opening. A fifth consecutive year of Total Allowable Commercial Catch (TACC) reductions has been proposed for the main Chatham Rise orange roughy stock. The Tasman Bay scallop fishery has been closed to commercial fishing since 2006. Bluenose stocks were identified as being in need of rebuilding in May 2008, and TACCs have subsequently been reduced. Staged TACC reductions have been adopted for black cardinalfish. The TACC for one rock lobster stock was reduced for the season beginning in April 2010.

Rebuilding programmes or Total Allowable Catch (TAC)/TACC reductions are in place for all other overfished stocks.

The overall status of New Zealand's fish stocks compares favourably with the rest of the world. For example, in the USA which has one of the most extensive research, monitoring and fish stock assessment programmes in the world (and defines "overfished" in much the same way as New Zealand), the most recent information indicates that 23 percent of stocks of known status are overfished. The comparable figure for New Zealand is 13 percent.

## Scientific Research and Assessment

Good fisheries management is informed and underpinned by sound and robust scientific research and assessment of the health and abundance of both fish stocks and the environment that supports them.

Fisheries 2030 recognises the importance of research and stock assessment in the effective management of fisheries as well as the need for these research services to be delivered efficiently so we get as much research as possible for every dollar spent.

Fisheries Plans will set priorities for required research into particular areas or fisheries. This information will feed back into making effective management decisions to ensure long-term sustainability.

Objectives and strategic actions under Fisheries 2030 are in place to continue improving the level of information we have on our fisheries and marine environment while gaining greater efficiency and value for money.

<sup>1</sup> This excludes squid, which has a life cycle that is not amenable to management relative to maximum sustainable yield benchmarks.

## Status of the Stocks Table

	Yes	No	Total stocks evaluated	Percent yes	Percent no
<b>At or above management target?</b>	82 (79)	37 (38)	119 (117)	68.9 (67.5%)	31.1 (32.5%)
<b>Above soft limit?</b>	91 (77)	14 (18)	105 (95)	86.7 (81.1%)	13.3 (18.9%)
<b>Above hard limit?</b>	137 (124)	9 (8)	146 (132)	93.8 (93.9%)	6.2 (6.1%)
<b>Above overfishing threshold?</b>	68 (57)	21 (19)	89 (76)	76.4 (75.0%)	23.6 (25.0%)

The number and percent of fish stocks assessed or evaluated up to 2010 in terms of whether or not they are at or above management targets, above the soft limit, above the hard limit, or above the overfishing threshold (with comparable values for the 2009 year in parentheses). The number of stocks with sufficient information to make each of these determinations varies.

For further details see the Status of Stocks page at [www.fish.govt.nz](http://www.fish.govt.nz)

### 10-Year Research Programme for Deepwater Fisheries

Since March 2009, the Ministry of Fisheries has been developing a long-term research programme for deepwater and middle-depth fisheries. The 10-year Research Programme implements part of the Research Services Strategy and aims to produce a comprehensive, robust and consistent time series of information that can be used to manage New Zealand's deepwater fisheries sustainably and in a more cost-efficient and effective manner.

The two key outputs from the project include:

- > a single long-term research plan detailing the individual research projects that will be delivered across all deepwater fisheries over the next 10 years. This research plan will ensure fisheries are sustainable in the long term and that sufficient information is available to manage any adverse effects of fishing on the marine environment
- > an alternative contracting and procurement model in line with the proposals in the Research Services Strategy.

### Fisheries Stock Assessments

During 2009/10, \$22.2 million was spent on fisheries research projects compared to \$17.3 million in 2008/09 (excluding biodiversity research). Progress was made on increasing the number of assessed stocks and the amount of information available to managers and stakeholders to make informed fisheries management decisions. This information is used to assess the status of stocks which is summarised in the section entitled "The State of New Zealand's Fisheries".

### Aquatic Environment, Biodiversity and Antarctic Research

The Ministry's Aquatic Environment Research Programme delivered some key results on the effects of fishing on protected species, seabed habitats, and bycatch species this year. Modelling approaches to estimating the bycatch of protected species (principally seabirds and marine mammals) have become increasingly sophisticated, and, for the first time, the Ministry commissioned an assessment of the impact of non-commercial fishers on seabirds.

Results are starting to accumulate from a five-year programme of field studies for a variety of seabird species, and these are being incorporated into risk assessments of increasing sophistication. A highly quantitative assessment of different management approaches to sealion bycatch in the squid trawl fishery was also finalised.

### Research to Improve Amateur Catch Estimation

Amateur fishing is an important part of the New Zealand fisheries sector but is an area where information on catch and fishing activity is limited. A Government priority and a strategic action under Fisheries 2030 is to carry out research into amateur fishing, assessing catch levels and areas of greatest importance and value to amateur fishers.

The Research to Improve Amateur Catch Estimation project is underway to deliver this information. The project has two separate but inter-related parts.

### Amateur catch estimation

This work is designed to gather information on amateur fishing across the country to give a broader picture of amateur catch and fishing activity. A project to design research to improve amateur catch estimation was completed with a range of options for generating amateur catch estimates.

One of the key components of the system is a large-scale survey of New Zealand amateur fishers and their catch of a range of species. Design for the survey is underway and the fieldwork is expected to begin in 2010/11.

### Charter boat reporting and research

Amateur charter vessels are an important part of the amateur fishing sector, providing transport to amateur fishers and allowing them to access areas that would otherwise be out of reach. The catch taken from these vessels is significant in some areas.

A project to implement amateur charter vessel registration and reporting is well underway and will come into effect in October 2010. Databases have been designed and built to collect and store the activity and catch information, and the registration details of charter vessel operators. An external provider will be contracted to provide bureau services to run the registration process, and to receive and enter the activity and catch information.

## International Fisheries

New Zealand fishers operate in fisheries around the world, both with licensed access in the waters of other countries and also in the high sea areas outside the control of any one country.

A number of fish species important to amateur, customary and commercial fishers in New Zealand migrate across many thousands of miles of ocean and are only visitors to our waters at certain times of the year.

Making sure that fisheries in high sea areas and the highly migratory species that pass through New Zealand waters are sustainable and maintaining New Zealand fishers' access to other countries' waters is important to New Zealand. Protecting sustainability and maintaining access requires effective engagement and good relationships with our Pacific neighbours and other countries with fishing interests in our region.

Promoting effective science processes, international governance of fisheries and increasing New Zealand's seafood trade and access are objectives in Fisheries 2030 and something the Ministry is actively working to achieve.

## Strategy

A draft International Fisheries Strategy has been developed to support Fisheries 2030. There has been a high level of engagement in the process. The Ministry has incorporated feedback from industry and environmental non-government organisation (NGO) representatives into the draft strategy that was provided to joint Ministers for consideration.

## International Agreements

New Zealand played a significant role in negotiations for the development of a multilateral, legally binding Agreement on Port State Measures to prevent, deter and eliminate illegal, unreported and unregulated fishing (IUU). The negotiations concluded in August 2009 and New Zealand signed the Agreement in December 2009.

Negotiations continued on fisheries subsidies in the World Trade Organisation. New Zealand maintained an active role, chairing the Friends of Fish group of countries seeking strong rules that include prohibiting the most damaging forms of subsidies, including those given to fish overfished stocks.

## Regional Fisheries Management Organisations

Several countries, including New Zealand, signed the Convention to establish the South Pacific Regional Fisheries Management Organisation (SPRFMO). The SPRFMO will manage non-highly migratory species in the high seas of the South Pacific Ocean. As Depository of the Convention, New Zealand hosted the first session of the SPRFMO Preparatory Conference in Auckland in July 2010 where organisational working rules were established. This process will continue into 2011.

The Ministry has been working to strengthen the performance of the other Regional Fisheries Management Organisations (RFMOs) to which New Zealand is party, primarily the Commission for the Conservation of Southern Bluefin Tuna (CCSBT) and the Western and Central Pacific Fisheries Commission (WCPFC), taking an active role in processes to improve scientific assessments of stock status, governance arrangements and compliance with conservation and management measures. At the annual CCSBT Commission meeting in October 2009, New Zealand played a key role in negotiating a 20 percent reduction to the global total allowable catch of southern bluefin tuna while increasing the amount of tuna that could be taken by New Zealand vessels in recognition of longstanding agreements within the CCSBT.

Within the Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR), New Zealand continued to work to ensure our industry's participation in the Ross Sea toothfish fishery is secured and that the fishery continues to be managed in a sustainable manner in accordance with the principles and high standards of the CCAMLR Convention, as supported by sound scientific stock assessments.

## Focus on the Pacific

The Ministry plays a key role for New Zealand through engagement with Pacific states on fisheries issues. This work revolves around promoting the sustainable use of the valuable shared fisheries resources of the Pacific region as a key contributor to economic security and development. Significant progress was made over the past year including the signing of Te Vaka Moana Arrangement between the fisheries administrations of the Cook Islands, New Zealand, Niue, Samoa, Tokelau and Tonga. This Arrangement formalises the close fisheries relationship New Zealand has with these Polynesian neighbours, and will mutually benefit participants as we engage in closer cooperation on fisheries issues.

New Zealand hosted a meeting of fisheries ministers from Kiribati, Nauru, Solomon Islands and Tuvalu to discuss cooperative initiatives on fisheries development. Discussions culminated in the issuing of a Joint Ministerial Declaration on areas where New Zealand will be working more closely with these Pacific states, such as training and placement of Observers and crew, and the potential for joint ventures.

Through the support of the Pacific Security Fund, analytical, investigative and patrol support was provided to Pacific Island countries throughout the year. This included deploying two fishery officers on the Cook Island's patrol boat with monitoring and intelligence support provided by analysts in New Zealand. Analysts and investigators provided support to investigations of illegal, unreported and unregulated (IUU) fishing in Tokelau on two occasions, leading to successful resolutions for the Tokelau Government.

## Maintaining Market Access

Since January 2010, European Union IUU Regulations have required that every fish taken into Europe must be certified as being caught legally. The Ministry of Fisheries and Ministry of Foreign Affairs and Trade negotiated an agreement with the European Union (EU) whereby fish imported from New Zealand is accompanied by a simplified catch certificate that meets the EU Regulation.

New Zealand is one of very few countries internationally to have reached such an agreement – testimony to the high standards and strong international reputation of New Zealand's fisheries management regime.

## Informed and Assisted Compliance

Compliance with the measures put in place to manage the sustainability of New Zealand's fisheries is fundamental to the success of any fisheries management system. Well founded catch limits, size limits, area closures and fishing restrictions count for little if they are simply ignored by fishers.

The Field Operations Group plays an important part in New Zealand's fisheries management system, engaging with fishers

directly and encouraging voluntary compliance with rules and regulations as well as maintaining an effective deterrent to illegal fishing activity.

Some fishers will always require more assistance than others to comply; some will require direction and others enforcement.

Approximately 90 percent of fishers across all sectors are voluntarily complying with fisheries legislation or are at least attempting to comply. Despite this, it is critical that these rates improve with the aim of 100 percent compliance. The consequence of even small rates of non-compliance can result in overfishing of fish stocks which could undermine management measures and compromise long-term sustainability.

The Ministry uses the "informed and assisted model" to better inform fishery officers and investigators about the best options for intervention and informing fishers about compliance issues and what they need to do to comply.

This informed and assisted approach is underpinned by effective and honest engagement with the fishing sectors and communities. The goal is ultimately one of working together, sharing responsibility for changing behaviours by focusing on increasing compliance through information and positive action rather than addressing non-compliance alone.

Increasing the number of full-time fishery officers and volunteer honorary fishery officers in line with Government priorities has been a focus for the Ministry's Field Operations Group. As at 30 June the Ministry had 156 warranted fishery officers (102 frontline fishery officers as well as investigators, intelligence analysts and managers). This is an increase of 6 fishery officers since the 2008/09 year. An intake of 8 new officers is due to graduate in early October 2010 and in 2010/11 with a further increase of 2 officers planned for 2010/11.

## Operational Successes

The Ministry continues to have a high success rate when prosecuting fisheries offending. Two major prosecutions (Taskforce Webb and Operation Phantom) were undertaken against commercial fishers during 2009/10. A collaborative effort across the Ministry resulted in bringing the alleged offenders to court.

### Taskforce Webb

Taskforce Webb is the investigation and prosecution of parties involved in alleged offending involving the fishing vessel, the *FV Tomi Maru 87*. This vessel was operating under a charter agreement between Aurora Fisheries Ltd (NZ) and Kanai Fishing Ltd (Japan). The investigation concluded that the *FV Tomi Maru 87* was involved in area misreporting of approximately 4,300 tonnes of ling and silver warehou. The parties have pleaded guilty to a range of offences, with sentencing expected later this year. This is one of the largest prosecutions the Ministry has conducted.

### Operation Phantom

In March 2010, the skipper and factory manager from the *FV Kapitan Rusak* were convicted and fined \$80,000 in total for charges of area misreporting (or “trucking”) substantial quantities of ling in one fishery management area for which it has a small quota and claiming in its catch reports that the fish came from another area for which it has a much larger quota.

### International compliance

In September 2009, aerial surveillance detected two foreign flagged vessels fishing illegally in New Zealand’s exclusive economic zone (EEZ). The incursions were investigated and New Zealand is currently working with the countries concerned to seek resolution.

### Summer Programme – Every Fish Counts and 0800 4 POACHER

On 15 December 2009, the Ministry launched its summer awareness campaign, “Every Fish Counts”. The 0800 4 POACHER hotline was used extensively by the public to report illegal or suspicious activity they saw on our beaches and other favourite fishing spots over the summer months. Over the three summer months, the Ministry received 2,334 calls, a 17 percent increase on the previous year.

### Naval Patrol Force

The arrival of the Royal New Zealand Navy’s Inshore Patrol Vessels (IPVs) significantly increased the Ministry’s ability to take part in surface patrolling. Since becoming available for agency use in August 2009, the Ministry has undertaken 13 inshore-based surface patrols, completing 163 boardings of commercial fishing vessels. Five of these patrols were allocated for the Field Operations Boarding Qualification course, resulting in 59 fishery officers qualifying for inshore surface operations.

### Increase in volunteer network

The permanent staff of the Ministry is augmented by a volunteer network of honorary fishery officers (HFOs). HFOs play an important role in the enforcement and education of recreational fishers; 28,641 out of 30,667 recreational inspections carried out during 2009/10 were performed by HFOs, allowing the Ministry’s full-time fishery officers to focus on commercial activity.

In 2009/10, the Ministry increased its volunteer network of HFOs bringing the total number to 205, as part of a longer term government initiative to bring the total number of HFOs to 250 by 30 June 2012. The contribution of these 205 committed individuals to the management of our fisheries is invaluable and must be acknowledged.

### Litigation

New Zealand’s fisheries are highly valued by a wide range of people and groups, often for different reasons and for different purposes. The Ministry and Minister of Fisheries and Aquaculture must often make decisions on issues where different groups have competing interests and values, which can sometimes lead to legal challenges.

The Ministry has had a number of high-profile legal challenges over the past year that have produced positive outcomes.

### Eastern Sea Farms

The first was in relation to a legal challenge against a decision to issue marine farming and spat catching permits to Eastern Sea Farms for a 3,800 hectare marine farm off the coast of Opotiki, Bay of Plenty. The High Court rejected the challenge in October 2009, finding that the decision was rational and reasoned.

### Hector’s and Maui’s dolphins

The second was in relation to the legal challenge from the commercial fishing industry against the then Minister of Fisheries’ decision concerning Hector’s and Maui’s dolphins. That decision had introduced restrictions to a number of trawl, drift net and set net fisheries in specified areas covering the dolphins’ known habitat range. The fishing industry initiated judicial review proceedings against six of these measures and the High Court issued its decision in February 2010 which concluded that for four of the measures being challenged, the then Minister had made them lawfully. The Court held that, in respect of those measures, the Minister had accurate information to make a decision and balanced utilisation (of the fishery) with the protection of the respective populations of the dolphins. Furthermore, it was open to the Minister to put in place measures on the existing available information rather than waiting for further information, and that he was entitled to “take a risk adverse approach, favouring conservation objectives over utilisation of the fisheries where the information was uncertain”.



## Part Two: Outcome Contribution

Fisheries 2030 continues to drive the Ministry and provide focus on our work. During the 2010/11 year, throughout the development of its 2010/15 Statement of Intent, the Ministry reviewed its outcomes and developed five new outcomes. These outcomes provide better alignment with Fisheries 2030 and describe in more detail how the Ministry supports Government priorities. The following are the new outcomes for 2010/11:

- > maximise current benefits from the use of fisheries
- > maximise future benefits from the use of fisheries
- > better manage the adverse impacts of fishing on the aquatic environment
- > deliver the Government's fisheries and aquaculture obligations to Māori more effectively
- > build increasingly trusted and effective fisheries management.

This section reports progress against the old outcomes outlined in the 2009/2014 Statement of Intent as follows:

- > people are able to realise the best value from the sustainable and efficient use of fisheries
- > the health of the aquatic environment is protected
- > credible fisheries management.

## ■ OUTCOME 1: PEOPLE ARE ABLE TO REALISE THE BEST VALUE FROM THE SUSTAINABLE AND EFFICIENT USE OF FISHERIES

### What are we seeking to achieve?

Fisheries are valued for a wide range of uses, including customary, amateur, and commercial harvesting, as well as non-extractive uses, such as viewing a healthy aquatic environment. We need to understand the range and extent of those uses and values, and enable allocation across different uses so that best value for New Zealand can be realised, now and in the future.

### How can we measure success?

The Ministry measures success in this outcome through indicators designed to:

- > understand the full range of values
- > achieve best value across fishing sectors
- > achieve best value within each fishing sector.

### Performance measures:

**Quota value increases by an estimated \$400 million in real terms by 2014 from the current value of \$3.97 billion.**

Quota value increased in nominal terms to \$4.017 billion in September 2009, up 2 percent on the previous year.

**Aquaculture revenue is increasing and on track to reach the industry goal of \$1 billion by 2025<sup>2</sup>.**

Total export returns from aquaculture for the year ended December 2009 increased by 5.5 percent to \$279.4 million in comparison with the previous year.

**By 2014, stocks comprising 75 percent by value in the quota management system (QMS) have identified management objectives, and target and limit biological reference points.**

The implementation of fisheries plans by 30 June 2011 will result in Quota Management System stocks having clearly identified management objectives. Fisheries plans will also identify strategies to ensure stocks representing 75 percent of the value in the QMS have identified target and limit reference points in place by 2014.

**The level and security of access to international fisheries is maintained or increasing.**

New Zealand's allocation within the Commission for the Conservation of Southern Bluefin Tuna (CCSBT) increased from 420 to 570 tonnes. Licences were approved by the Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR) for all four New Zealand vessels seeking to fish in the CCAMLR with New Zealand taking a higher proportion of catch than previous years. New Zealand's access to the Western Central Pacific Fisheries Convention (WCPFC) purse seine fishery was maintained, with progress on arrangements to provide greater security of access to Pacific Island countries' exclusive economic zones.

**Information on amateur and customary catch is improving.**

An improved approach to amateur catch estimation has been identified and is being implemented. The design of a clearer process for collecting customary permits containing catch information is underway. The new process aims to ensure quality customary catch information is provided to the Ministry on a consistent basis.

### Are we making progress?

The Ministry has achieved the following initiatives throughout the year, (as outlined in Part 1 of this Annual Report) that contribute to the achievement of this outcome:

- > improved the quality of information available to managers and stakeholders to make informed fisheries management decisions
- > progressed the Better and Less Fisheries Regulations project that will provide more clarity and guidance on future regulation making
- > embedded the "informed and assisted" compliance model that assists Field Operations staff with the best intervention options and also informs fishers about their compliance responsibilities
- > completed a number of significant investigations resulting in successful prosecutions
- > continued with the research to improve amateur catch estimation to deliver better information on amateur catches
- > developed a Treaty Strategy that provides a framework for the Crown and tangata whenua to work together
- > progressed the development of three fisheries plans that are scheduled to be completed and implemented from June 2011
- > continued to support Aquaculture development.

<sup>2</sup> This supports industry's goal: The aquaculture sector has set a sales target of \$1 billion (2006 dollars) by 2025.

## ■ OUTCOME 2: THE HEALTH OF THE AQUATIC ENVIRONMENT IS PROTECTED

### What are we seeking to achieve?

New Zealand's aquatic environment is valuable for many reasons, including the production of fisheries resources. The Ministry has a legal obligation to ensure sustainability – both through maintaining fish stock levels and managing the adverse effects of fishing on the aquatic environment. The Ministry also strives to promote sustainable fishing internationally, and works with other agencies to address impacts on the marine environment that are not caused by fishing.

### How can we measure our success?

The Ministry measures success in this outcome through:

- > using a range of tools (including legislation, regulation, standards and incentives such as education, certification and research) to improve the environmental performance of fisheries in a cost-effective way
- > developing environmental standards for fishing
- > ensuring that fishers are meeting environmental rules
- > reducing impacts not caused by fishing.

### Performance measures:

**The percentage of fish stocks in the quota management system that are known to be at or above target level is maintained or increasing.**

The percentage of fish stocks of known status in the QMS at or above target levels increased from 67.5 percent in 2008/09 to 69 percent in 2009/10.

**The percentage of stocks that are below the biological limits<sup>3</sup> as defined in the Harvest Strategy Standard is decreasing.**

The 2009/10 year is the second year that stocks have been assessed relative to the biological limits. The percentage of stocks below the soft limit was 13.3 percent down from 18.9 percent last year, while the percentage below the hard limit was 6.2 percent (up marginally from 6.1 percent last year).

**Fishing-related mortality of protected species – including sealions, fur seals, seabirds, and dolphins – is within agreed limits.**

There are no agreed or specified limits on the fishing-related mortality of protected species other than sealions. The Minister of Fisheries and Aquaculture sets a fishing-related mortality limit (FRML) for sealions in the Auckland Islands squid trawl fishery (SQU6T) each year and performance of the SQU6T fishery against the FRML is monitored on a weekly basis (making certain assumptions). If the FRML is reached, the fishery can be closed. The FRML was not reached in either 2008/09 or 2009/10.

A formal standard is under development for seabirds, together with a revised National Plan of Action (NPOA Seabirds). Although its exact form has not yet been decided, the Seabird Standard will define the acceptable limits for fishing-related mortality of seabirds. Marine mammal operating procedures are in place to avoid or minimise accidental fur seal captures in the hoki fishery and common dolphin captures in the jack mackerel fishery. These procedures require fishing vessels to carry out fishing activities in ways designed to minimise risk to marine mammals and take steps to avoid any further captures if any accidental bycatch occurs.

The Ministry continues to monitor the situation to assess whether further steps may be required. To manage the threat to Hector's and Maui's dolphins posed by fishing, large stretches of coastline have been closed or had significant fishing restrictions put in place. This covers the majority of the dolphins' habitat and significantly reduces the threat posed by fishing. The Ministry is continuing to monitor these closures closely through compulsory reporting and through placing its Observers onboard fishing vessels.

<sup>3</sup> Refer to State of Fisheries section for further information about biological limits.

**A representative range of New Zealand's marine habitats within New Zealand's exclusive economic zone and territorial sea ecosystems is protected from adverse impacts of fishing.**

The Ministry of Fisheries and Department of Conservation (DOC) have jointly facilitated marine protected area (MPA) planning forums for the west coast of the South Island and the Sub-Antarctic regions. In late 2009 both forums completed their consultation which set out options for new MPAs that would contribute to a network of protected areas representative of New Zealand's marine habitats and ecosystems.

The Minister of Fisheries and Aquaculture and Minister of Conservation will decide whether to establish any further regional MPA planning forums once the Ministry and DOC complete a national inventory of MPAs and other area-based forms of marine protection and provide advice on potential gaps in the MPA network. The Ministry has prepared a discussion paper regarding how best to further MPA Policy implementation. Once agreement is reached on the next step, the Ministry and DOC can jointly complete the inventory of MPAs and provide advice on potential gaps.

Implementation of the MPA policy within New Zealand's exclusive economic zone (EEZ) is scheduled to begin in 2013. However, in 2007 the former Minister of Fisheries agreed to an industry-led initiative to close around 1.7 million square kilometres of seabed to bottom trawling and dredging. These areas are known as benthic protected areas (BPAs).

All benthic habitat classes thought to be present in the EEZ are present to at least some extent in the BPAs. The Benthic Impact Standard will assess the extent of protection for each habitat class.

**Are we making progress?**

The Ministry has achieved the following initiatives throughout the year, (as outlined in Part 1 of this Annual Report) that contribute to the achievement of this outcome:

- > identified and assessed 280 stocks to be considered as "nominal" stocks (fish stocks for which a significant commercial or non-commercial potential has not yet been demonstrated)
- > commenced work on a number of environmental standards including the Seabird and Benthic Impact Standards that help manage adverse effects of fishing on the aquatic environment
- > continued to work with other government agencies in the Natural Resources Sector to ensure that a strategic and integrated approach is achieved when managing New Zealand's natural resources
- > developed a Fisheries 2030 plan of action that outlines a number of new initiatives and projects that contribute to the success of Fisheries 2030
- > consulted with industry and other stakeholders on the proposed indicators of success for Fisheries 2030
- > developed a draft International Fisheries Strategy consistent with Fisheries 2030
- > contributed to the negotiations for the development of a multilateral, legally binding agreement on Port State Measures to prevent, deter and eliminate illegal, unreported and unregulated fishing
- > signed the convention to establish the South Pacific Regional Fisheries Management Organisation (SPRFMO) with a number of other countries.

## OUTCOME 3: CREDIBLE FISHERIES MANAGEMENT

### What are we seeking to achieve?

The Ministry's aim is to ensure New Zealanders have confidence in our fisheries management system. Credibility is important for effective management of fisheries, especially when encouraging voluntary compliance with fisheries rules.

Transparency of information and processes is essential for credibility. Tangata whenua and stakeholders need to know that scientific and other information on which fisheries decisions are made is robust. Monitoring against objectives and standards, and public reporting on progress, ensures accountability for results. Transparency about whether and how we are meeting objectives also provides evidence that the Ministry is achieving value for money.

### How can we measure our success?

The Ministry continues to monitor its services to ensure they are effective in meeting fisheries management objectives and are delivered on a low-cost high-value-for-money basis.

#### Performance measures

Voluntary compliance is increasing, as measured by compliance levels, i.e. the number of offences detected out of the total number of inspections. The following are our specific targets:

Performance over the 2009/10 financial year is measured by the following activities.

Expected achievement		Achievement		
Performance Indicator	Compliance levels	Actual 2009/10	Actual 2008/09	Comments
<b>Commercial fishing</b>				
Vessel inspections.	≥ 80%	85%	85%	Achieved.
Licensed Fish Receiver (LFR) inspections.	≥ 85%	88%	86%	Achieved.
Monthly harvest returns monitored, and unfurnished and late returns followed up.	100%	100%	93%	Achieved.
<b>Non-commercial fisheries</b>				
Inspections (vessels, vehicles and persons).	≥ 85%	94%	95%	Achieved.
<b>Poaching and black market activities</b>				
Dealer In Fish inspections.	≥ 85%	83%	88%	Not achieved. (17% non-compliance). This was due to targeted operations to find non-compliance.

### **Public confidence in New Zealand fisheries management is increasing, as measured by independent surveys.**

This year's independent survey of public perception was carried out in June 2010. The survey recorded a small drop in public confidence in the management of New Zealand's fisheries as follows:

- > Confidence that fisheries are well managed reduced to 45 percent from 50 percent in 2009.
- > The number of people who believed New Zealand's fisheries were not managed effectively remained static at 18 percent.
- > Confidence that the Ministry of Fisheries is doing a good job reduced to 56 percent from 59 percent in 2009.
- > The number of people who did not believe the Ministry is doing a good job increased to 14 percent from 10 percent in 2009.

This was a telephone survey of 502 New Zealand adults, drawn randomly from the general population but weighted to ensure the sample corresponded to the general population in terms of age, gender and number in household. The margin of error for the results is plus or minus 4.4 percent.

### **Monitoring and reporting on performance**

The Ministry has formed a new team that focuses on monitoring and performance. This team has been leading the development of a management reporting framework for the Ministry. The framework is expected to be agreed and implemented during the 2010/11 year. Ongoing clarification of the Ministry's contribution to sector outcomes and the subsequent measure of this impact will occur through development of the 2011/16 Statement of Intent.

### **Are we making progress?**

The Ministry has achieved the following initiatives throughout the year (as outlined in Part 1 of this Annual Report) that contribute to the achievement of this outcome:

- > completed the Organisation Services Review that focuses on efficiency gains in the Finance, Human Resources, Legal, Procurement and Information Services teams
- > established a Treaty Partnership team that will assist with the implementation of the Ministry's Treaty Strategy and assist iwi to develop iwi fisheries plans
- > developed the Information Services Strategic Plan (ISSP) that identifies opportunities for improved performance for information and communications technology (ICT)
- > completed the Gallup Q12 engagement survey which identified a number of action points that will improve staff engagement
- > developed the National Aquatic Biodiversity Information System, a web-based tool that allows users to seek information about New Zealand's marine environment.

## Part Three: Organisational Health and Capability

To fulfil our roles, the Ministry must be efficient and continually improving. The objective is to ensure the outcomes in the Statement of Intent are reflected in, and drive, the organisation's structure, systems and processes, priorities, capability development, and investment decisions.

The Ministry has established a number of strategies to assess progress and success in maintaining organisation health and capability.

### Organisation design

2009/10 saw the implementation of a new organisation design and a number of reviews across the Ministry in order to improve efficiencies and better deliver on the Fisheries 2030 goal. This has included reviewing the organisation's Obligations to Māori programme and addressing improvements for delivering the Ministry's core services such as Information Services, Human Resources, Procurement, Finance and Legal.

### Providing value for money

During the year there has been considerable focus on ensuring the Ministry's services and processes and its requirements of the sector can be demonstrated to represent value for money.

Tight management of expenditures throughout the year resulted in full-year expenditure (after allowances for carry forwards to the 2010/11 year for contracted research projects and other specific initiatives) being \$2.9 million below budget. This is after the \$6 million reduction in vote from the savings identified in the 2009 line-by-line reviews.

### Governance

A dedicated risk management resource has been established in the Ministry and the team has updated the Ministry strategic risk policy to incorporate the new international risk management standard, ISO31000. The strategic risk policy will be part of the performance management framework, which will integrate strategic risk management with Ministry performance and planning.

The effectiveness of the strategic risk policy is overseen by the Risk Management Committee (RMC), a governance committee with both internal and external expertise. The RMC monitors and provides advice to the Chief Executive on the Ministry's risk management framework.

### Information management and technology

The upgrade and maintenance of existing information systems has been a focus for the Ministry. This has incorporated improving the online reporting system for Fisheries Management and Field Operations, the Ministry's geospatial system and the Ministry's human resource information system. A new catch effort electronic transfer system has also been built in conjunction with FishServe to streamline data capture from commercial fishing vessels. This aims to be in operation by October 2010. The Ministry is also building a new system to improve the collection of data from amateur charter vessels.

### Competency and capability improvement

The Ministry has continued to develop its People Strategy to attract, engage and retain good staff. The strategy has incorporated a range of initiatives including a Leadership Development Programme (LDP), Performance and Development Agreements (PDAs) and implementing an Internal Communications Strategy.

In 2009/10 the LDP theme was "inspiring and engaging" with participants attending several workshops over the course of the year. The aim was to ensure that, as leaders, they were equipped with tools to engage staff and help move the Ministry forward during a period of significant change.

The PDA process enables staff to gain a clear understanding of what is expected of them in their roles. This was particularly important for the Ministry's transition to a new strategic direction when staff took on new roles and changed accountabilities. Training and development opportunities are also identified as part of this process to support ongoing performance and career development.

An Internal Communications Strategy was implemented to engage and inform staff. This incorporated regular video conferences and podcasts from the Strategic Leadership Team, fortnightly distribution of a staff newsletter to update staff on key projects and share staff experiences, face-to-face meetings with teams to consult on and discuss key decisions and the use of regular emails to update staff on the Ministry's strategic direction.

## Part Four: Statement of Service Performance

### ■ STATEMENT OF RESPONSIBILITY

This statement of responsibility is issued by me as 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 2010, and I authorise issuance of these statements on 27 September 2010.

Signed

Countersigned



**Wayne McNee**  
Chief Executive



**Philip Maitland**  
Acting Chief Financial Officer





**AUDIT REPORT**  
**TO THE READERS OF**  
**THE MINISTRY OF FISHERIES**  
**FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE**  
**FOR THE YEAR ENDED 30 JUNE 2010**

The Auditor-General is the auditor of the Ministry of Fisheries (the Ministry). The Auditor-General has appointed me, Stuart Mutch, using the staff and resources of Ernst & Young, to carry out the audit on her behalf. The audit covers the financial statements, the schedules of non-departmental activities and statement of service performance included in the annual report of the Ministry, for the year ended 30 June 2010.

### Unqualified opinion

In our opinion:

- > The financial statements of the Ministry on pages 50 to 76:
  - > comply with generally accepted accounting practice in New Zealand; and
  - > fairly reflect:
    - the Ministry's financial position as at 30 June 2010;
    - the results of its operations and cash flows for the year ended on that date;
    - its expenses and capital expenditure incurred against each appropriation administered by the Ministry and each class of outputs included in each output expense appropriation for the year ended 30 June 2010; and
    - its unappropriated expenses and capital expenditure for the year ended 30 June 2010.
- > The schedules of non-departmental activities on pages 78 to 88 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 2010.
- > The statement of service performance of the Ministry on pages 25 to 45:
  - > 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 included 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 included in the statement of forecast service performance adopted at the start of the financial year.

The audit was completed on 27 September 2010, 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 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 statement and statement of service performance disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and 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 the financial statements and 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 2010 and the results of its operations and cash flows for the year ended on that date.

The financial statements must also fairly reflect the expenses and capital expenditure incurred against each appropriation administered by the Ministry and each class of outputs included in each output expense appropriation for the year ended 30 June 2010. The financial statements must also fairly reflect the Ministry's unappropriated expenses and capital expenditure for the year ended on that date.

In addition, the Chief Executive is responsible for preparing schedules of non-departmental activities, in accordance with the Treasury Instructions that 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 2010.

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.

The Chief Executive's responsibilities arise from sections 45A and 45B 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 New Zealand Institute of Chartered Accountants.

In addition to the audit, we have carried out the audit of the Ministry's Aquaculture Register, which is compatible with these independence requirements. Other than the audit and this assignment we have no relationship with or interests in the Ministry.



**Stuart Mutch**  
**Ernst & Young**

On behalf of the Auditor-General  
Wellington, New Zealand

## DEPARTMENTAL OUTPUT EXPENSE – FISHERIES POLICY ADVICE

### Scope of appropriation

Advice on the development of policies relating to the sustainable and efficient utilisation of fisheries, promotion of New Zealand's interests in an international context and provision of ministerial servicing.

### Description of activities

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
- > promote New Zealand's fisheries interests in an international context
- > assist the Minister of Fisheries and Aquaculture and Select Committees as required.

Expected achievement	Actual results
Work programme is agreed between the Minister of Fisheries and Aquaculture and the Chief Executive of the Ministry and amended during the year as required.	Achieved. A policy work programme was developed and approved by the Minister of Fisheries and Aquaculture.
Minister's expression of satisfaction with the quality of the reports and achievement of deadlines – a six-monthly satisfaction rating of at least 90%.	Achieved. 100% satisfaction with the briefings (140) and Cabinet papers (7) that were approved by the Minister of Fisheries and Aquaculture. <sup>4</sup>
Develop a long-term fisheries management strategy with the final strategy reflected in the Ministry's SOI for 2010/15.	Achieved. On 31 August 2009, Cabinet endorsed Fisheries 2030 and its 5-year action plan. A prioritised action plan has been developed and included in the 2010/15 Statement of Intent (SOI).
Establish a framework and indicators to monitor performance of fisheries by 30 June 2010.	Not achieved. The Ministry developed an outcomes framework and preliminary indicators as a basis for engagement with stakeholders in December 2009. Further work to develop the indicators and intervention logic was undertaken as part of the development of the 2010/15 SOI. The Ministry will finalise and begin implementation of the indicators during the 2010/11 year.

<sup>4</sup> The scope of the Aquaculture Reform project has expanded as the work has progressed. The requirement for papers has evolved (from an original expectation of one substantive paper to at least three, with a number of substantive report backs), and the timeline has extended to reflect the need to sequence some items and to allow adequate time for key processes. As the need for change has become apparent, milestones and deadlines have been agreed with the Minister. In some cases these deadlines have continued to be adjusted to accommodate additional direction from the Minister or to allow for Ministerial consultation.

Expected achievement	Actual results
<p>Reform proposals are developed and legislative amendments drafted to address impediments to aquaculture development.</p> <p>&gt; Advice provided to support the introduction of a Bill in September 2009.</p>	<p>Not achieved.</p> <p>Although not achieved, a considerable amount of work was undertaken in progressing this activity including:</p> <p>The Technical Advisory Group (TAG) report was published in October 2009 and submissions sought on its proposals. Consultation closed 16 December 2009 with 223 submissions received.</p> <p>Cabinet papers (and a regulatory impact statement) covering the objectives of reform, active role for central government, planning and consenting, and the undue adverse effects on fishing test, were considered and approved by Cabinet in February, March and April 2010.</p> <p>A further Cabinet paper (and a regulatory impact statement), covering regional coastal plans, transitional matters, charging options and report-backs on some planning and consenting matters, was considered and approved by Cabinet in June 2010. Economic Growth and Infrastructure also considered a Cabinet paper on delivery of the aquaculture settlement in the new regime in June 2010 but asked for further information which will be provided in July 2010.</p> <p>Drafting instructions have been prepared and submitted to the Parliamentary Counsel Office, and the Ministry is aiming for the Bill to be introduced in October 2010.</p>
<p>Legislative amendment to allow Government to deliver on its priorities, enable the implementation of the Fisheries 2030 and support improved performance and economic development of the sector.</p> <p>&gt; Advice on reforms proposals provided to the Minister by October 2009.</p>	<p>Not achieved.</p> <p>The Ministry's work on legislative reform to enable collective decision-making has been deferred.</p>

### International fisheries

The Ministry's International team provides the following services in order to further New Zealand's fisheries policy objectives and interests internationally.

#### Policy advice

Advice is provided to the Minister on a broad range of international fisheries issues including the development of international principles and standards to promote the sustainable use of fisheries resources, New Zealand's negotiating position in regional fisheries management organisations, and the advancement of New Zealand's fisheries interests multilaterally and bilaterally including trade policy.

#### Representing New Zealand

The International team actively engages in multilateral forums such as the United Nations, the Food and Agriculture Organisation, the World Trade Organisation and the Organisation for Economic Co-operation and Development to advance New Zealand's policy positions in the negotiation of frameworks and standards for the management of international fisheries. The team also represents New Zealand's policy positions in negotiations within regional fisheries management organisations and represents New Zealand in bilateral fisheries discussions and negotiations.

#### Capacity development with Pacific Island countries

The International team leads and coordinates the Ministry's input into capacity-building work with Pacific Island countries, including work with the Pacific Islands Forum Fisheries Agency (FFA).

Expected achievement	Actual results
<p>Advancement of New Zealand's policy positions within international forums and bilaterally (noting that final outcomes often rest on factors beyond New Zealand control).</p> <p>&gt; The extent to which New Zealand's policy positions have been successfully advanced or achieved.</p>	<p>Achieved.</p> <p><b>Port State Measures:</b> New Zealand played a key role in negotiating an agreement to control illegal, unreported and unregulated fishing. The agreement was signed in December 2009.</p> <p><b>European Community Market Measures:</b> The Ministry successfully concluded an Agreement with the European Union (EU) to enable New Zealand seafood to enter the EU market under a catch documentation scheme integrated with the New Zealand Food Safety Authority. New Zealand was the second country in the world to develop such an Agreement.</p> <p><b>World Trade Organisation (WTO):</b> New Zealand continued to take a lead role to develop rules within the WTO to discipline fish subsidies that lead to overcapacity and overfishing.</p> <p><b>Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR):</b> New Zealand negotiated access for four New Zealand vessels to participate in the CCAMLR-managed Ross Sea toothfish fishery in 2009/10. The vessels had a successful season and increased their catch levels within sustainability limits.</p> <p><b>Commission for the Conservation of Southern Bluefin Tuna (CCSBT):</b> New Zealand had successfully recognised our "country allocation" and worked with others to agree a TAC reduction for southern bluefin tuna.</p> <p><b>South Pacific Regional Fisheries Management Organisation (SPRFMO):</b> The SPRFMO Convention was held in November 2009 to manage non-tuna species in the high seas of the South Pacific. New Zealand signed the Convention in February 2010 and it also chaired the Science Working Group component.</p> <p><b>Western and Central Pacific Fisheries Convention (WCPFC):</b> The Convention meeting agreed a range of measures, such as transshipment of fish at sea, and access to data. New Zealand supported several countries in their fight against IUU fishing which led to settlements being reached with offending countries. Parties to the Nauru Agreement have agreed to an additional closure of high seas areas.</p> <p><b>Convention on International Trade in Endangered Species (CITES):</b> The Ministry was represented in the New Zealand delegation to CITES and successfully ensured that Atlantic bluefin tuna, spiny dogfish, dusky shark, and sandbar shark were not listed as endangered species. The Ministry also helped create an increased awareness of the scientific basis for marine listing proposals.</p>
<p>Minister's expression of satisfaction with the quality of advice papers and reports, including achievement of deadlines – a six monthly satisfaction rating of at least 90%.</p> <p>Advice papers for international meetings provided to the Minister in advance of the meetings – by at least 2 weeks.</p>	<p>Achieved.</p> <p>A Minister satisfaction rating of 90% was achieved on the quality of advice papers, reports and deadlines.</p> <p>Advice papers were provided to Ministers and approved within the agreed time frames.</p>

Expected achievement	Actual results
International Strategy agreed by joint Ministers of Fisheries and Aquaculture and Foreign Affairs and Trade and the development of action plans – by March 2010.	Not achieved. Strategy work progressed during the year with the Ministry of Foreign Affairs and Trade to integrate the Pacific capacity-building component of the strategy. Action plans will be developed during the 2010/11 year and provided to Ministers for feedback.
Feedback on the Ministry's capacity-building initiatives with Pacific Island countries will be sought, both from the countries themselves and from NZAID, on the extent to which the Ministry's capacity-building work is achieving positive results and contributing to desired outcomes – a satisfaction rating of at least 90%.	Achieved. Satisfaction rating of 90% achieved. New Zealand has successfully negotiated the Te Vaka Toa Arrangement with Polynesian countries, which will develop a coherent strategy for capability development. New Zealand also finalised the draft text of Te Vaka Toa Arrangement, a Niue Treaty subsidiary Arrangement on fisheries surveillance and law enforcement.

### Ministerial services provided

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.

Expected achievement		Actual results		
Performance Indicator	Performance Standard	Actual 2009/10	Actual 2008/09	Comments
<b>Ministerial correspondence</b>				
Drafts provided to the Minister that are:				Mainly achieved. 368 drafts were provided to the Minister in 2009/10:
> error-free	100%	99%	94%	> 365 were provided error-free.
> within 15 working days of receipt unless urgent	95%	98%	96%	> 360 were provided within the required timeframe.
> urgent replies completed error-free and within 5 days.	100%	100%	100%	> All urgent replies were error-free and provided within 5 days.
<b>Parliamentary questions</b>				
Draft responses provided for the Minister's signature:				Achieved. 24 drafts were provided to the Minister in 2009/10:
> error-free	100%	100%	100%	> All responses provided were error-free.
> delivered on time.	100%	100%	100%	> All responses were delivered on time.
<b>Select and Cabinet Committees</b>				
Advice delivered to Select and Cabinet Committees:				Achieved. 14 papers were provided to Select and Cabinet Committees in 2009/10:
> within prescribed requirements	100%	100%	100%	> All papers were within prescribed requirements.
> error-free	100%	100%	100%	> All papers provided were error-free.
> on time.	100%	100%	100%	> All papers provided were on time.

## ■ DEPARTMENTAL OUTPUT EXPENSE – FISHERIES INFORMATION

### Scope of appropriation

Services to provide for scientific research (primarily stock assessment and environmental assessment) about New Zealand's fisheries resources, and Observer activities on commercial fishing vessels.

### Description of activities

This departmental output expense covers research that is largely science-based 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. Research costs represent existing projects that have been consulted on in past years and proposed new projects.

### Fisheries science

As an input into current and future fisheries management decisions, fisheries research needs are identified, projects undertaken and results reported to provide scientific 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.

To fully utilise the research appropriation, research projects are classified into two categories. Tier 1 projects are those that can be accommodated within the approved funding levels. Tier 2 projects will only be undertaken where Tier 1 projects are withdrawn/cancelled, or come in sufficiently under cost estimates and after consultation on the cost recovery levies.

A number of research programmes support the environmental principles in the Fisheries Act 1996 and the New Zealand Biodiversity Strategy. They aim to improve our ability to:

- > protect the richness and health of New Zealand's marine biodiversity 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.

Expected achievement		Actual results		
Performance Indicator	Performance Standard	Actual 2009/10	Actual 2008/09	Comments
<p>Medium-term research plans updated for all fisheries groups, the aquatic environment, and biodiversity, in accordance with specified quality standards, in appropriate timeframes to inform research and management activities for which they are required.</p> <p>Number of plans involved.</p>	<p>100%</p> <p>12</p>	<p>75%</p> <p>9</p>	<p>100%</p> <p>12</p>	<p>Not achieved.</p> <p>Nine medium-term research plans for all fishery sectors other than Deepwater were updated.</p>
<p>Research projects developed for fisheries and the aquatic environment for 2010/11 and incorporated into the draft annual Fisheries Research Services plan in accordance with specified quality standards.</p>	<p>Plan accepted by the Minister.</p>	<p>Completed on time and to standard.</p>	<p>Completed on time and to standard.</p>	<p>Achieved.</p> <p>The plan was accepted by the Minister of Fisheries and Aquaculture in June 2010.</p>
<p>Planned and timely requests for assessment of stock status completed and incorporated into the main and mid-year Fishery Assessment Plenary in accordance with specified quality standards.</p>	<p>100%</p>	<p>100%</p>	<p>100%</p>	<p>Achieved.</p> <p>All quality standards are set in both the mid-year and annual plenary reports.</p>
<p>Number of stocks for which we have sufficient information to characterise stock status is increasing.</p>	<p>&gt;102</p>	<p>119</p>	<p>New measure.</p>	<p>Achieved.</p>
<p>Design the survey and conduct feasibility studies for measures to develop national statistics on recreational fishing.</p>	<p>By April 2010 survey design approved and ready for implementation.</p>	<p>Approved April 2010.</p>	<p>New measure.</p>	<p>Achieved.</p> <p>The Minister of Fisheries and Aquaculture approved a survey approach in April 2010.</p>
<p>Research programme funding managed:</p> <ul style="list-style-type: none"> <li>&gt; percentage of contracted research milestones completed during the year (including prior year carry forward funding), with allowance for approved variations</li> <li>&gt; unplanned carry forward for future commitments.</li> </ul>	<p>&gt;95%</p> <p>&lt;\$3 million.</p>	<p>84.7%</p> <p>\$4.6 million.</p>	<p>Percentage not reported.<sup>5</sup></p> <p>\$3.07 million.</p>	<p>Not achieved.</p> <p>84.7% of milestones (2,271) for all active projects due on or before 30 June 2010 (including carry forwards and variations) have been completed. 15.3% are overdue (411).</p> <p>Not achieved.</p> <p>A \$4.6 million carry forward is to be confirmed during the October Baseline Update process during the 2010/11 year.</p>

<sup>5</sup> The 2008/09 Annual Report reported this measure as follows: "The final budget was \$26.4m. Final expenditure was \$22.96m.



Expected achievement		Actual results		
Performance Indicator	Performance Standard	Actual 2009/10	Actual 2008/09	Comments
Tier 1 (priority 1) research projects tendered, evaluated and contracts awarded.	100%	67%	95%	Not achieved. 11 Tier 1 projects were not awarded by 30 June 2010 and an additional 11 Tier 1 projects were withdrawn at year end out of a total of 67 projects originally planned.
Completed research projects for which objectives were fully achieved.	>95%	99%	97%	Achieved. 198 projects were completed; two projects were terminated prior to having all objectives completed.
Final research reports submitted by research providers for which review and quality assurance is provided as agreed in research contracts.	>90%	90%	Achieved.	Achieved. Of the 109 final research reports received during the year, 98 were approved by the Ministry or a revision requested within the agreed timeframes.
Number of the external reviews of research programmes, stock assessment models or survey methodology completed, and recommendations accepted and/or implemented.	≥3	5	9	Achieved. Review of Cooperative Gamefish Tagging Programme. Validity of Pāua Research Dive Survey Methodology. Review of impact of cockle harvesting on intertidal bird populations. International peer review of sealion necropsy protocols. Analytical methodology for industry-funded acoustic survey for orange roughy in the Chatham Rise spawning plume.

## Observers

Observers provide an independent source of high quality scientific and other information from commercial fishing operations. This information is a valuable input into the management of New Zealand's fisheries resources, particularly the setting of sustainability levels and the monitoring of the environmental impact of fishing activities. Other organisations (e.g. Department of Conservation), also use the Observer service to gather the specific fisheries-related information required to meet their organisational objectives.

The performance indicators below show a significant differential in the costs of delivering inshore and offshore coverage days. This is primarily due to a greater relative number of shore days (i.e. down time) required to achieve inshore coverage days. This reflects a number of factors including the shorter duration of inshore trips, the greater impact of weather on inshore fishing activity, the inherently greater variability in inshore fleet activity and difficulties experienced in obtaining observer placements in some fisheries.

Expected achievement		Actual results		
Performance Indicator	Performance Standard	Actual 2009/10	Actual 2008/09	Comments
Average daily cost of coverage provided to:				
> DOC to support their Conservation Services Plan	\$728 +/- 10%	\$877 (+20%)	\$818	Not achieved. The high cost of inshore coverage combined with 89% delivery of all DoC inshore planned days (up from 63% in 2008/09) has raised the average cost per day above the 10% threshold.
> support stock assessment	\$598 +/- 10%	\$677 (+13%)	New measure.	Not achieved.
> support sealion capture monitoring in the squid 6T fishery	\$598 +/- 10%	\$579 (-3%)	New measure.	Achieved.
> support the monitoring of interactions between commercial fishing and protected species.	\$916 +/- 10%	\$1,261 (+38%)	New measure.	Not achieved. The higher cost of supporting the monitoring of interactions between commercial fishing and protected species was due to higher number of onshore days and increased accommodation costs associated with the cooperative placement policy as well as maritime safety issues restricting placements in a number of coverage regions.

Expected achievement		Actual results		
Performance Indicator	Performance Standard	Actual 2009/10	Actual 2008/09	Comments
Total Observer coverage days delivered.	7,866 +/- 10%	7,084 (-10%)	7,491	Achieved.
Number of Ministry-required days delivered, excluding monitoring of interactions with protected species.	3,886 +/- 10%	3,598 (-7%)	New measure.	Achieved.
Days' coverage to monitor interactions between commercial fishing and protected species.	900	307	New measure.	Not achieved. The Observer day commencement was delayed until November 2009 by a longer than expected consultation process. Many Observer placements on inshore set net vessels were prevented by maritime safety issues that could not be resolved through discussions with the vessel operators and Maritime New Zealand.
Coverage of fishing activity (% of tows) in the squid 6T fishery.	30%	24%	New measure.	Not achieved. The unusual fishing patterns throughout the season combined with fewer coverage days in this year's plan reduced the number of placement opportunities available to the programme.
Coverage in those fisheries where coverage is a condition of the fishing permit (planned days in 2009/10, 1078).	100%	100%	New measure.	Achieved. All requests for Observers under vessel permit requirements were met with 723 days delivered.

## ■ DEPARTMENTAL OUTPUT EXPENSE – FISHERIES OPERATIONS

### Scope of appropriation

Services to provide advice to the Minister on appropriate standards defining acceptable impacts of fishing, appropriate allocation of rights to utilise fisheries, and services to assist tangata whenua to better contribute to the sustainable management of New Zealand's fisheries.

### Description

This output expense is designed to provide services that relate to:

- > the development of standards, guidelines, regulations, fisheries plans and processes that make fisheries policy operational, including reviews of harvest levels
- > delivering on obligations arising from the Fisheries Deed of Settlement
- > monitoring the delivery of contracted and devolved registry services
- > contributing to the marine biosecurity strategy
- > providing advice on fisheries-related impacts of biosecurity decisions
- > contributing to the New Zealand Biodiversity Strategy.

### Sustainability and management controls

This output provides for fisheries management advice on sustainability and management controls through:

- > implementation of objectives-based fisheries management by developing fisheries plans and standards
- > implementation of regulatory amendments and sustainability measures
- > concurrence advice on marine reserve applications and advice on other spatial applications
- > advice on proposed aquaculture management areas for pre-moratorium decisions
- > implementation of the Government's aquaculture reforms
- > input into marine biosecurity strategy, planning on the fishing-related impacts of biosecurity decisions
- > advice on measures to mitigate the impacts of fishing on the environment
- > advice and support to international fisheries forums.

Expected achievement		Actual results		
Performance Indicator	Performance Standard	Actual 2009/10	Actual 2008/09	Comments
Minister's expression of satisfaction with the quality of advice papers and reports, including achievement of deadlines.	An estimated 75 – 150 papers annually with a satisfaction rating of at least 90%.	100%	New measure.	Achieved. 138 briefings papers were sent to the Minister within the required time frames, achieving a 100% satisfaction rating.
<p>Fish plans development:</p> <ul style="list-style-type: none"> <li>&gt; Number with approved objectives and management strategies.</li> <li>&gt; Initiative development of further inshore fisheries plans.</li> </ul> <p>Consistency with fisheries standards.</p>	<p>An additional 7 by 30 June 2010, consistent with the review of the way in which fisheries plans will be developed.</p> <p>All plans reviewed.</p>	An additional 2 fisheries plans were developed.	New measure.	<p>Not achieved.</p> <p>The Ministry revised its framework for fisheries plans, with 5 plans now being developed.</p> <p>Two draft fisheries plans (Highly Migratory Species and Deepwater) have been developed and provided to the Minister for endorsement.</p>
Fisheries standards: Standards approved (benthic impacts, seabirds, Hector's/Maui's dolphins, and sealions).	4	0	1	<p>Not achieved.</p> <p>New planning occurred for fisheries standards which has resulted in new milestones and timing in 2010/11.</p> <p>Four key streams of work are planned or underway for environmental standards.</p> <p>A seabird standard is expected to be completed during 2010/11.</p> <p>Enhanced operational guidelines for the harvest strategy standard will be developed by the end of 2010.</p> <p>The review of the Hector's and Maui's dolphins standard will be considered following work associated with the outcomes from the High Court case.</p> <p>International experiences are currently being reviewed and key principles developed for a research standard. A draft research standard will be released for consultation in mid-2010 with a view to developing a final standard by June 2011.</p> <p>An annual operating plan to manage sealion mortality limits was developed for the SQU6T Fishery.</p>

Expected achievement		Actual results		
Performance Indicator	Performance Standard	Actual 2009/10	Actual 2008/09	Comments
Progress regulations required to implement catch reporting systems for amateur charter vessels.	Regulations give effect to Government policy by 30 June 2010.	Progress achieved.	New measure.	Achieved. Progress was made and the required regulatory amendment will now be included in the October 2010 regulatory amendment package in time to commence new reporting.
Progress Government's recreational only areas policy.	Minister approves an implementation plan by 30 June 2010.	The first step is underway.	New measure.	Achieved. The first step of the Minister's chosen implementation strategy, which is to seek potential areas for consideration from industry, is underway. Industry is due to report on its ideas by September 2010. The required subsequent implementation steps will then be identified and actioned.

### Deed of Settlement implemented

The Ministry provides a range of services to assist tangata whenua to better contribute to the sustainable management of New Zealand fisheries. These include:

- > building and maintaining relationships with, and providing information and support to, tangata whenua to assist them to engage in fisheries management processes
- > the effective use of the Ministry's Pou Hononga in notifying and appointing Tangata Tiaki and Tangata Kaitiaki to manage customary fishing
- > implementing agreements between the Crown and tangata whenua including protocols and accords under Treaty settlements and foreshore and seabed agreements.

Expected achievement		Actual results		
Performance Indicator	Performance Standard	Actual 2009/10	Actual 2008/09	Comments
Input and participation of tangata whenua into fisheries management processes by engaging with hapū and iwi through the enhancement and maintenance of Regional Iwi Forums and Clusters.	Support operation of 11 forums and 7 clusters.	Not achieved.	New measure.	Not achieved. The 11 Forum and 7 clusters continued to be supported throughout the year. The Ministry's Treaty Strategy that provides for hapū and iwi input and participation into fisheries management decisions requires that the current forums and cluster structures be reviewed in order to achieve this outcome.

Expected achievement		Actual results		
Performance Indicator	Performance Standard	Actual 2009/10	Actual 2008/09	Comments
Managing the processes associated with the appointment of:				
> Tangata Kaitiaki confirmed by the Minister of Fisheries under the Fisheries (Kaimoana Customary Fishing) Regulations 1998.	Extend coverage in the North Island and the Chatham Islands to 50% by June 2010.	32%	20%	Not achieved. 100% coverage in the Chatham Islands and approximately 30% coverage in the North Island equating to a 32% overall achievement.
> Tangata Tiaki confirmed by the Minister of Fisheries under the Fisheries (South Island Customary Fishing) Regulations 1999.	Extend and maintain coverage in the South Island to 95% by June 2010.	70%	65 %	Not achieved. With appointments over two new areas, coverage within the Ngai Tahu takiwā is around 95%. Overall, in the South Island however, with ongoing disputes with the Te Tau Ihu Tangata Tiaki notification is 70%.
The number of quarterly catch landing reports provided by Tangata Kaitiaki and Tangata Tiaki who issue authorisations under the customary fishing regulations.	Maintain above 80% by June 2010.	80%	New measure.	Achieved. Catch landing reports provided by Tangata Kaitiaki and Tangata Tiaki, maintained at above 80%.

## Registry services and permits

Accurate and timely registry information (including permit holder register, vessel registers, quota and ACE ownership, and catch data) is collected under contract or by a devolved agency 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. These services also include the administration and registry services aspects of the introduction of new species into the Quota Management System.

Expected achievement		Actual results		
Performance Indicator	Performance Standard	Actual 2009/10	Actual 2008/09	Comments
<b>Approving applications made under Fisheries laws</b>				
Applications for:				
> licences under the Freshwater Fish Farming Regulations 1983	95% determined within 6 months of application.	95%	85%	Achieved.
> fish farm registrations under the Fisheries Act 1996		100%	100%	Achieved. (1,080) of fish farm registrations were determined.
> special permits under the Fisheries Act 1996.		95%	86%	Achieved.

Expected achievement		Actual results		
Performance Indicator	Performance Standard	Actual 2009/10	Actual 2008/09	Comments
<b>Monitoring of contracted and devolved services</b>				
Services delivered are materially error-free and delivered in a timely manner.	Services are monitored against Ministry standards and specifications.	Services are actively monitored.	Monthly performance reporting reviewed.	Achieved. Services continue to be monitored as required by the Registry Services Delivery Contract and supporting documentation.
All significant errors are corrected.	100%	100%	100%	Achieved.
<b>Quota allocation</b>				
Quota is allocated for new species coming into the quota management system.	Within the required timeframes for the start of the 1 October fishing year.	Timeframes met.	Timeframes met.	Achieved. The process to allocate quota for bladder kelp in areas 3 and 4 is continuing for the species introduction into the Quota Management System on 1 October 2010.



## DEPARTMENTAL OUTPUT EXPENSE – FISHERIES COMPLIANCE

### Scope of appropriation

Services to promote high levels of voluntary compliance with fisheries laws and create effective deterrence against illegal fisheries activity.

### Description

Fisheries Compliance supports the protection of our valued natural fishery resources through collective responsibility and actions from commercial, recreational and customary fishers. We aim to achieve optimal levels of compliance with fisheries laws to ensure fish stocks are utilised in a sustainable way.

We apply a service model that is graduated in its level of response to the activity concerned, from educational (assisted compliance) right through to enforcement (directed compliance).

### Compliance activity promotes high levels of voluntary compliance with fisheries laws and creates effective deterrence against illegal fisheries activity.

Compliance with an increasing fishery officer and honorary fishery officer network ensures that management decisions relating to fisheries taken by other parts of the Ministry of Fisheries are monitored and complied with, and, where necessary, enforced. The resulting information elicited from compliance activities also enables good organisational decision making.

### Commercial fisheries

Services will be delivered to monitor, inspect and investigate commercial fishers, to support the integrity of the Quota Management System and the application of international fisheries rules and agreements.

Expected achievement		Actual results		
Performance Indicator	Performance Standard	Actual 2009/10	Actual 2008/09	Comments
<b>Improving levels of voluntary compliance</b>				
Number of commercial vessel inspections (at port, at sea, landings).	1,500	1,471	1,404	Not achieved. The Ministry did not meet the target which was due to resources being targeted at a significant commercial deepwater investigation and prosecution, and targeted operations on commercial Dealers In Fish and Licensed Fish Receivers.
Percentage where breaches found.	< 20%	15%	16%	Achieved.
Number of Licensed Fish Receiver (LFR) inspections.	200	396	375	Achieved.
Percentage where breaches found.	< 15%	12%	14%	Achieved.
Late monthly harvest returns (MHRs) followed up within 14 days of due date.	100%	100%	100%	Achieved.
Unfurnished monthly harvest returns (MHRs) followed up within two months of due date.	100%	100%	100%	Achieved.

Expected achievement		Actual results		
Performance Indicator	Performance Standard	Actual 2009/10	Actual 2008/09	Comments
<b>Creating an effective deterrent</b>				
Number of commercial investigations commenced.	11	17	7	Achieved.
Number of MHR, LFR and Catch landing return discrepancies investigated.	500	81	New measure.	Not achieved. This is a new measure and the Ministry is reviewing its processes to improve performance for 2010/11.
Number of international investigations commenced.	3	4	3	Achieved.
Number of commercial investigations finalised (where a decision to prosecute or otherwise has been made).	10	26	9	Achieved.

### Other fisheries compliance

Services will be delivered to:

- > educate, monitor and inspect recreational and customary fishers
- > detect and prosecute key offenders and disrupt the supply of poached or black-market seafood through effective monitoring, inspection and investigations.

Expected achievement		Actual results		
Performance Indicator	Performance Standard	Actual 2009/10	Actual 2008/09	Comments
<b>Improving levels of voluntary compliance</b>				
Number of non-commercial vessel, vehicle and persons inspections.	15,000	30,667	26,250	Achieved.
Percentage where breaches found.	< 15%	6%	New measure.	Achieved.
Number of Kaitiaki trained and/or further developed.	100	90	445	Not achieved. This measure is variable in nature and is reliant on Kaitiaki needing and requesting training.
Number of stakeholder and public education activities delivered (e.g. school visits, public lectures, attendance at local events).	2,500	4,986	3,994	Achieved.
Number of warranted fishery officers.	95	156	New measure.	Achieved.
Number of honorary fishery officers.	200	205	175	Achieved.

Expected achievement		Actual results		
Performance Indicator	Performance Standard	Actual 2009/10	Actual 2008/09	Comments
Number of 0800 4 Poacher calls logged.	800	1,511	New measure.	Achieved.
Number of recreational rules webpage visits.	60,000	222,624	New measure.	Achieved.
Number of Dealer In Fish (DIF) inspections.	1,000	1,148	1,403	Achieved.
Percentage where breaches found.	< 15%	17%	New measure.	Not achieved. The Ministry did not meet target with 17% of breaches found, which was due to targeted operations on other areas.
<b>Creating an effective deterrent</b>				
Number of poaching and black-market patrols undertaken.	500	2,187	693	Achieved.
Number of non-commercial inspections undertaken by honorary fishery officers.	10,000	28,686	New measure.	Achieved.
Number of commercial investigations commenced.	10	30	3	Achieved.
Number of non-commercial investigations finalised (where a decision to prosecute or otherwise has made).	8	35	4	Achieved.
Number of 0800 4 Poacher calls followed up.	80%	72%	New measure.	Not achieved. The Ministry did not meet target of poacher calls followed up during the year. This was due to many callers choosing to remain anonymous making it impossible for Ministry staff to gain further information after the original call.

## Prosecutions

The focus of these services is on successfully prosecuting serious fisheries offending and achieving deterrent penalties.

Expected achievement		Actual results		
Performance Indicator	Performance Standard	Actual 2009/10	Actual 2008/09	Comments
Number of infringement enforcement responses undertaken.	1,000	3,419	New measure.	Achieved.
Infringed stakeholders satisfaction with infringement process.	85%	45%	New measure.	Not achieved. The Ministry did not meet target with 45% of stakeholders satisfied with the infringement process as at year end.
Number of Fisheries Act 1996 prosecutions commenced.	230	206	New measure.	Not achieved. This measure is variable in nature, as it is reliant on Ministry Officers finding offences.
Number of Fisheries Regulations prosecutions commenced.	155	154	New measure.	Not achieved.
Percentage of cases where a prima facie case has been established.	100%	100%	New measure.	Achieved.

## DEPARTMENTAL OUTPUT EXPENSE – AQUACULTURE SETTLEMENT

### Scope of appropriation

Services to implement the Māori Commercial Aquaculture Claims Settlement Act 2004, which provides for a settlement of Māori interests in commercial aquaculture, including the provision of 20 percent of new space in aquaculture management areas and the provision of 20 percent equivalent of existing space allocated since September 1992.

### Description

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

Expected achievement		Actual results		
Performance Indicator	Performance Standard	Actual 2009/10	Actual 2008/09	Comments
The register is maintained in an accurate and up-to-date manner.	As confirmed by external audit.	Confirmed by external audit.	Confirmed by external audit.	Achieved. The Aquaculture settlement register was audited and confirmed as being maintained in an accurate and up-to-date manner on 18 January 2010.
All statutory obligations are being met.	All legislative obligations are met.	All obligations met.	All obligations met.	Achieved.
The Trustee (Te Ohu Kaimoana Trustee Ltd) is delivering on all its obligations, both in terms of funding and performance of the statutory role.	As determined by quarterly and annual reports.	All obligations met.	All obligations met.	Achieved.
The early settlement of the South Island and Coromandel is progressed according to Cabinet approval.	Legislation introduced and early settlement achieved by 31 December 2009.	The legislation was passed on March 2010.	New measure.	Not achieved. The Select Committee reported back the Bill to Parliament in September 2009.
The Ministry engages with all other regions on the possibility of early settlement.	All other regions provided opportunity for an agreement by 31 December 2009.	Provided opportunity for an agreement August 2009.	New measure.	Achieved. In August 2009, the Minister of Fisheries and Aquaculture on behalf of the Crown issued an invitation to all remaining iwi for an opportunity of an early pre-commencement settlement in the outstanding regions.

## ■ DEPARTMENTAL OUTPUT EXPENSE – SOUTH PACIFIC REGIONAL FISHERIES MANAGEMENT ORGANISATION

### Scope of appropriation

Administrative support for the interim secretariat of the South Pacific Regional Fisheries Management Organisation.

### Description

In Budget 2007, the government agreed to provide funding necessary to host the interim secretariat of the South Pacific Regional Fisheries Management Organisation (SPRFMO) in New Zealand. The purpose of SPRFMO is to manage non-tuna fisheries in high seas parts of the South Pacific Ocean. The function of the interim secretariat is to provide the necessary administrative support for effective implementation of interim conservation and management measures established prior to a formal Agreement on the SPRFMO coming into force.

Expected achievement		Actual results		
Performance Indicator	Performance Standard	Actual 2009/10	Actual 2008/09	Comments
Collection and management of data received from member states.	100%	100%	100%	Achieved. Data collection and management for SPRFMO has been received by the SPRFMO Secretariat.

## Output Class Service Performance

The following table lists departmental output expenses by output for the year ended 30 June 2010, and comparative outturn for 2009.

	2010 Final Estimates \$000	2010 Actual \$000	2010 Actual as % of Final Estimates	2009 Actual \$000
<b>Fisheries Policy Advice</b>				
Policy advice	8,288	7,433	90	7,219
Ministerial servicing	911	1,116	123	859
<b>Sub total</b>	<b>9,199</b>	<b>8,549</b>	<b>93</b>	<b>8,078</b>
<b>Fisheries Information</b>				
Research <sup>1</sup>	35,657	30,735	86	28,131
<b>Sub total</b>	<b>35,657</b>	<b>30,735</b>	<b>86</b>	<b>28,131</b>
<b>Fisheries Operations</b>				
Sustainability and management controls	11,170	9,740	87	15,301
Deed of Settlement implemented	6,032	5,470	91	5,249
Registry services managed	4,954	4,801	97	4,379
<b>Sub total</b>	<b>22,156</b>	<b>20,011</b>	<b>90</b>	<b>24,929</b>
<b>Fisheries Compliance</b>				
Commercial fisheries compliance <sup>2</sup>	10,410	9,918	95	10,345
Other fisheries compliance	16,174	15,359	95	15,773
Prosecutions managed	7,125	7,114	100	5,796
<b>Sub total</b>	<b>33,709</b>	<b>32,391</b>	<b>96</b>	<b>31,914</b>
<b>Aquaculture Settlement</b>				
Aquaculture settlement implemented	775	695	90	2,118
<b>Sub total</b>	<b>775</b>	<b>695</b>	<b>90</b>	<b>2,118</b>
<b>South Pacific Regional Fisheries Management Organisation</b>				
Interim Secretariat	429	327	76	449
<b>Sub total</b>	<b>429</b>	<b>327</b>	<b>76</b>	<b>449</b>
<b>Grand total</b>	<b>101,925</b>	<b>92,708</b>	<b>91</b>	<b>95,619</b>

### Notes:

#### 1 Research comprises:

Utilisation and sustainability of New Zealand's fisheries resources measured	30,136	25,875	86	22,963
Observer services provided	5,521	4,860	88	5,168

#### 2 Commercial fisheries compliance comprises:

Commercial fisheries compliance	9,894	9,534	90	9,605
New Zealand's international fisheries compliance	516	384	81	740

## Part Five: Financial Statements

### MINISTRY PERFORMANCE 2009/2010

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 amount recovered through cost recovery levies is classified as Crown Revenue and 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 spent \$92.7 million in the 2009/10 financial year against an annual budget appropriation of \$101.9 million. When transfers of \$6.330 million from 2009/10 into 2010/11 are included, the final audited outturn for 2009/10 gives an effective underspend across all Departmental Output Expenses of \$2.887 million (2.8 percent).

The carry forward amounts represent work originally planned to be undertaken in 2009/10, but which will now be carried out in 2010/11.

The following tables provide a high-level view of the Ministry's expenditure for the year.

	Main Estimates \$000	Final Estimates \$000	Actual Expenditure \$000	Carry Forward \$000	Underspend \$000
Fisheries policy advice	7,410	9,199	8,549	650	0
Fisheries information	34,396	35,657	30,735	4,600	322
Fisheries operations	25,033	22,156	20,011	1,000	1,145
Fisheries compliance	30,842	33,709	32,391	0	1,318
Aquaculture settlement	1,740	775	695	80	0
South Pacific Regional Fisheries Management Organisation	240	429	327	0	102
<b>Total</b>	<b>99,661</b>	<b>101,925</b>	<b>92,708</b>	<b>6,330</b>	<b>2,887</b>



## Departmental Output Expense Profile

Table 1 shows the trend in expenditure in the Ministry's departmental output expenses over the past four years and the expenditure planned for 2010/11.

**Table 1**

	2006/07 Actual \$000	2007/08 Actual \$000	2008/09 Actual \$000	2009/10 Actual \$000
Fisheries policy advice	6,884	6,667	8,078	8,549
Fisheries information	28,873	26,466	28,131	30,735
Fisheries operations	23,980	23,599	24,929	20,011
Fisheries compliance	29,980	29,737	31,914	32,391
Aquaculture settlement	987	1,626	2,118	695
South Pacific Regional Fisheries Management Organisation	0	324	449	327
<b>Total</b>	<b>90,704</b>	<b>88,419</b>	<b>95,619</b>	<b>92,708</b>

## Research Services

Table 2 provides a high-level view of the expenditure on fisheries research by fishery type, and other marine-related research. The figures shown are direct costs and do not include any Ministry indirect costs that are apportioned to the individual research projects under the Ministry's cost allocation system.

**Table 2**

	2006/07 Actual \$000	2007/08 Actual \$000	2008/09 Actual \$000	2009/10 Actual \$000
Antarctic and deepwater	2,154	2,779	1,195	4,085
Hoki and middle depths	5,797	3,662	4,599	6,123
Inshore finfish, eel and snapper	1,824	2,011	2,033	1,162
Highly migratory	1,391	915	837	826
Shellfish and rock lobster	2,495	2,719	2,903	2,355
Non-commercial fisheries	1,469	1,353	889	1,229
Aquatic environment	1,339	1,403	1,514	1,899
Other research	1,162	1,513	1,310	1,584
<b>Subtotal</b>	<b>17,631</b>	<b>16,355</b>	<b>15,280</b>	<b>19,263</b>
Biodiversity research	2,682	1,269	1,447	1,759
International Polar Year	0	0	760	839
<b>Total</b>	<b>20,313</b>	<b>17,624</b>	<b>17,487</b>	<b>21,861</b>

## Industry Charges

Table 3 shows final cost recovery levies, inclusive of the settlement credit and prior years' under and over recoveries, and departmental charges for the Ministry for the period from 2006/07 through to 2009/10.

**Table 3**

	2006/07 Actual \$000	2007/08 Actual \$000	2008/09 Actual \$000	2009/10 Actual \$000
Final cost recovery levies	30,203	31,289	33,460	29,614
Transshipment and Observer charges	1,270	1,120	1,309	1,707
Permit fees	189	76	101	97
Marine farming, license fees, transfer and lease fees	273	-134	92	7
Other	123	0	137	207
<b>Cost recovery levies and charges</b>	<b>32,058</b>	<b>32,351</b>	<b>35,099</b>	<b>31,632</b>
<b>Total output expenditure</b>	<b>90,704</b>	<b>88,419</b>	<b>95,619</b>	<b>92,708</b>

## Capital Expenditure

Table 4 shows the Ministry's capital expenditure over the past four years. This programme covers the routine replacement of motor vehicles, the replacement of fisheries vessels, and provides for the building and upgrade of new and replacement information systems to support the Ministry's operating environment.

**Table 4**

	2006/07 Actual \$000	2007/08 Actual \$000	2008/09 Actual \$000	2009/10 Actual \$000
Building and leasehold improvements	2,105	222	464	413
Office plant and equipment including computer systems	1,794	717	2,501	1,197
Motor vehicles and vessels	285	879	1,144	298
<b>Total</b>	<b>4,184</b>	<b>1,818</b>	<b>4,109</b>	<b>1,908</b>

## Departmental Property, Plant and Equipment, and Intangible Assets

Table 5 shows the net book value of departmental property plant and equipment at 30 June 2010. This table also provides the comparable figures from 2007 through to 30 June 2010.

**Table 5**

	2007 Actual \$000	2008 Actual \$000	2009 Actual \$000	2010 Actual \$000
Land, buildings and leasehold improvements	5,827	5,462	5,267	5,058
Office plant and equipment	2,200	1,229	1,536	1,399
IT software	2,588	2,864	3,625	3,260
Motor vehicles and vessels	2,056	2,425	2,817	2,503
<b>Total</b>	<b>12,671</b>	<b>11,980</b>	<b>13,245</b>	<b>12,220</b>

## Criteria for Assessing the Quality of Policy and Reports

The standards used to assess the quality of policy advice provided to the Minister are:

### **Purpose**

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

### **Logic**

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

### **Accuracy**

The facts are accurate and all material facts are included.

### **Options**

An adequate range of options has been presented and the benefits, costs and consequences of each option are clearly outlined.

### **Consultation**

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

### **Practicality**

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

### **Presentation**

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

### **Quality management**

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

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

These standards are applied in all areas where the Ministry provides advice to decision-makers.

## ■ Statement of Accounting Policies for the year ended 30 June 2010

### Reporting Entity

The Ministry of Fisheries is a Government Department as defined by section 2 of the Public Finance Act 1989 and is domiciled in New Zealand. In addition, the Ministry has reported on activity undertaken on behalf of the Crown and trust monies which it administers.

The primary objective of the Ministry is to provide services to the public rather than making a financial return. Accordingly, the Ministry has designated itself as a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of the Ministry are for the year ended 30 June 2010. The financial statements were authorised for issue by the Chief Executive of the Ministry on 27 September 2010.

### Basis of Preparation

The financial statements of the Ministry have been prepared in accordance with the requirements of the Public Finance Act 1989, which includes the requirement to comply with New Zealand generally accepted accounting practices (NZ GAAP). These financial statements have been prepared in accordance with, and comply with, NZ IFRS as appropriate for public benefit entities.

The financial statements have been prepared on a historical cost basis. The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of the Ministry is New Zealand dollars.

### Use of Accounting Estimates and Judgements

In preparing these financial statements the Ministry has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in notes: 15 Provisions and 16 Employee entitlements.

## ■ Specific Accounting Policies

### Changes in Accounting Policies

The Ministry's financial statements have been updated to reflect all new standards and interpretations issued since we published the 30 June 2009 statements. The following have been applied for the first time in 2010, resulting in consequential changes to the accounting policies and other note disclosures.

#### IAS 1 (Revised) Presentation of Financial Statements

The IASB issued revised IAS 1 Presentation of Financial Statements in September 2007 which is effective for financial years beginning on or after 1 January 2009. This revision has subsequently been approved in NZ IAS 1(R) by the New Zealand Financial Reporting Standards Board. This standard requires all owner changes in equity to be presented in a statement of changes in equity, and all non-owner changes in one statement of comprehensive income. The revised standard gives the Ministry the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). The Ministry has elected to present a single statement of comprehensive income.

Standards, amendments, and interpretations issued but not yet effective that have not been early adopted, and are relevant to the Ministry of Fisheries are:

1. NZ IFRS 9 Financial Instruments – This standard is part of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

The standard applies to financial assets, their classification and measurement. All financial assets are required to be classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Financial assets are initially measured at fair value plus (in the case of a financial asset not at fair value through profit or loss), particular transaction costs and subsequently measured at amortised cost or fair value. This standard is effective for reporting periods commencing on or after 1 January 2013.

2. NZ IAS 24 Related Party Disclosures (Revised 2009) – This Standard makes amendments to NZ IAS 24 Related Party Disclosures and is effective for reporting periods commencing on or after 1 January 2011.

The amendments simplify the definition of a related party and provide a partial exemption from the disclosure requirements for government-related entities.

The Ministry of Fisheries has not yet assessed the impact of these new standards and therefore they have not been adopted early.

### Revenue

#### Rendering of Services

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.

#### Sale of Goods

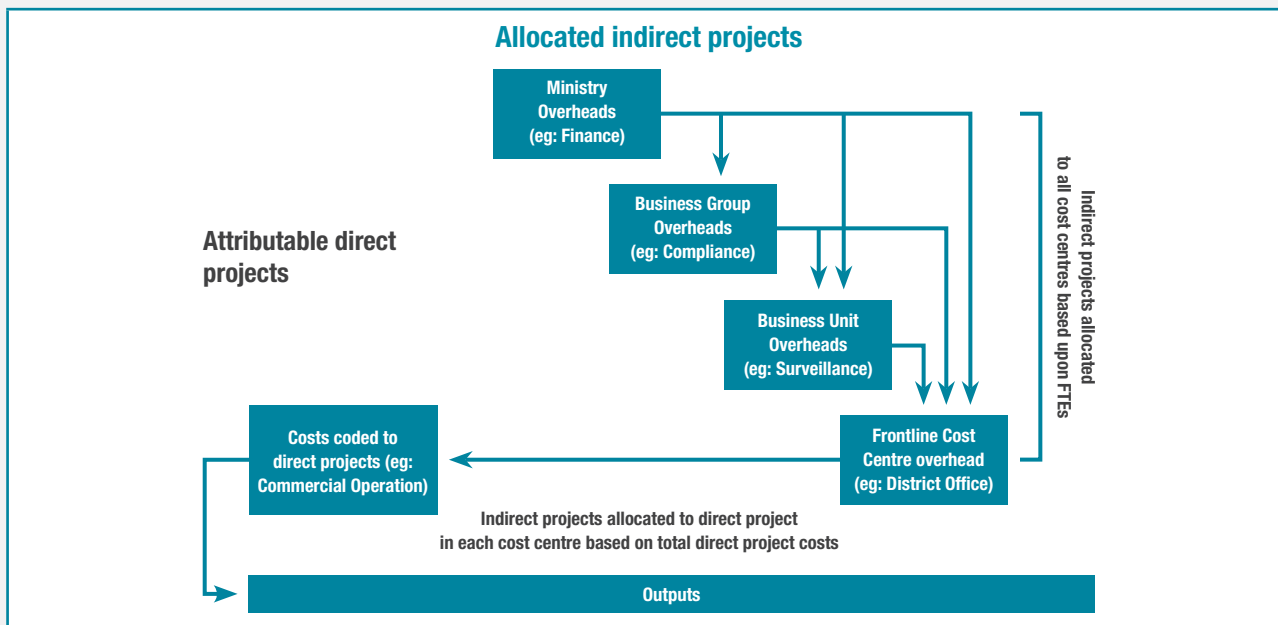
Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

### Capital Charge

The capital charge is recognised as an expense in the period to which the charge relates.

### Cost Allocation

The Ministry has determined the cost of outputs using a specific cost allocation system. Costs that can be specifically attributed to an output are charged directly to that output. All other costs are assigned using the methodology set out below.



The Ministry's cost accounting policies have remained unchanged since the date of the last audited financial statements.

### Operating Leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

### Debtors and Other Receivables

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate, less impairment changes.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Impairment of a debtor is established when there is objective evidence that the Ministry will not be able to collect amounts due according to the original terms of the debtor. Significant financial difficulties of the debtor, the probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the debtor is impaired. Bad debts are written off when identified and approved.

## Property, Plant and Equipment

Property, plant and equipment consists of land, buildings, leasehold improvements, plant and equipment, motor vehicles, vessels and capital work in progress.

Motor vehicles and plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment in value.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

For the purposes 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.

Only property, plant, and equipment with a cost in excess of \$5,000 is capitalised.

### Additions

The cost of an item of property, plant, and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Ministry and the cost of the item can be measured reliably.

### Disposals

An item of property, plant, and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the comprehensive income statement.

### Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Ministry and the cost of the item can be measured reliably.

## Depreciation

Depreciation is provided on a straight-line basis on all property, plant, and equipment, other than land and work in progress, at rates that will write off the cost of the assets to their estimated residual values over their useful lives. The useful lives have been estimated as follows:

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 the estimated remaining useful lives of the improvement, whichever is the shorter.

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

## Intangible Assets

### Software

Research costs are expensed as incurred.

Costs associated with maintaining computer software and related staff training costs are recognised as an expense when incurred.

Software development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and operationally feasible, future service potential is probable and the Ministry intends to and has sufficient resources to complete development and to use the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Gains and losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the comprehensive income statement when the asset is derecognised.

### Subsequent costs

Subsequent expenditure is capitalised only when it increases the future service potential embodied in the specific asset to which it relates.

All other expenditure is recognised in the comprehensive income statement when incurred.

### Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The asset is amortised over the period of expected future benefit. The amortisation charge for each period is recognised in the comprehensive income statement.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

- > Software development costs: up to 10 years.

The amortisation period for an intangible asset with a finite useful life is reviewed at each financial year end.

## Impairment of Non-financial Assets

Property, plant and equipment and intangible assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The total impairment loss is recognised in the comprehensive income statement.

## Creditors and Other Payables

Creditors and payables are paid within the following 12 months and due to their short-term nature, they are recognised at their nominal value, unless the effect of discounting is material.

## Provisions

The Ministry recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditure will be required to settle the obligation and a reliable estimate can be made.



## Employee Entitlements

Provision is made in respect of the Ministry's liability for annual leave, long service leave, retirement leave and sick leave.

### Short-term Employee Entitlements

Employee entitlements that the Ministry expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date and sick leave.

The Ministry recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that the Ministry anticipates it will be used by staff to cover those future absences.

### Long-term Employee Entitlements

Employee entitlements that are payable beyond 12 months such as long service leave and retirement leave are recognised for all employees on the basis of a six monthly actuarial valuation based on the present value of expected future entitlements.

## Superannuation Schemes

### Defined contribution schemes

Obligations for contributions to the State Sector Retirement Savings Scheme, Kiwisaver and the Government Superannuation Fund are accounted for as defined contribution schemes and are recognised in the comprehensive income statement as incurred.

## Financial Instruments

### Non-derivative financial instruments

The Ministry is party to financial instruments as part of its normal operations. These financial instruments include cash, debtors and other receivables and creditors and other payables. 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 comprehensive income statement.

## Foreign Currency

Foreign currency transactions (including those for which forward exchange rate contracts are held) are translated into New Zealand dollars using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the comprehensive income statement.

## 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 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.

### Goods and Services Tax (GST)

All items in the financial statements, including appropriation statements, are stated exclusive of GST, except for receivables and payables, which are stated on a GST-inclusive basis.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

### Income Tax

Government departments are exempt from income tax as public authorities. Accordingly, no charge for income tax has been provided for.

### Commitments

Expenses yet to be incurred on non-cancellable operating leases, fisheries and biodiversity research contracts and registry services contracts entered into on or before 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

Taxpayers' funds is the Crown's investment in the Ministry and is measured as the difference between total assets and total liabilities.

### Budget Figures

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

## ■ Statement of Comprehensive Income for the year ended 30 June 2010

	Notes	2010 Main Estimates \$000	2010 Supplementary Estimates \$000	2010 Actual \$000	2009 Actual \$000
<b>Income</b>					
Crown	1	96,920	98,898	92,566	94,901
Department	2	1,934	2,027	2,037	1,669
Other revenue	3	807	1,000	971	870
Gains on sales	4	0	0	49	18
<b>Total income</b>		<b>99,661</b>	<b>101,925</b>	<b>95,623</b>	<b>97,458</b>
<b>Expenditure</b>					
Personnel costs	5	45,474	43,968	44,318	46,451
Operating costs	6	50,005	54,258	44,610	45,825
Depreciation and amortisation expense	7	3,180	2,698	2,779	2,394
Capital charge	8	1,002	1,001	1,001	949
<b>Total expenditure</b>	<b>22</b>	<b>99,661</b>	<b>101,925</b>	<b>92,708</b>	<b>95,619</b>
<b>Net surplus / (deficit) and Total Comprehensive Income</b>		<b>0</b>	<b>0</b>	<b>2,915</b>	<b>1,839</b>

## ■ Statement of Changes in Taxpayers' Funds for the year ended 30 June 2010

	2010 Main Estimates \$000	2010 Supplementary Estimates \$000	2010 Actual \$000	2009 Actual \$000
<b>Balance at 1 July</b>	<b>13,361</b>	<b>13,361</b>	<b>13,361</b>	<b>12,658</b>
Net surplus / (deficit) and total comprehensive income	0	0	2,915	1,839
Repayment of surplus to the Crown	0	0	(2,915)	(1,839)
Capital contribution	60	60	0	703
Capital withdrawal	(86)	(86)	(86)	0
<b>Balance at 30 June</b>	<b>13,335</b>	<b>13,335</b>	<b>13,275</b>	<b>13,361</b>

These financial statements should be read in conjunction with the statement of accounting policies on pages 50 to 56 and the notes to the financial statements on pages 63 to 76.

## Statement of Financial Position as at 30 June 2010

	Notes	2010 Main Estimates \$000	2010 Supplementary Estimates \$000	2010 Actual \$000	2009 Actual \$000
<b>Current assets</b>					
Cash		1,359	1,985	1,760	4,772
Debtors and other receivables	10	18,396	21,784	26,204	21,782
Prepayments		500	742	865	742
<b>Total current assets</b>		<b>20,255</b>	<b>24,511</b>	<b>28,829</b>	<b>27,296</b>
<b>Non-current assets</b>					
Property, plant and equipment	11	11,560	12,158	8,960	9,620
Intangible assets	12	2,240	2,009	3,260	3,625
<b>Total non-current assets</b>		<b>13,800</b>	<b>14,167</b>	<b>12,220</b>	<b>13,245</b>
<b>Total assets</b>		<b>34,055</b>	<b>38,678</b>	<b>41,049</b>	<b>40,541</b>
<b>Current liabilities</b>					
Creditors and other payables	13	12,092	18,297	15,461	14,308
Repayment of surplus to the Crown	14	0	0	2,915	1,839
Provisions	15	0	1,133	1,456	2,640
Employee entitlements	16	4,488	2,486	4,203	4,133
Unearned revenue		0	254	160	254
<b>Total current liabilities</b>		<b>16,580</b>	<b>22,170</b>	<b>24,195</b>	<b>23,174</b>
<b>Non-current liabilities</b>					
Provisions	15	0	1,000	1,074	1,347
Employee entitlements	16	4,140	2,173	2,505	2,659
<b>Total non-current liabilities</b>		<b>4,140</b>	<b>3,173</b>	<b>3,579</b>	<b>4,006</b>
<b>Total liabilities</b>		<b>20,720</b>	<b>25,343</b>	<b>27,774</b>	<b>27,180</b>
<b>Net assets</b>		<b>13,335</b>	<b>13,335</b>	<b>13,275</b>	<b>13,361</b>
<b>Taxpayers' funds</b>					
General funds	9	13,335	13,335	13,275	13,361
<b>Total taxpayers' funds</b>		<b>13,335</b>	<b>13,335</b>	<b>13,275</b>	<b>13,361</b>

These financial statements should be read in conjunction with the statement of accounting policies on pages 50 to 56 and the notes to the financial statements on pages 63 to 76.

## ■ Statement of Cash Flows for the year ended 30 June 2010

	Notes	2010 Main Estimates \$000	2010 Supplementary Estimates \$000	2010 Actual \$000	2009 Actual \$000
<b>Cash flows from operating activities</b>					
Receipts from revenue Crown		96,920	98,898	87,879	93,375
Receipts from revenue department		1,934	2,027	1,915	1,365
Receipts from revenue other		807	984	1,261	1,218
Payments to suppliers		(59,023)	(60,890)	(55,971)	(51,591)
Payments to employees		(36,176)	(37,320)	(33,632)	(35,466)
Payments for capital charge		(1,002)	(1,001)	(1,001)	(949)
Goods and services tax (net)		0	0	182	(512)
<b>Net cash from operating activities</b>	17	<b>3,460</b>	<b>2,698</b>	<b>633</b>	<b>7,440</b>
<b>Cash flows from investing activities</b>					
Receipts from sale of property, plant and equipment		0	0	203	376
Purchase of property, plant and equipment		(2,900)	(3,620)	(1,214)	(2,400)
Purchase of intangible assets		0	0	(709)	(1,664)
<b>Net cash from investing activities</b>		<b>(2,900)</b>	<b>(3,620)</b>	<b>(1,720)</b>	<b>(3,688)</b>
<b>Cash flows from financing activities</b>					
Capital contribution from the Crown		60	60	0	703
Capital withdrawal		(86)	(86)	(86)	0
Repayment of surplus to the Crown		0	(1,839)	(1,839)	(857)
<b>Net cash from financing activities</b>		<b>(26)</b>	<b>(1,865)</b>	<b>(1,925)</b>	<b>(154)</b>
<b>Net increase/(decrease) in cash</b>		<b>534</b>	<b>(2,787)</b>	<b>(3,012)</b>	<b>3,598</b>
Cash at the beginning of the year		825	4,772	4,772	1,174
<b>Cash at the end of the year</b>		<b>1,359</b>	<b>1,985</b>	<b>1,760</b>	<b>4,772</b>

These financial statements should be read in conjunction with the statement of accounting policies on pages 50 to 56 and the notes to the financial statements on pages 63 to 76.

## ■ Statement of Commitments as at 30 June 2010

### Capital commitments

Capital commitments are the aggregate amount of capital expenditure contracted for the acquisition of property, plant, and equipment and intangible assets that have not been paid for or recognised as a liability at 30 June 2010.

### Operating lease commitments

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.

### Other operating commitments

There are fisheries and biodiversity research projects and registry services contracts that have been entered into in 2009/2010 for which the service will be performed after 30 June 2010.

	2010 Actual \$000	2009 Actual \$000
<b>Operating commitments</b>		
Not later than one year	20,292	18,468
Later than one year and not later than two years	10,139	6,364
Later than two years and not later than five years	15,626	8,295
Later than five years	1,253	2,450
<b>Total operating commitments</b>	<b>47,310</b>	<b>35,577</b>
<b>Capital commitments</b>		
Property, plant and equipment	0	0
Intangible assets	0	0
<b>Total capital commitments</b>	<b>0</b>	<b>0</b>
<b>Total commitments</b>	<b>47,310</b>	<b>35,577</b>

The Ministry's operating leases have varying terms, escalation clauses, and renewal rights.

These financial statements should be read in conjunction with the statement of accounting policies on pages 50 to 56 and the notes to the financial statements on pages 63 to 76.

## ■ Statement of Contingent Liabilities and Contingent Assets as at 30 June 2010

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.

### Quantifiable Contingent Liabilities

	2010 Actual \$000	2009 Actual \$000
<b>Department</b>		
Employment related matters	0	70
<b>Total contingent liabilities</b>	<b>0</b>	<b>70</b>

### Unquantifiable Contingent Liabilities

The Ministry has a number of contingent liabilities which cannot be quantified at 30 June 2010. These arise primarily from permit and allocation decisions.

### Contingent Assets

The Ministry has no contingent assets (2009: nil).

These financial statements should be read in conjunction with the statement of accounting policies on pages 50 to 56 and the notes to the financial statements on pages 63 to 76.

## ■ Statement of Departmental Expenditure and Capital Expenditure against Appropriations

	2010 Appropriation* \$000	2010 Actual \$000	2009 Actual \$000
<b>Vote Fisheries</b>			
<b>Appropriations for output expenses: annual appropriation</b>			
Policy advice	9,199	8,549	8,078
Fisheries information	35,657	30,735	28,131
Fisheries operations	22,156	20,011	24,929
Fisheries compliance	33,709	32,391	31,914
Aquaculture settlement	775	695	2,118
Interim Secretariat – South Pacific Regional Fisheries Management Organisation	429	327	449
<b>Total</b>	<b>101,925</b>	<b>92,708</b>	<b>95,619</b>
<b>Capital movement</b>			
Capital injection	60	0	703
Capital withdrawal	(86)	(86)	0
<b>Total capital movement</b>	<b>(26)</b>	<b>(86)</b>	<b>703</b>

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

## ■ Statement of Departmental Unappropriated Expenditure for the year ended 30 June 2010

There has not been any unappropriated expenditure for the year ended 30 June 2010 (2009 \$0).

These financial statements should be read in conjunction with the statement of accounting policies on pages 50 to 56 and the notes to the financial statements on pages 63 to 76.



## Notes to the Financial Statements for the year ended 30 June 2010

### 1 Revenue Crown

	2010 Main Estimates \$000	2010 Supplementary Estimates \$000	2010 Actual \$000	2009 Actual \$000
Policy advice	7,330	9,112	8,459	8,222
Fisheries information	32,683	33,900	30,044	26,841
Fisheries operations	24,550	21,652	19,908	24,949
Fisheries compliance	30,381	33,227	33,227	32,207
Aquaculture settlement	1,736	771	692	2,254
Interim secretariat SPRFMO	240	236	236	428
<b>Total revenue Crown</b>	<b>96,920</b>	<b>98,898</b>	<b>92,566</b>	<b>94,901</b>

### 2 Revenue Department

	2010 Main Estimates \$000	2010 Supplementary Estimates \$000	2010 Actual \$000	2009 Actual \$000
Recovery of state sector retirement savings scheme costs	949	899	962	846
Observer charges	985	985	1,047	769
Other	0	143	28	54
<b>Total revenue department</b>	<b>1,934</b>	<b>2,027</b>	<b>2,037</b>	<b>1,669</b>

### 3 Other Revenue

	2010 Main Estimates \$000	2010 Supplementary Estimates \$000	2010 Actual \$000	2009 Actual \$000
Marine farming, licence fees, transfer and lease fees	10	10	7	92
Transshipment and Observer charges	627	627	660	540
Permit fees	170	170	97	101
Miscellaneous	0	193	207	137
<b>Total revenue other</b>	<b>807</b>	<b>1,000</b>	<b>971</b>	<b>870</b>

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

	2010 Main Estimates \$000	2010 Supplementary Estimates \$000	2010 Actual \$000	2009 Actual \$000
Motor vehicles	0	0	30	2
Vessels	0	0	19	16
<b>Net gain on sale of property, plant and equipment</b>	<b>0</b>	<b>0</b>	<b>49</b>	<b>18</b>

#### 5 Personnel Costs

	2010 Main Estimates \$000	2010 Supplementary Estimates \$000	2010 Actual \$000	2009 Actual \$000
Salaries and wages	40,729	39,575	39,076	39,319
Other	4,745	4,393	5,242	7,132
<b>Total personnel costs</b>	<b>45,474</b>	<b>43,968</b>	<b>44,318</b>	<b>46,451</b>

#### 6 Operating Costs

	2010 Main Estimates \$000	2010 Supplementary Estimates \$000	2010 Actual \$000	2009 Actual \$000
Advertising, information and publicity	448	468	523	629
Asset operating costs	1,481	2,833	2,613	2,637
Communications	1,340	1,345	1,209	1,311
Computer consumables	1,337	1,302	1,041	1,341
Contract for services	33,868	37,834	29,776	27,772
Fees for audit of the financial statements	175	190	180	172
Fees to auditors for other services	8	0	2	3
Legal	986	1,326	712	1,259
Operating lease rentals	4,744	3,780	3,856	5,556
Printed materials	740	483	453	495
Travel	4,495	4,287	3,834	4,384
Other operating costs	383	410	411	266
<b>Total operating costs</b>	<b>50,005</b>	<b>54,258</b>	<b>44,610</b>	<b>45,825</b>

## 7 Depreciation and Amortisation Expense

	2010 Main Estimates \$000	2010 Supplementary Estimates \$000	2010 Actual \$000	2009 Actual \$000
Buildings and leasehold improvements	639	622	622	601
Plant and equipment	648	535	614	470
Motor vehicles and vessels	511	500	469	420
Intangible assets (software)	1,382	1,041	1,074	903
<b>Total depreciation expense</b>	<b>3,180</b>	<b>2,698</b>	<b>2,779</b>	<b>2,394</b>

## 8 Capital Charge

The Ministry paid a capital charge to the Crown on its net taxpayers' funds as at 30 June 2010 and 31 December 2009. The capital charge rate for the year ended 30 June 2010 was 7.5%: (2009: 7.5%).

## 9 Taxpayers' Funds

	2010 Main Estimates \$000	2010 Supplementary Estimates \$000	2010 Actual \$000	2009 Actual \$000
<b>Taxpayers' funds comprises</b>				
<b>General Funds:</b>				
Balance at 1 July	13,361	13,361	13,361	12,658
Net surplus / (deficit) and total comprehensive income	0	0	2,915	1,839
Capital contribution	60	60	0	703
Capital withdrawal	(86)	(86)	(86)	0
Repayment of surplus to the Crown	0	0	(2,915)	(1,839)
<b>General funds at 30 June</b>	<b>13,335</b>	<b>13,335</b>	<b>13,275</b>	<b>13,361</b>

## 10 Debtors and Other Receivables

	2010 Actual \$000	2009 Actual \$000
Trade debtors	635	599
<i>Less:</i>		
Provision for doubtful debts	(109)	(109)
Net debtors	526	490
Receivables	188	489
Debtor: Crown funding	25,490	20,803
<b>Total debtors and other receivables</b>	<b>26,204</b>	<b>21,782</b>

Trade debtors are generally on 30 day terms. At 30 June 2010 and 2009, all overdue receivables have been assessed for impairment and appropriate provision applied, as detailed below:

	2010			2009		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
Not past due	25,678	(5)	25,673	21,292	(5)	21,287
Past due 0–12 months	546	(23)	523	566	(71)	495
Past due 13–24 months	86	(78)	8	1	(1)	0
Past due 25–36 months	0	0	0	30	(30)	0
Past due > 36 months	3	(3)	0	2	(2)	0
<b>Total</b>	<b>26,313</b>	<b>(109)</b>	<b>26,204</b>	<b>21,891</b>	<b>(109)</b>	<b>21,782</b>

The provision for doubtful debts has been calculated based on forecast losses for the Ministry's pool of debtors. Forecast losses have been determined based on a review of specific debtors.

Movements in the provision for doubtful debts are as follows:

	2010 \$000	2009 \$000
Balance at 1 July	109	94
Additional provisions made during the year	3	15
Receivables written off during the period	(3)	0
<b>Balance at 30 June</b>	<b>109</b>	<b>109</b>

## 11 Property, Plant and Equipment

	Land \$000	Buildings and leasehold improvements \$000	Plant and equipment \$000	Motor vehicles and vessels \$000	Total \$000
<b>Deemed Cost</b>					
Balance at 1 July 2008	147	6,478	3,947	3,584	14,156
Additions	0	464	792	1,144	2,400
Reclassification	0	0	(124)	124	0
Disposals	0	(71)	(737)	(669)	(1,477)
<b>Balance at 30 June 2009</b>	<b>147</b>	<b>6,871</b>	<b>3,878</b>	<b>4,183</b>	<b>15,079</b>
Balance at 1 July 2009	147	6,871	3,878	4,183	15,079
Additions	0	413	488	298	1,199
Reclassification	0	0	0	0	0
Disposals	0	0	(84)	(391)	(475)
<b>Balance at 30 June 2010</b>	<b>147</b>	<b>7,284</b>	<b>4,282</b>	<b>4,090</b>	<b>15,803</b>
<b>Accumulated depreciation and impairment losses</b>					
Balance at 1 July 2008	0	1,163	2,718	1,159	5,040
Depreciation	0	601	470	420	1,491
Reclassification	0	0	(109)	109	0
Disposals	0	(13)	(737)	(322)	(1,072)
<b>Balance at 30 June 2009</b>	<b>0</b>	<b>1,751</b>	<b>2,342</b>	<b>1,366</b>	<b>5,459</b>
Balance at 1 July 2009	0	1,751	2,342	1,366	5,459
Depreciation	0	622	615	453	1,690
Reclassification	0	0	0	0	0
Disposals	0	0	(74)	(232)	(306)
<b>Balance at 30 June 2010</b>	<b>0</b>	<b>2,373</b>	<b>2,883</b>	<b>1,587</b>	<b>6,843</b>
<b>Carrying amounts</b>					
<b>At 1 July 2008</b>	<b>147</b>	<b>5,315</b>	<b>1,229</b>	<b>2,425</b>	<b>9,116</b>
<b>At 30 June 2009</b>	<b>147</b>	<b>5,120</b>	<b>1,536</b>	<b>2,817</b>	<b>9,620</b>
<b>At 30 June 2010</b>	<b>147</b>	<b>4,911</b>	<b>1,399</b>	<b>2,503</b>	<b>8,960</b>

The total amount of property, plant, and equipment in the course of construction is \$84,000 (2009: \$652,000).

## 12 Intangible Assets

	Acquired software \$000	Internally generated software \$000	Total \$000
<b>Cost</b>			
Balance at 1 July 2008	5,039	5,582	10,621
Additions	194	1,470	1,664
Disposals	0	0	0
<b>Balance at 30 June 2009</b>	<b>5,233</b>	<b>7,052</b>	<b>12,285</b>
Balance at 1 July 2009	5,233	7,052	12,285
Additions	106	603	709
Disposals	0	0	0
<b>Balance at 30 June 2010</b>	<b>5,339</b>	<b>7,655</b>	<b>12,994</b>
<b>Accumulated amortisation and impairment losses</b>			
Balance at 1 July 2008	3,509	4,248	7,757
Amortisation expense	614	289	903
Disposals	0	0	0
<b>Balance at 30 June 2009</b>	<b>4,123</b>	<b>4,537</b>	<b>8,660</b>
Balance at 1 July 2009	4,123	4,537	8,660
Amortisation expense	551	523	1,074
Disposals	0	0	0
<b>Balance at 30 June 2010</b>	<b>4,674</b>	<b>5,060</b>	<b>9,734</b>
<b>Carrying amounts</b>			
<b>At 1 July 2008</b>	<b>1,530</b>	<b>1,334</b>	<b>2,864</b>
<b>At 30 June 2009</b>	<b>1,110</b>	<b>2,515</b>	<b>3,625</b>
<b>At 30 June 2010</b>	<b>665</b>	<b>2,595</b>	<b>3,260</b>

The total amount of intangible assets in the course of construction is \$493,000 (2009: \$1,820,000).

### 13 Creditors and Other Payables

	2010 Actual \$000	2009 Actual \$000
Creditors	9,131	5,905
Accrued expenses	6,330	8,403
<b>Total creditors and other payables</b>	<b>15,461</b>	<b>14,308</b>

Creditors and other payables are non-interest bearing and settled on 30 day terms, therefore the carrying value of creditors and other payables approximates their fair value.

### 14 Repayment of Surplus to the Crown

	2010 Actual \$000	2009 Actual \$000
Net surplus	2,915	1,839
<b>Total repayment of surplus</b>	<b>2,915</b>	<b>1,839</b>

The repayment of surplus is required to be paid by 31 October each year.

### 15 Provisions

	2010 Actual \$000	2009 Actual \$000
<b>Current provisions are represented by:</b>		
Onerous lease	314	516
Organisational change	1,142	2,124
<b>Total current portion</b>	<b>1,456</b>	<b>2,640</b>
<b>Non-current provisions are represented by:</b>		
Onerous lease	1,074	1,347
<b>Total non-current portion</b>	<b>1,074</b>	<b>1,347</b>
<b>Total provisions</b>	<b>2,530</b>	<b>3,987</b>

## Movements in provisions

Movements in each class of provision during the financial year are set out below.

	Onerous lease \$000	Organisational change \$000	Total \$000
<b>Consolidated</b>			
At 1 July 2009	1,863	2,124	3,987
Arising during the year	41	1,142	1,183
Utilised	(516)	(1,570)	(2,086)
Unused amounts reversed	0	(554)	(554)
<b>At 30 June 2010</b>	<b>1,388</b>	<b>1,142</b>	<b>2,530</b>
Current 2010	314	1,142	1,456
Non-current 2010	1,074	0	1,074
<b>At June 2010</b>	<b>1,388</b>	<b>1,142</b>	<b>2,530</b>
Current 2009	516	2,124	2,640
Non-current 2009	1,347	0	1,347
<b>At June 2009</b>	<b>1,863</b>	<b>2,124</b>	<b>3,987</b>

### Onerous lease

In June 2009, the Chief Executive made a decision to release two floors of the Ministry's Head Office building at 101 The Terrace Wellington. The following discount rates have been used to calculate the present value of the cost of the onerous lease:

Year 1	3.48%
Year 2	4.45%
Year 3+	6.00%

### Organisational Change

At 30 June 2010, a provision of \$1.1 million was made to cover costs arising from internal restructuring within a number of the Ministry's business units which were announced and planned prior to balance date. It is anticipated that in all cases restructuring will be completed within 12 months of balance date.



## 16 Employee Entitlements

	2010 Actual \$000	2009 Actual \$000
<b>Current employee entitlements are represented by:</b>		
Annual leave/TOIL/sea and alternate leave	2,625	3,020
Long service leave	347	183
Retirement leave	229	218
Sick leave	30	72
Payroll accrual	972	640
<b>Total current portion</b>	<b>4,203</b>	<b>4,133</b>
<b>Non-current employee entitlements are represented by:</b>		
Long service leave	176	191
Retirement leave	2,329	2,468
<b>Total non-current portion</b>	<b>2,505</b>	<b>2,659</b>
<b>Total employee entitlements</b>	<b>6,708</b>	<b>6,792</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** applies to those persons who have not had long service leave rolled into annual leave as at 30 June 2010. There are four possible options available to employees:

- > 10 working days after 10 years and then a further 10 days after 20 years service
- > 5 working days after 5 years, then 1 day per year for 5 years and then 5 days every 5 years
- > 5 days after 5 years, then 1 day per year for every subsequent year
- > 10 days after 10 years, then 5 days for every 5 years.

Employee entitlements to long service leave and retirement leave are valued actuarially. The valuation at 30 June 2010 was completed using an actuarial calculation model supplied by the New Zealand Treasury. The present value of the retirement and long service leave obligations depends on several economic and demographic factors that are determined on an actuarial basis using a package of assumptions. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any change to these assumptions is likely to impact on the carrying amount of the liability.

In determining the appropriate discount rate, the Ministry considered the interest rates on NZ government bonds which have terms to maturity that match, as far as possible, the estimated future cash outflows. The salary inflation factor has been determined after considering historical salary inflation patterns and on advice from an independent actuary. If the discount rate were to differ by plus/minus 1% from the Ministry's estimates, with all other factors held constant, the carrying amount of the liability would be an estimated \$8,000 higher/\$10,000 lower. If the salary inflation factor were to differ by plus/minus 1% from the Ministry's estimates, with all other factors held constant, the carrying amount of the liability would be an estimated \$10,000 higher/\$9,000 lower.

**17 Reconciliation of Net Surplus to Net Cash from Operating Activities for the Year Ended 30 June**

	2010 Main Estimates \$000	2010 Supplementary Estimates \$000	2010 Actual \$000	2009 Actual \$000
<b>Net surplus</b>	<b>0</b>	<b>0</b>	<b>2,915</b>	<b>1,839</b>
<b>Add non-cash items:</b>				
Depreciation and amortisation expense	3,180	2,698	2,779	2,394
<b>Total non-cash items</b>	<b>3,180</b>	<b>2,698</b>	<b>2,779</b>	<b>2,394</b>
<b>Movements in working capital items:</b>				
(Increase)/decrease in				
> debtors and other receivables	0	0	(4,422)	(1,596)
> prepayments	0	0	(123)	(143)
Increase/(decrease) in				
> creditors and other payables	0	0	1,153	1,058
> provisions	0	(2,000)	(1,457)	3,389
> employee entitlements	0	2,000	(84)	339
> unearned revenue	0	0	(94)	132
<b>Net increase/(decrease) in working capital items</b>	<b>0</b>	<b>0</b>	<b>(5,027)</b>	<b>3,179</b>
<b>Add/(less) investing activity items:</b>				
Net (gain)/loss on sale of property, plant and equipment and software	0	0	(34)	28
<b>Total investing activity items</b>	<b>0</b>	<b>0</b>	<b>(34)</b>	<b>28</b>
<b>Net cash from operating activities</b>	<b>3,180</b>	<b>2,698</b>	<b>633</b>	<b>7,440</b>

## 18 Related Party Transactions and Key Management Personnel

### Related party transactions

The Ministry is a wholly owned entity of the Crown. The Government significantly influences the roles of the Ministry as well as being its major source of revenue.

The Ministry enters into transactions with other government departments, Crown entities and state-owned enterprises on an arm's length basis. Those transactions that occur within a normal supplier or client relationship on terms and conditions no more or less favourable than those which it is reasonable to expect the Ministry would have adopted if dealing with that entity at arm's length in the same circumstance are not disclosed.

### Key management personnel compensation

	2010 Actual \$000	2009 Actual \$000
Salaries and other short-term employee benefits	1,615	1,774
<b>Total key management personnel compensation</b>	<b>1,615</b>	<b>1,774</b>

Key management personnel include the chief executive, five deputy chief executives and the manager of the office of the chief executive. The 2009 comparatives included the chief executive, six direct reports and the chief financial officer.

## 19 Financial Instrument Risks

The Ministry's activities expose it to a variety of financial instrument risks, including market risk, credit risk, and liquidity risk. The Ministry has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

### Credit Risk

Credit risk is the risk that 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, credit risk arises from debtors and transactions with financial institutions. There is no collateral held as security against these 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.

### Fair Value

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

### Market Risk

#### Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Ministry's foreign exchange management policy requires the Ministry to manage material currency risk arising from future transactions and recognised liabilities by entering into foreign exchange forward contracts. The Ministry's policy has been approved by the Treasury and is in accordance with the requirements of the Treasury Guidelines for the Management of Crown and Departmental Foreign-Exchange Exposure.

#### Interest Rate Risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate, or the cash flows from 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.

### Liquidity Risk

Liquidity risk is the risk that the Ministry will encounter difficulty raising liquid funds to meet commitments as they fall due.

In meeting its liquidity requirements, the Ministry closely monitors its forecast cash requirements with expected cash draw downs from the New Zealand Debt Management Office. The Ministry maintains a target level of available cash to meet liquidity requirements.

The table below analyses the Ministry's financial liabilities that will be settled based on the remaining period at 30 June 2010 to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Not Due \$000	Less than 6 months \$000	Between 6 months and one year \$000	Total \$000
<b>2009</b>				
Creditors	5,442	151	312	5,905
Accrued expenses	8,403	0	0	8,403
<b>Total</b>	<b>13,845</b>	<b>151</b>	<b>312</b>	<b>14,308</b>
<b>2010</b>				
Creditors	8,807	324	0	9,131
Accrued expenses	6,330	0	0	6,330
<b>Total</b>	<b>15,137</b>	<b>324</b>	<b>0</b>	<b>15,461</b>

## 20 Categories of Financial Instruments

The carrying amounts of financial assets and financial liabilities in each of the NZ IAS 39 categories are as follows:

	2010 Actual \$000	2009 Actual \$000
<b>Loans and receivables</b>		
Cash	1,760	4,772
Debtors and other receivables	26,204	21,782
<b>Total loans and receivables</b>	<b>27,964</b>	<b>26,554</b>
<b>Financial liabilities measured at amortised cost</b>		
<b>Creditors and other payables</b>	<b>15,461</b>	<b>14,308</b>

## 21 Capital Management

The Ministry's capital is its equity (or taxpayers' funds), which comprise general funds. Equity is represented by net assets.

The Ministry manages its revenues, expenses, assets, liabilities, and general financial dealings prudently. The Ministry's equity is largely managed as a by-product of managing income, expenses, assets, liabilities, and compliance with the Government Budget processes and with Treasury Instructions.

The objective of managing the Ministry's equity is to ensure the Ministry effectively achieves its goals and objectives for which it has been established, whilst remaining a going concern.

## 22 Major Budget Variations

### Comprehensive income statement

The variations from the initial 2009/2010 Budget Night (Main) Estimates to Supplementary Estimates were due to:

	<b>\$000</b>
1 The carry forward of fisheries research funding from 2008/09 into 2009/10	3,070
2 The carry forward of fisheries operations funding from 2008/09 into 2009/10	1,429
3 The carry forward of fisheries policy funding from 2008/09 into 2009/10	475
4 The carry forward of fisheries compliance funding from 2008/09 into 2009/10	67
5 An increase in funding for international travel under the Trade Negotiation Fund	56
6 An increase in funding to cover a secondment to MFAT	143
7 A transfer of funding to the Ministry for the Environment relating to the cross-departmental research fund	(354)
8 An increase in funding for the Interim Secretariat – South Pacific Regional Fisheries Management Organisation	193
9 A transfer to Vote Communication Security and Intelligence for the funding of the NZICNet project	(28)
10 A decrease in funding for the State Sector Retirement Savings Scheme	(50)
11 A transfer in funding from 2009/10 to 2010/11	(2,037)
12 Baseline Alignment Proposal – Aquaculture transfer from 2009/10 to 2010/11	(700)
<b>Total</b>	<b>2,264</b>

These movements are shown in the table below.

	Fisheries Policy \$000	Fisheries Information \$000	Fisheries Operations \$000	Fisheries Compliance \$000	Aquaculture \$000	SPRFMO \$000	Total \$000
Main Estimates	7,410	34,396	25,033	30,842	1,740	240	99,661
Expense transfers from 2008/09 into 2009/10	475 <sup>3</sup>	3,070	1,429 <sup>2</sup>	67 <sup>4</sup>			5,041
Trade Negotiation Fund	56						56
Secondment to MFAT	11	50	37	45			143 <sup>6</sup>
Distribution of the cross-departmental research fund			(354) <sup>7</sup>				(354)
SSRSS	(4)	(6)	(16)	(24)			(50)
Interim Secretariat – SPRFMO						193 <sup>8</sup>	193
NZ Intelligence Community Network (NZICNet)				(28) <sup>9</sup>			(28)
Expense transfers from 2009/10 into 2010/11	(162)	(360)	(1,515)				(2,037) <sup>11</sup>
Ministry internal realignments	1,542	(1,452)	(2,284)	3,163	(965)	(4)	-
Aquaculture transfer from 2009/10 to 2010/11	(129)	(41)	(174)	(356)			(700) <sup>12</sup>
<b>Total appropriations</b>	<b>9,199</b>	<b>35,657</b>	<b>22,156</b>	<b>33,709</b>	<b>775</b>	<b>429</b>	<b>101,925</b>
<b>Actual expenditure</b>	<b>8,549</b>	<b>30,735</b>	<b>20,011</b>	<b>32,391</b>	<b>695</b>	<b>327</b>	<b>92,708</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.

The cost of fisheries services provided by the Ministry of Fisheries during the period 1 July 2009 to 30 June 2010 is being recovered from the commercial fishing sector over the period 1 October 2009 to 30 September 2010.

These costs are 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 table shows actual cost recovery levies and departmental charges as a proportion of total departmental output expenditure for the period from 2006/07 through to 2009/10 and what is planned for 2010/11.

	2006/07 \$000	2007/08 \$000	2008/09 \$000	2009/10 \$000	2010/11 \$000
1 October cost recovery levies planned for each year (excluding the settlement credit and prior year's under and over recoveries)	32,919	32,785	35,686	34,121	34,574
Amount recoverable through levies after the application of the settlement credit and under and over recoveries from previous years	32,013	32,560	34,821	31,000	N/A*

\*Figures not available at time of this report.

The following non-departmental statements and schedules record the income, expenses, assets, liabilities, contingent liabilities, contingent assets, and trust accounts that the Ministry manages on behalf of the Crown.

## ■ Statement of Non-departmental Accounting Policies for the year ended 30 June 2010

### Reporting Entity

These non-departmental schedules and statements present financial information on public funds managed by the Ministry on behalf of the Crown.

These non-departmental balances are consolidated into the Financial Statements of the Government. For a full understanding of the Crown's financial position, results of operations and cash flows for the year, reference should also be made to the Financial Statements of the Government.

### Accounting Policies

The non-departmental schedules and statements have been prepared in accordance with the Government's accounting policies as set out in the Financial Statements of the Government, and in accordance with relevant Treasury Instructions and Treasury Circulars.

Measurement and recognition rules applied in the preparation of these non-departmental schedules and statements are consistent with NZ IFRS as appropriate for public benefit entities.

### Budget Figures

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

### Revenue

#### Fines and Penalties

Revenue from fines and penalties are recognised when the infringement notice is issued.

#### Cost Recovery Levies

Cost recovery levies recover the costs of fisheries-related conservation services and fisheries services:

- > provided to manage the harvesting or farming of fisheries resources; or
- > 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 2009 to 30 June 2010 is recovered from the commercial fishing sector over the period 1 October 2009 to 30 September 2010. Such revenue is reported in the financial period to which the revenue relates.

#### Deemed Value Charges

Revenue from deemed value charges is recognised three months after the end of the fishing year after completion of review processes.

#### Debtors and Other Receivables

Debtors and other receivables are recognised and carried at original invoice amount less provision for impairment.

Impairment of a receivable is established when there is objective evidence that the Ministry will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the debtor is impaired.



## Creditors and Other Payables

Creditors and other payables are stated at cost and due to their short-term nature, they are not discounted.

## Goods and Services Tax

All items in the financial statements, including appropriation statements, are stated exclusive of GST, except for receivables and payables, which are stated on a GST-inclusive basis. In accordance with Treasury Instructions, GST is returned on revenue received on behalf of the Crown, where applicable. However, an input tax deduction is not claimed on non-departmental expenditure. Instead, the amount of GST applicable to non-departmental expenditure is recognised as a separate expense and eliminated against GST revenue on consolidation of the government financial statements.

## Schedule of Non-departmental Revenue and Expenditure

	Notes	2010 Main Estimates \$000	2010 Supplementary Estimates \$000	2010 Actual \$000	2009 Actual \$000
<b>Revenue</b>					
Cost recovery levies	1	29,326	29,326	33,729	29,186
Deemed value charges		2,500	2,500	2,724	5,590
Other	2	325	1,255	2,049	1,058
<b>Total revenue</b>	<b>3a</b>	<b>32,151</b>	<b>33,081</b>	<b>38,502</b>	<b>35,834</b>
<b>Expenditure</b>					
Operating	4	11,957	12,032	3,266	41,488
<b>Total expenditure</b>	<b>3b</b>	<b>11,957</b>	<b>12,032</b>	<b>3,266</b>	<b>41,488</b>

These schedules should be read in conjunction with the notes on pages 83 to 87.

## ■ Schedule of Non-departmental Assets and Liabilities as at 30 June 2010

	Notes	2010 Main Estimates \$000	2010 Supplementary Estimates \$000	2010 Actual \$000	2009 Actual \$000
<b>Assets</b>					
<b>Current assets</b>					
Cash	5	3,788	901	2,027	3,901
Debtors and other receivables	6	7,833	12,065	11,085	12,875
Prepayments	7	128	181	192	181
<b>Total current assets</b>		<b>11,749</b>	<b>13,147</b>	<b>13,304</b>	<b>16,957</b>
<b>Total non-departmental assets</b>		<b>11,749</b>	<b>13,147</b>	<b>13,304</b>	<b>16,957</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Creditors and other payables	8	71,254	8,751	9,368	108,068
Over and under recovered costs	9	5,679	10,973	7,922	10,971
<b>Total current liabilities</b>		<b>76,933</b>	<b>19,724</b>	<b>17,290</b>	<b>119,039</b>
<b>Term liabilities</b>	<b>10</b>	<b>140</b>	<b>140</b>	<b>140</b>	<b>140</b>
<b>Total non-departmental liabilities</b>		<b>77,073</b>	<b>19,864</b>	<b>17,430</b>	<b>119,179</b>

These schedules should be read in conjunction with the notes on pages 83 to 87.

## ■ Statement of Non-departmental Expenditure against Appropriations for the year ended 30 June 2010

	2010 Appropriation* \$000	2010 Actual \$000	2009 Actual \$000
<b>Appropriations for other expenses incurred by the Crown: annual appropriation</b>			
Settlements	10,922	2,449	39,209
Provision for bad debts/ bad debt write-off	473	200	1,950
Deemed value debt adjustment	238	238	15
Subscriptions to international organisations	375	373	309
Bad debt write-off	0	5	0
Quota share/ACE administration costs	24	1	4
GST on expenses	0	0	1
<b>Total</b>	<b>12,032</b>	<b>3,266</b>	<b>41,488</b>

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

## ■ Statement of Non-departmental Unappropriated Expenditure for the year ended 30 June

There has not been any unappropriated expenditure for the year ended 30 June 2010 (2009 \$9,000).

These schedules should be read in conjunction with the notes on pages 83 to 87.

## ■ Statement of Non-departmental Contingent Liabilities and Contingent Assets

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.

### Quantifiable Contingent Liabilities

	2010 Actual \$000	2009 Actual \$000
Legal proceedings	100	650
<b>Total quantifiable contingent liabilities</b>	<b>100</b>	<b>650</b>

Legal proceedings relate to a Ministry decision on the Tasman Interim Aquaculture Management Areas, which is subject to appeal and judicial review (\$0.100m). There is uncertainty relating to the amount and timing of any outflow.

It is unlikely there will be any reimbursement of these costs.

### Unquantifiable Contingent Liabilities

The Ministry has contingent liabilities which cannot be quantified at 30 June 2010. These arise primarily from:

- (a) two judicial reviews
- (b) permitting decisions relating to non-commercially harvested species
- (c) a Treaty of Waitangi claim.

### Contingent Assets

The Ministry on behalf of the Crown has no contingent assets (2009 nil).

These schedules should be read in conjunction with the notes on pages 83 to 87.

## ■ Notes to the Non-departmental Schedules for the year ended 30 June 2010

### 1 Cost Recovery Levies

	2010 Main Estimates \$000	2010 Supplementary Estimates \$000	2010 Actual \$000	2009 Actual \$000
Fisheries services	28,273	28,273	32,357	27,857
Conservation services	1,053	1,053	1,372	1,329
<b>Total</b>	<b>29,326</b>	<b>29,326</b>	<b>33,729</b>	<b>29,186</b>

### 2 Other Revenue

	2010 Main Estimates \$000	2010 Supplementary Estimates \$000	2010 Actual \$000	2009 Actual \$000
Sale of quota/ACE	0	0	110	645
Forfeitures and redemptions	150	1,000	1,371	75
Fisheries research catch	0	0	201	0
Infringement notices	125	150	222	197
Interest	30	65	94	43
Other	20	40	51	98
<b>Total</b>	<b>325</b>	<b>1,255</b>	<b>2,049</b>	<b>1,058</b>

### 3 Major Budget Variations

The variations from the initial 2009/2010 Budget Night (Main) Estimates to Supplementary Estimates were due to:

	\$000
<b>(a) Revenue</b>	
Forfeitures and redemptions	850
Investment income – trust account interest earned	35
Infringement notices issued	25
Other revenue	20
<b>Total</b>	<b>930</b>
<b>(b) Non-departmental expenditure</b>	
Subscriptions to international organisations	75
<b>Total</b>	<b>75</b>

#### 4 Operating Expenditure

	2010 Main Estimates \$000	2010 Supplementary Estimates \$000	2010 Actual \$000	2009 Actual \$000
Settlements	10,922	10,922	2,449	39,209
Increase/(decrease) in provision for bad/doubtful debts	711	473	200	1,950
Deemed value debt adjustment	0	238	238	15
Subscriptions to international organisations	300	375	373	309
Bad debt write-offs	0	0	5	0
Quota share/ACE administration costs	24	24	1	4
GST on expenses	0	0	0	1
<b>Total operating expenditure</b>	<b>11,957</b>	<b>12,032</b>	<b>3,266</b>	<b>41,488</b>

#### 5 Cash

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.

	2010 Main Estimates \$000	2010 Supplementary Estimates \$000	2010 Actual \$000	2009 Actual \$000
Infringement receipts	0	0	27	60
Receipts on behalf of the Crown	0	0	120	152
Funding for payments on behalf of the Crown	3,788	901	1,880	3,689
<b>Total cash</b>	<b>3,788</b>	<b>901</b>	<b>2,027</b>	<b>3,901</b>

## 6 Debtors and Other Receivables

	2010 Main Estimates \$000	2010 Supplementary Estimates \$000	2010 Actual \$000	2009 Actual \$000
Trade debtors	14,377	17,110	7,826	8,751
<i>Less:</i>				
Provision for doubtful debts	(6,544)	(5,045)	(4,772)	(4,572)
Net debtors	7,833	12,065	3,054	4,179
Accrued revenue	0	0	8,031	8,696
<b>Total debtors and other receivables</b>	<b>7,833</b>	<b>12,065</b>	<b>11,085</b>	<b>12,875</b>

Trade debtors are generally on 30 day terms. As at 30 June 2010 and 2009, all debtors have been assessed for impairment and appropriate provisions applied, as detailed below:

	2010			2009		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
Not past due	10,870	0	10,870	8,700	0	8,700
Past due 1–12 months	722	(670)	52	8,668	(4,530)	4,138
Past due 13–24 months	2,011	(1,848)	163	26	(13)	13
Past due 25–36 months	2,143	(2,143)	0	11	(6)	5
Past due over 37 months	111	(111)	0	42	(23)	19
<b>Total</b>	<b>15,857</b>	<b>(4,772)</b>	<b>11,085</b>	<b>17,447</b>	<b>(4,572)</b>	<b>12,875</b>

The provision for doubtful debts has been calculated based on forecast losses for the Crown's pool of debtors. Forecast losses have been determined based on a review of specific debtors.

Movements in the provision for doubtful debts are as follows:

	2010 Actual \$000	2009 Actual \$000
Balance at 1 July	4,572	2,622
Additional provisions made during the year	200	1,950
Receivables written off during period	0	0
<b>Balance at 30 June</b>	<b>4,772</b>	<b>4,572</b>

## 7 Prepayments

	2010 Main Estimates \$000	2010 Supplementary Estimates \$000	2010 Actual \$000	2009 Actual \$000
Subscriptions to international organisations	128	181	192	181
<b>Total prepayments</b>	<b>128</b>	<b>181</b>	<b>192</b>	<b>181</b>

## 8 Creditors and Other Payables

	2010 Main Estimates \$000	2010 Supplementary Estimates \$000	2010 Actual \$000	2009 Actual \$000
Creditors	432	0	0	0
GST payable on receipts on behalf of the Crown	334	377	306	377
Accrued expenses	488	(157)	188	82
Commercial aquaculture	70,000	8,531	8,874	107,609
<b>Total creditors and other payables</b>	<b>71,254</b>	<b>8,751</b>	<b>9,368</b>	<b>108,068</b>

Creditors and other payables are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value of creditors and other payables approximates their fair value.

The Māori Commercial Aquaculture Claims Act 2004 provides a full and final settlement of Māori contemporary claims to commercial aquaculture space created since 21 September 1992.

The Act establishes the Crown's obligation to provide iwi with the equivalent of 20 percent of the aquaculture space created between 21 September 1992 and 31 December 2004 ("pre-commencement space") plus an additional obligation to provide 20 percent of all new space created. If the settlement cannot be achieved through a transfer of "space," then it must be resolved through a financial transfer to iwi.

During 2009/10, the Crown paid \$102 million of this settlement to the South Island and Coromandel iwi of the Crown's pre-commencement aquaculture space obligations.

On behalf of the Crown, the Ministry of Fisheries engaged Mr Lex Hayward to provide a valuation of the pre-commencement space obligations as at 30 June 2009. The same valuation methodology has been applied to the outstanding space as at 30 June 2010.



## 9 Over and Under-recovered Costs

Section 265 of the Fisheries Act 1996 creates a mandatory obligation on the Minister of Fisheries and Aquaculture 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 2010 to be applied against future cost recovery levy orders.

	2010 Main Estimates \$000	2010 Supplementary Estimates \$000	2010 Actual \$000	2009 Actual \$000
Net over recovery of costs	5,679	10,973	7,922	10,971
<b>Total net over recovered costs</b>	<b>5,679</b>	<b>10,973</b>	<b>7,922</b>	<b>10,971</b>

## 10 Term Liabilities

	2010 Main Estimates \$000	2010 Supplementary Estimates \$000	2010 Actual \$000	2009 Actual \$000
Transfer of quota	140	140	140	140
<b>Total term liabilities</b>	<b>140</b>	<b>140</b>	<b>140</b>	<b>140</b>

## ■ Statement of Trust Monies for the year ended 30 June 2010

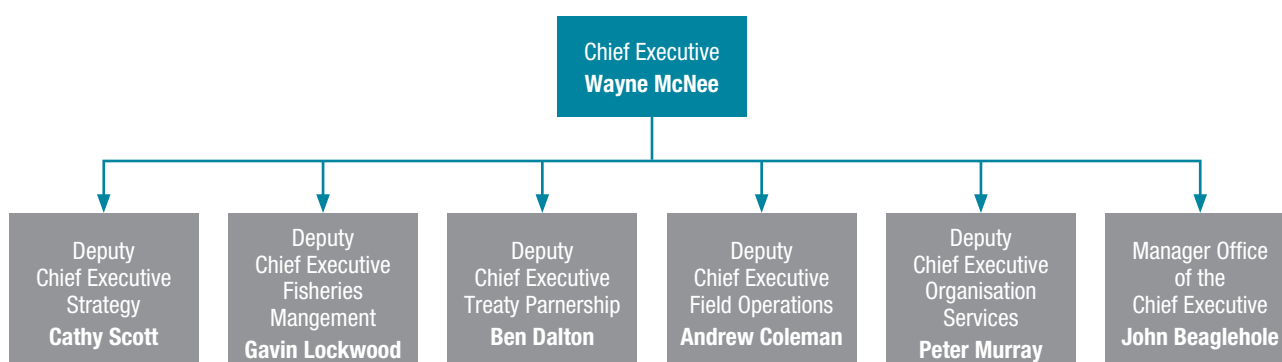
	Declared Overfishing Account <sup>1</sup> \$000	Forfeit Property Account <sup>2</sup> \$000	Total \$000
<b>Balance at 1 July 2009</b>	<b>1,108</b>	<b>3,036</b>	<b>4,144</b>
<i>Plus:</i>			
– Contribution	4,893	426	5,319
– Revenue	30	66	96
<i>Less:</i>			
– Distribution	(4,818)	(2,336)	(7,154)
– Expenses	0	(80)	(80)
<b>Balance at 30 June 2010</b>	<b>1,213</b>	<b>1,112</b>	<b>2,325</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.

## Part Six: Other Information

### MINISTRY INFORMATION

#### The Strategic Leadership Team (as at 30 June 2010)



The Chief Executive, five Deputy Chief Executives (DCEs) and the Manager Office of the Chief Executive make up the Strategic Leadership Team (SLT), ensuring that the organisation operates in an integrated way and delivers on Government priorities and actions from Fisheries 2030.

- > The DCE Fisheries Management is responsible for determining fisheries management priorities and the services required from the other parts of the organisation and externally. Underpinning Fisheries Management will be five objective-based fisheries plans.
- > The DCE Strategy is responsible for system design, development, standard setting, Treaty settlement negotiation and the co-ordination of fisheries strategy and regulatory activities. The Strategy Group brings together existing policy, international, standards and regulatory functions. The chief scientist is in this group, as the Ministry's expert in marine sciences with a focus on overall science system quality and integrity.
- > The DCE Treaty Partnership is responsible for advising all groups on obligations to Māori and maintaining and building clarity within the organisation on our obligations as well as providing support to the Chief Executive. Treaty Partnership focuses on the delivery of the Crown's treaty obligations and settlement responsibilities.
- > The DCE Field Operations is responsible for delivering cost-effective intervention services to manage compliance risk and achieve fisheries management objectives. The Field Operations Group, based around the former Compliance Group with the addition of a Field Operations Strategy Team, as well as Special Operations and Observer Services, has a significant responsibility for delivery of services for fisheries management and an increased focus on education and liaison.
- > The DCE Organisation Services is responsible for providing efficient and effective support services to the organisation, including developing organisational capability to implement strategy in a way that meets government obligations. The four teams in the Organisational Services Group are Information, Finance, Human Resources and Legal.
- > The Manager Office of the Chief Executive is responsible for managing key projects and change across the organisation, monitoring and evaluating the performance of the Ministry, external communications, strategic risk management, ministerial services and organisational governance processes, aquaculture development, as well as processing aquaculture and special permit applications.

## Staff

The following tables provide statistics on the Ministry's Human Resources.

### Staff/average length of service and turnover

	2009/10	2008/09
Total staff numbers (FTE)	437	457
Weighted average length of service (yrs)	8.6	8.0
<b>Gross Turnover</b>	<b>19.2%<sup>6</sup></b>	<b>11.6%</b>

### Salary bands

Range	2009/10	2008/09
Under \$40,000	3	7
\$40,000–\$59,999	139	155
\$60,000–\$79,999	134	152
\$80,000–\$99,999	80	65
Over \$100,000	81	78
<b>Total</b>	<b>437</b>	<b>457</b>

<sup>6</sup> Gross turnover includes full-time-equivalent staff and staff on fixed-term contracts but excludes contractors.

## State Sector Goals

The following table outlines the Ministry's achievements during 2009/10 under the State Sector Goals:

<b>Employer of Choice</b>	
Ensure the State Services is an employer of choice attractive to high performers, who are committed to service and the achievement of results.	
<b>Indicators</b>	<b>Achievement</b>
Reputation: Perceptions of the State Services as a place to work.	<p>Internal communications has been better integrated within the Ministry and an internal communications plan was developed with its focus to communicate to staff what's going on, any new organisational arrangements, Fisheries 2030 work through face-to-face meetings, Chief Executive podcasts, Senior Leadership Team video conferences, Chief Executive emails and the fortnightly in-house newsletter.</p> <p>The Ministry upgraded its induction programmes for cohorts of new staff in Strategy, Treaty Partnership and Fisheries Management and Customary groups in 2010.</p>
Staff engagement: Engagement levels of staff in State Services agencies, including perceptions about the effectiveness of development plans, processes and opportunities.	<p>The March 2010 Gallup Survey showed a small improvement in engagement levels over the previous year despite the potentially negative effects of the change processes.</p> <p>Core unplanned turnover has remained between 5.9% and 7.5% per annum. Approximately 76% of staff had Performance and Development Agreements registered in the Human Resources Information System at year end compared to 63% in January 2010.</p>
Chief executive/agency: The extent to which agencies are specifying the competencies they require of their people to meet current and future organisational needs.	<p>Lominger competencies are included in all new position descriptions, including generic managerial and staff position descriptions created as part of the Organisational Design Review process. Many jobs, particularly in Field Operations, also use technical competencies developed in-house and linked to remuneration and development.</p> <p>Approximately 70% of the Ministry's jobs are in the new position description format and it is expected that over 80% of jobs will be in the new format by June 2011.</p> <p>Structured interview questions for Lominger competencies are commonly used in appointment processes. Lominger competencies are also used in performance and development agreements, and individual development plans.</p>
Sector: The extent to which a learning and development framework is used across the sector to improve agencies' performance.	<p>The Ministry uses common competency-frameworks throughout its people practices. This involves using Lominger and technical competencies derived from individual and group objectives in its business plans, position descriptions, recruitment processes, performance and development processes, leadership development and talent management.</p> <p>The Ministry has a target of at least 5 days' training and development for each staff member per annum, and has achieved that target at an aggregate level of an average of 9 days training per staff.</p>

<b>Value-for-Money State Services</b>	
Uses resources and powers in efficient, appropriate and effective ways.	
<b>Indicators</b>	<b>Achievement</b>
The extent to which decision makers are taking account of longer-term economic and fiscal impacts of government activities.	The expenditure review forms an integral part of the Ministry's annual planning and budgeting cycle for both the development of the SOI and FSP.
Develop strategies for engaging with tangata whenua and stakeholders with an emphasis on ensuring value for money for all New Zealanders.	<p>The Ministry has developed a strategy for the development of iwi fisheries plans (IFP) and forum fisheries plans (FFP). The strategy aims to assist tangata whenua to integrate their fisheries interests and to provide the opportunity for tangata whenua to have effective input into all appropriate levels of fisheries management.</p> <p>The Ministry will begin engaging with tangata whenua and other stakeholders on the strategy in July 2010 and it aims to have the first IFP/FFP completed by the end of December 2010.</p>
Complete the Observer Services Strategy and Research Services Strategy reviews to deliver cost-effective services in each of these areas.	<p>The Observer Services Strategy review has four workstreams. A report combining the results of workstreams 1 (cost-efficiency) and 2 (process improvement) is currently being finalised. The report highlights that the Ministry needs to look at travel and accommodation of Observers in the first instance to improve cost-efficiency.</p> <p>The Research Services Strategy was completed and implementation began during the year. The strategy will improve research planning, prioritisation and procurement.</p>
The extent to which agencies use and publish value-for-money indicators and benchmarks.	Providing value for money is a key consideration for the Ministry. A number of initiatives have sought to improve design and efficiency of the Ministry's activities and services including the revised fisheries plan model, review of regulations and the targeted review of Organisational Services. The Research Services Strategy has been completed and the Observer Services Strategy is underway.

<b>Trusted State Services</b>	
Strengthen trust in the State Services, and reinforce the spirit of service.	
<b>Indicators</b>	<b>Achievement</b>
Trustworthiness exhibited by State servants. The extent of New Zealanders' confidence in the integrity of State servants when delivering services. The six elements are:	
> Agencies of the State Services have standards of integrity and conduct that meet the State Services Commissioner's minimum standards.	The Ministry places a strong emphasis on delivering against expectations, which includes meeting the standards in the Ministry's Code of Conduct. The Ministry participated in the SSC's Integrity and Conduct survey in mid-March 2010 and will incorporate the results into ongoing work on integrity and conduct.
> Agencies of the State Services promote their standards of integrity and conduct.	All employment offers contain Ministry Code of Conduct material. The topic is extensively covered in inductions, fishery officer training and Observer training. The Ministry promotes its values in various ways, with integrity being a fundamental value.
> Standards of integrity and conduct are integrated into the behaviour of State Servants.	The Ministry has developed employment agreements, position descriptions and performance agreements designed to meet expectations while also meeting Code of Conduct standards.
> Managers model the standards of integrity and conduct in their behaviour.	Generic manager position descriptions created as part of the ODR include a requirement to effectively manage and meet Code of Conduct responsibilities. These are complemented by expectations set in performance agreements, training and communications.
> Consequences for behaviour that breaches the standards of integrity and conduct are known by State Servants.	The consequences for breaches of the Code of Conduct are explained in the Ministry's inductions, fishery officer training, general communications and individual cases where breaches are suspected.
> Agencies act decisively when breaches occur.	The Ministry sets a high standard as an organisation in a position of trust and takes breaches of standards of conduct and integrity very seriously. Suspected breaches are investigated and dealt with promptly.
<b>Networked State Services</b>	
Use technology to transform the provision of services for New Zealanders.	
<b>Indicators</b>	<b>Achievement</b>
Grouping of services/transactions that apply technology to allow an individual – from one place at the same time – to access multiple programmes.	The Ministry has begun discussing the full range of governance options for a multi-agency implementation of the Natural Aquatic Biodiversity Information System (NABIS). The most obvious options include: <ul style="list-style-type: none"> <li>&gt; the Ministry (or another single agency) hosting the multi-agency implementation</li> <li>&gt; a private provider hosting the implementation</li> <li>&gt; two or more agencies hosting mirrored versions of the implementation.</li> </ul>
Channel synchronisation of government transactions – within an agency or across government.	The Ministry's new Information Services Strategic Plan (ISSP), which identifies opportunities for improved performance, was approved in March 2010. The ISSP describes the current and future ICT state for the Ministry and details a three-year work programme.
The extent to which technology supports a user having to give the same information to government only once.	Web Channel Strategy – the project has only recently started and in December 2010 will provide a clearer view about how quickly the Ministry can begin providing this data to our external industry partners.

<b>Coordinated State Agencies</b>	
Ensure the total contribution of government agencies is greater than the sum of its parts.	
<b>Indicators</b>	<b>Achievement</b>
<p>The extent to which the three dimensions of successful coordination – mandate, systems and behaviours – are present and their use is impacting on results.</p> <p>Natural Resources Sector Network to reduce adverse impacts on the marine environment and protected species caused by activities other than fishing.</p> <p>The National Maritime Coordination Centre (NMCC) for fisheries compliance activities.</p>	<p>The Ministry has participated in Natural Resources Sector (NRS) CE and DCE forums. This work has included the collective development of economy and environment principles and subsequent work to develop guidance for their use in policy development.</p> <p>Risk-based Surveillance Planning has been operational since August 2009. The scheme aims to identify and differentiate relative risk of maritime areas of the New Zealand Exclusive Economic Zone (EEZ).</p> <p>The Ministry uses a risk-based matrix to assist in the securing of Defence or other agency platforms for fisheries compliance activities.</p> <p>The Ministry continues to use aerial surveillance, largely provided by the P3-K Orion, to monitor both deepwater fisheries and EEZ boundary integrity. The Orion is further used to support international obligations, for example, WCPFC and CCAMLR.</p>
<b>Accessible State Services</b>	
Enhance access, responsiveness and effectiveness, and improve New Zealanders' experience of State Services.	
<b>Indicators</b>	<b>Achievement</b>
<p>Uptake of services.</p> <p>Service user's individual circumstances are taken into account.</p> <p>User's experience and expectations inform service design and improvement.</p>	<p>The Ministry has carried out planning and development of standards to consolidate our existing websites and improve users' experience. We expect redevelopment to start in late 2010.</p> <p>The NABIS is an interactive web-based mapping tool. Users can map and display information about New Zealand's marine environment, species distributions and fisheries management. The functionality that allows users to customise the display of the web mapping system was implemented in March 2010. Additional features such as monitoring deepwater fishing vessels using NABIS and GPS coordinates will be completed by July 2010.</p>



## ■ Legislation Administered by the Ministry as at 30 June 2010

### Public Acts

Antarctic Marine Living Resources Act 1981

Fisheries Act 1983

Driftnet Prohibition Act 1991

Treaty of Waitangi (Fisheries Claims) Settlement Act 1992

Ministry of Agriculture and Fisheries (Restructuring) Act 1995

Fisheries Act 1996

Fisheries (Quota Operations Validation) Act 1997

Māori Commercial Aquaculture Claims Settlement Act 2004

Māori Fisheries Act 2004

### Regulations

In addition, the Ministry of Fisheries administers regulations made under these Acts, related to the management of fisheries within New Zealand fisheries waters.

## ■ 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) 819 4600**

**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 number:

- > 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)

**Email:** [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.

**Bycatch:** The other fish species, birds and marine mammals that fishers may catch accidentally while targeting a specific species.

**CCAMLR:** Commission for the Conservation of Antarctic Marine Living Resources.

**CCSBT:** Commission for the Conservation of Southern Bluefin Tuna – an RFMO responsible for the protection of southern bluefin tuna.

**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.

**Fish stock:** a species of fish, shellfish or other marine life within a particular area of the country that is treated as one “unit” by the fisheries management system. Catch allowances are set for commercial, recreational and customary fishers for each fish stock (area).

**IUU:** Illegal, unreported and unregulated fishing – illegal fishing activity.

**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.

**QMS:** Quota Management System – the term applied to New Zealand’s fishery management system that works by allocating rights to fish certain species as individual transferable quotas. A limit is set on the amount of each fish stock that may be taken in a given year.

**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.

**TAC:** Total Allowable Catch – this is the total amount (in tonnes) of fish stocks within the QMS that can be caught by fishers each year, whether they are recreational, customary or commercial fishers.

**TACC:** Total Allowable Commercial Catch – the portion of the TAC for each fish stock allocated to commercial fishers.

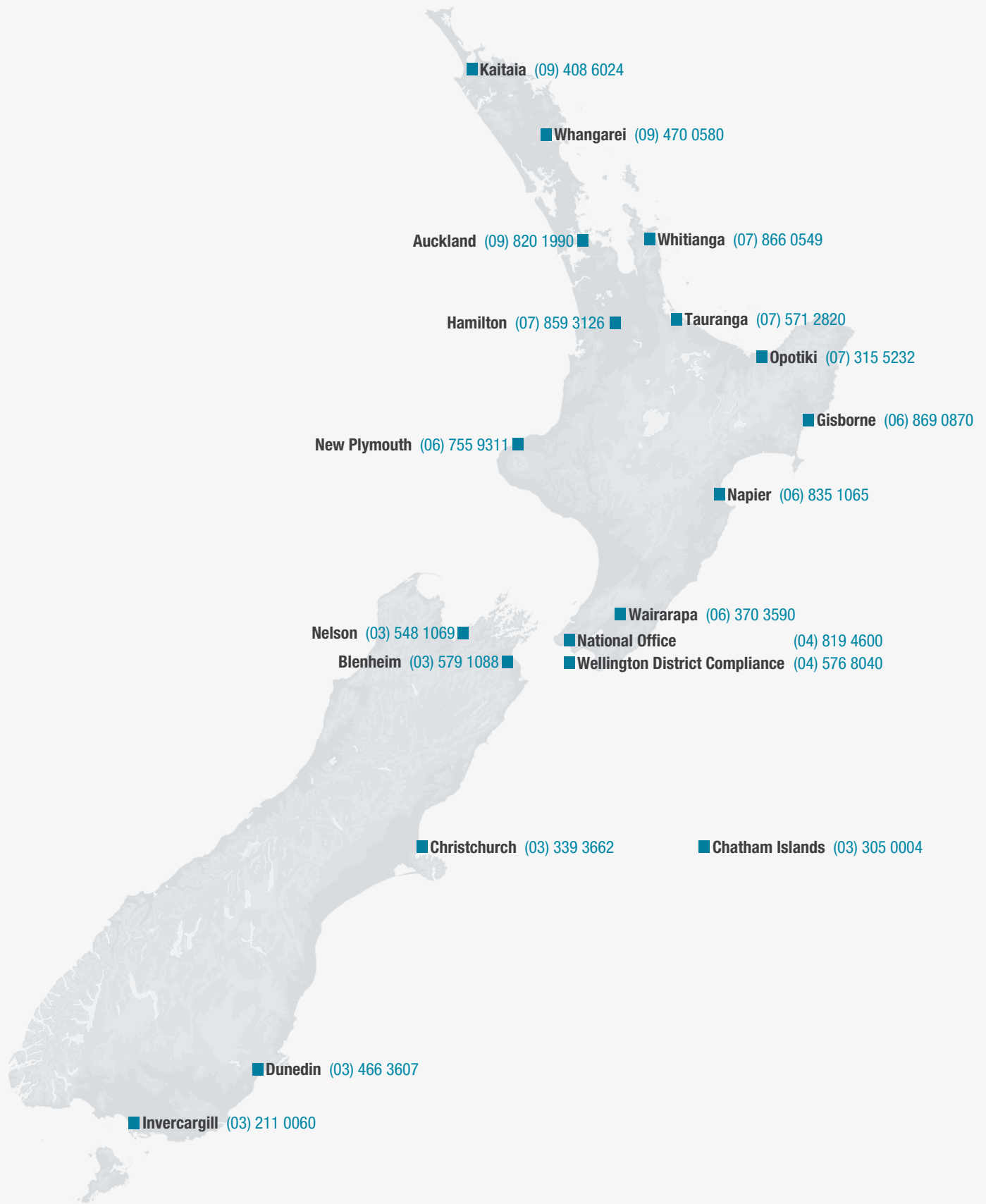
**Tangata whenua:** In relation to a particular area, means the hapū, or iwi, that is Māori and holds mana whenua (customary authority) over that area.

**SPRFMO:** South Pacific Regional Fisheries Management Organisation, which will manage non-highly migratory species in the high seas of the South Pacific Ocean.

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

**Taiāpure:** Taiāpure/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.

**WCPFC:** Western and Central Pacific Fisheries Commission.



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■ Hamilton (07) 859 3126

■ Tauranga (07) 571 2820

■ Opotiki (07) 315 5232

■ New Plymouth (06) 755 9311

■ Gisborne (06) 869 0870

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