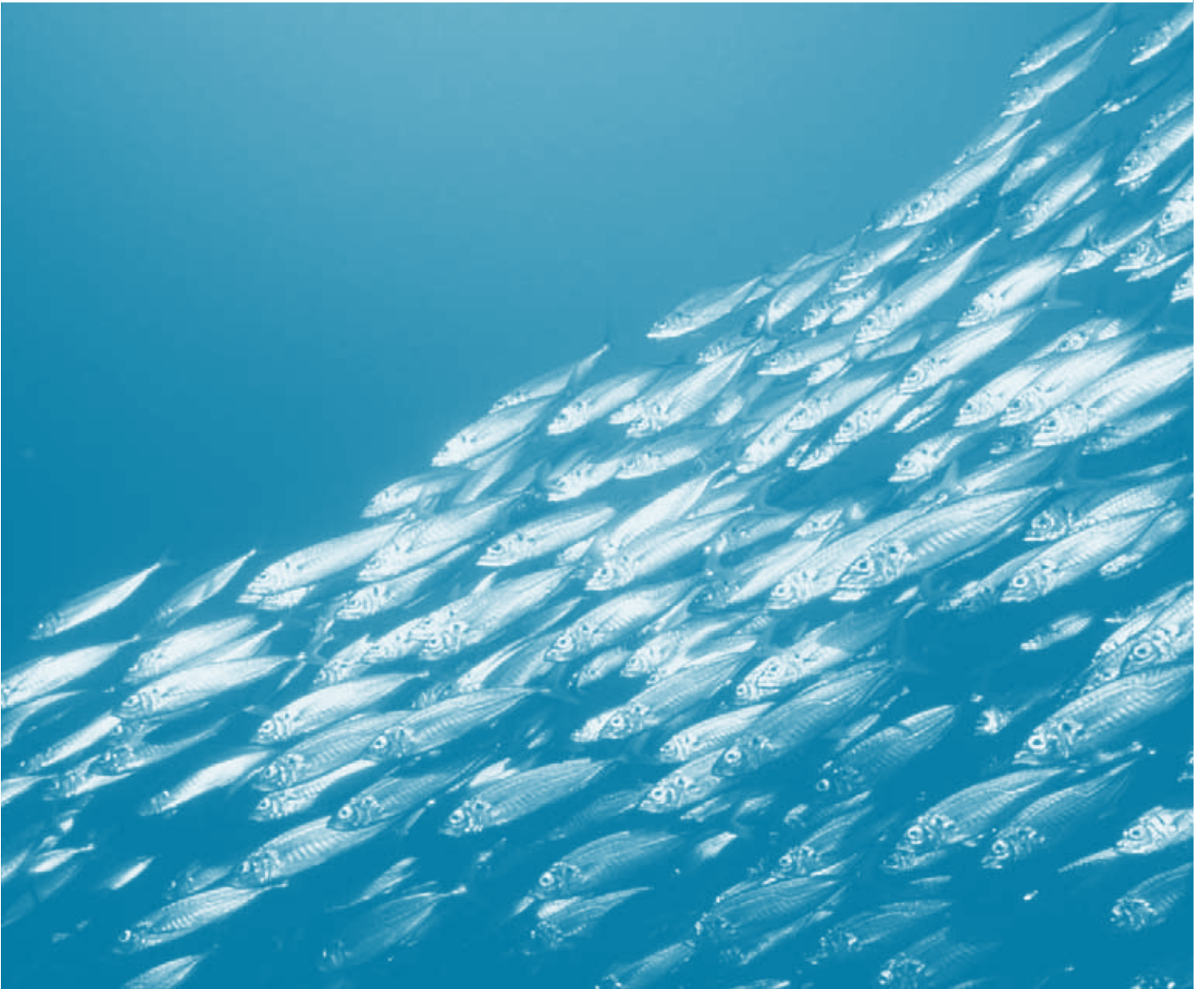




# Annual Report – 2007/08

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



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## ■ FOREWORD

### Building on Success – Charting the Way toward a Sustainable Future

I'm pleased to present my first Annual Report as Chief Executive of the Ministry of Fisheries. The achievements of the past year are a credit to all Ministry staff, but in particular to Stan Crothers, who was Acting Chief Executive until I joined the Ministry in January 2008.

My overriding impression is that the New Zealand fishing sector has a sound foundation, great people, and is at the leading edge of fisheries management. Our careful management over the last two decades has put us in a strong position compared with many other countries. This is not an accident. We've worked hard as a nation to build strong foundations for fisheries management. Our methods are innovative and successful compared with many other countries, where some are now fighting to save their fisheries. In New Zealand we're striving for better value and planning for a sustainable future.

We still have a wide range of strategic choices. We also have a sector with diverse interests and views. To successfully face the challenges of the future we need to work together to build a consensus about where we're heading.

The Ministry is now developing Fisheries 2030 – a vision and strategy for the future management of our fisheries, both domestically and internationally. We've just begun preliminary talks with key stakeholder representatives, ahead of a round of formal public consultation early next year.

Consultation on the Ministry's Treaty Strategy is also underway. This strategy is intended to ensure the Crown delivers on its specific fisheries obligations to Māori, as part of its responsibilities under the Fisheries Act 1996 and the 1992 Deed of Settlement.

Over the coming months Ministry staff will attend hui around the country to discuss these issues with tangata whenua and look at ways to assist future iwi participation in Ministry processes.

To further enhance our engagement with iwi, this year we established an Iwi Leadership Group. This group is made up of respected iwi leaders who will provide ongoing advice and support to our Strategic Leadership Team on ways to improve our relationships with and deliver on our obligations to tangata whenua.

Good progress has been made this past year in the development of fisheries plans with stakeholders around the country. This process has seen tangata whenua and stakeholders from a range of sectors work together to plan for the future of our fisheries. This is an exciting time in fisheries management and the first fisheries plans are beginning to take shape.

This year saw significant progress in the shared fisheries policy initiative. The joint proposal received from the Seafood Industry Council, the Treaty of Waitangi Fisheries Commission Te Ohu Kai

Moana and the New Zealand Recreational Fishing Council to work collectively on these issues represents important progress in this area. A working group and a 12 member steering group, with broad participation across the fisheries sector, was also established. Over the coming year we intend to work together to review and further develop the ideas generated from this group's collaboration.

In the international arena we're building our reputation and taking the lead in important negotiations. Globally, fisheries are changing dramatically so our input and involvement in these multi-lateral forums and agreements is crucial to keep us ahead of the tide. Our involvement in several high-level compliance operations in the past year has also strengthened our relationships and proved our commitment to our international obligations.

Environmental certification is fast becoming an expected quality standard. Assurance of environmental sustainability, like assurance of food hygiene and safety, is becoming simply another part of doing business, particularly in the international market. To be competitive we need to become a world leader in demonstrating the environmental performance of our fisheries. The government has now set up a contestable certification fund to encourage the New Zealand fishing and aquaculture industries to demonstrate and improve on their environmental performance through independent certification.

A notable achievement for the Ministry this past year was the highly publicised Operation PAID – our largest domestic enforcement operation in recent years. Operation PAID reeled in nearly 70 suspects after a covert investigation into a gang poaching pua from the Wellington coastline. Poaching deprives recreational fishers of the opportunity to catch a meal, threatens an iconic customary fishery, and robs the commercial industry and the economy of millions of dollars in domestic and export earnings. The results of this operation are a credit to the fishery officers and police involved and will act as a deterrent to those considering involvement in illegal fishing activity.

This year we have continued to support the development of New Zealand's aquaculture industry. Aquaculture has immense potential for growth and we intend to support this industry to reach its future goals.

Our focus now, and in the years to come, is to continue to build on our success and to chart the way toward a sustainable future for New Zealand's fisheries.

Pursuant to section 39 of the Public Finance Act 1989, I am pleased to present our Annual Report on the operations of the Ministry of Fisheries for the year ended 30 June 2008.



**Wayne McNee**  
Chief Executive  
September 2008

## ■ New Zealand Fisheries at a Glance

### Environment

NZ Marine Fisheries Waters (EEZ and Territorial Sea)	4.4 million km <sup>2</sup>
NZ Coastline	15,000 km
Marine species identified <sup>1</sup>	16,000
Species commercially fished	130
Area closed to bottom trawling (fisheries restrictions)	
Territorial Sea	15%
Exclusive Economic Zone	32%
Primary productivity	Moderate with some high
Ecosystems	Diverse
Climate	Sub-tropical to sub-Antarctic

### Quota Management System Stocks

Species/species complexes in QMS	96
Individual stocks in QMS	629
Percentage of catch (by weight and value) from assessed stocks <sup>2</sup>	69%
Stocks with known status at or near target level <sup>3</sup>	71%
Allowable commercial take (TACC) <sup>4</sup>	573,000 tonnes
Actual catch (greenweight)	441,000 tonnes

### Commercial Fisheries and Aquaculture

Total seafood export value, 2007 (FOB) <sup>5</sup>	\$1.3 billion
Aquaculture exports <sup>6</sup>	\$223 million
Total seafood exports, 2007 <sup>7</sup>	321,502 tonnes
Total quota value <sup>8</sup>	\$3.8 billion
Persons with quota holdings	1,644
Commercial fishing vessels	1,277 (includes all domestic and charter vessels)
Licensed Fish Receivers	261
Direct employment (FTEs) <sup>9</sup>	7,155

### Customary Fisheries

Tangata Tiaki appointed (South Island)	113
Tangata Kaitiaki appointed (North Island)	229
Temporary closures and restrictions	5
Taiapure-local fisheries	8
Mātaitai reserves	8
Customary take provided for within the TAC	4,802 tonnes

### Recreational Fisheries

Estimated participation (as a % of the total NZ population) <sup>10</sup>	31%
Estimated annual take <sup>11</sup>	25,000 tonnes

### Ministry of Fisheries

Budget 2007/08 (excl GST)	\$96.5 million
Net assets	\$12.6 million
Staff (June 2008) (FTEs)	443.3
Honorary Fishery Officers (June 30 2008)	162
Observers (June 30 2008)	57

1. Environment New Zealand 2007, Ministry for the Environment.
2. Percentage of total landings that are from stocks for which status is known, calculated in terms of both weight and value, excluding squid and Foveaux Strait dredge oysters.
3. There are 101 stocks for which we have sufficient information to characterise stock status. These include the main commercial stocks. 72 of these are near or above target level. Management action has been taken to rebuild the remaining 29 stocks.
4. Latest complete fishing years (October fishing year 2006/07, April fishing year 2006/07, February fishing year 2007/08). Excludes 14.95 million individual oysters, which are not measured in tonnes.
5. Report 5A, Seafood Export Summary Report, SeaFIC based on export data supplied by Statistics New Zealand.
6. Mussel, Pacific salmon, Salmonidae and oyster exports for the calendar year 2007. Report 7A, Seafood Export Summary Report, SeaFIC based on export data supplied by Statistics New Zealand.
7. This includes all product forms (processed and unprocessed).
8. Statistics New Zealand. Fish monetary stock accounts, 1996-2007.
9. Census 2006.
10. Andrew Fletcher Consulting Survey, November 2007. Prepared for the Ministry of Fisheries.
11. 1999/00 Survey of Recreational Fishing.

# Leading New Zealand's Sustainable Fisheries Management

## ■ Leading New Zealand's Sustainable Fisheries Management

### The Ministry's role

The Ministry of Fisheries role is to be the Government's principal adviser on New Zealand's fisheries management and impacts of fishing on the aquatic environment. Our role also encompasses dealing with issues that may impact on the continued availability of fisheries resources, and their interaction with the use of other marine resources. Sustainability of the sector is a cornerstone of all of our work.

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

Fisheries exist in an ever changing environment – fish stocks are not static, either in number or location. Aside from those stocks that are entirely within New Zealand waters, we share interests with other nations in the species that are highly migratory or that straddle the New Zealand Exclusive Economic Zone (EEZ)<sup>1</sup>. Not only do we have a significant role to play within this country; we must also take our voice to the international community.

Environmental issues are of increasing concern to New Zealanders, including the environmental effects of fishing. These issues are complex and there is ongoing work to achieve and maintain balance between the capacity of marine ecosystems to provide for current needs and concerns, and the interests of future generations.

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

Gathering and interpreting information is also vital. We continue to ensure scientific information on the status of our fisheries is gathered and analysed, making information widely available through our publishing programmes.

The coming years will see the Ministry exercise continuing leadership in the fisheries sector. Considerable ground work in this area has been done, as evidenced by the work with tangata whenua and stakeholders on fisheries plan development, and engagement with stakeholders on draft standards.

Consultation forms a major part of this work. The Ministry has invested heavily in engagement with stakeholders and in building our ability to work cooperatively with iwi, other groups and organisations. In addition, the Ministry promotes input and participation from tangata whenua in Ministry processes. Building the capacity of our staff, and our organisation as a whole, is also a priority in order to deliver on the demanding workload that we have set for ourselves.

### The Fisheries Sector

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

#### Environmental

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

#### Commercial

In the commercial area, while eight fishing companies provide 80 percent of New Zealand's production, there are many medium and smaller fishing operations that contribute to the significant market value of this industry. Aquaculture also contributes more than \$300 million in earnings, and recent cooperative work between government and the aquaculture industry is intended to support further development in the future. The Ministry works with the commercial sector through national representatives, such as Seafood Industry Council (SeaFIC) and Aquaculture New Zealand, and commercial stakeholder organisations that represent the various commercial fisheries.

1. See Appendix for maps of New Zealand's EEZ and Territorial Sea and Fisheries Management Areas.



## Customary

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

## Recreational

It is estimated that at least 20-30 percent of all New Zealanders fish in the sea for their personal use. While exercising this right, like other interest groups, recreational fishers are expected to abide by the restrictions that are in place to ensure fisheries are managed and used in a sustainable way. There is no single representative body that covers all recreational fishers, and the Ministry works with a range of groups around the country. Work to better recognise non-commercial values is ongoing and part of wider consultation processes on fisheries plans and standards, threat management plans and shared fisheries.

## Interagency cooperation and collaboration within the sector

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

The Ministry of Fisheries' goal is to work cooperatively, to share knowledge, discuss issues and, where possible, reach agreement on courses of action. Through this, tangata whenua and stakeholders can have greater certainty that agencies share a common focus around issues under consultation.

Interagency projects include biosecurity and primary sector economic transformation initiatives with the Ministry of Agriculture and Forestry, and cooperative relationships with the New Zealand Police, the New Zealand Customs Service and the Ministry of Defence and New Zealand Defence Force in relation to surveillance, monitoring and enforcement. The Ministry also has a cooperative relationship with the National Maritime Co-ordination Centre, whereby the Ministry provides information and a liaison officer to the centre, and they coordinate access to defence assets.

The Ministry has also been supporting the Ministry for the Environment's work to progress the Oceans Policy, through input into improved regulation to address environmental impacts in the EEZ. We are also working closely with MFE to support development of the aquaculture industry in New Zealand.

The Ministry works with Department of Conservation (DOC) on Marine Protected Areas and freshwater initiatives. The past year has seen the two organisations working together to amend regulations that manage the movement of freshwater fish and farming of fish on land-based sites. MFish also works closely with DOC's Conservation Services Programme to align research programmes on protected species.

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

Throughout the year, fisheries compliance officers and managers met with counterparts in Australia to share new developments in operating procedures, training and development, and technology.

Efforts to increase the economic returns of the aquaculture industry has become a whole-of-government initiative and the Ministry has worked closely with MFE, DOC, Ministry of Economic Development, Te Puni Kōkiri and New Zealand Trade and Enterprise.

In relation to Treaty Settlements, the Ministry works closely with other agencies including the Office of Treaty Settlements and the Ministry of Justice.

## MANAGING FOR OUTCOMES

The Ministry of Fisheries (MFish) uses the statements of desired outcomes, outlined in our Statement of Intent document, to guide what we do. They outline what we want to achieve and how we will use incentives, management interventions and fisheries services to work towards these outcomes.

The primary fisheries outcome that forms the over-arching goal of our work is, that:

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

In the 2007-12 Statement of Intent, the Ministry had three contributing outcomes to support the achievement of this primary outcome:

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

### Fisheries 2030

The Ministry has begun work on a new Fisheries 2030 vision and strategy that will guide our future fisheries management over the next two decades and New Zealand's input and position on management of international fisheries.

The 2030 vision and strategy will set the high-level aspirations and outcomes. It will outline how the vision will be achieved and provide a framework for policy, legal and institutional arrangements needed to achieve the vision.

Stakeholder engagement is essential to develop a shared vision. Involving all those with an interest in our fisheries in the consultation will result in more buy-in and ownership of that long-term vision by all. This should also provide stakeholders with greater confidence to engage, participate in, and support progress in fisheries management.

The Ministry has engaged the services of a consultancy firm to facilitate discussions on the vision and strategy with stakeholders in a series of workshops, which began in August 2008. Development work and consultation will continue on into the 2009 year.

### Shared Fisheries

More certainty is needed around how Total Allowable Catch (TAC) allocation between fisheries sectors is addressed. This has particular application for setting allowances prior to establishing the Total Allowable Commercial Catch (TACC) and is important to properly support the development of medium and long-term plans.

In recent years a range of initiatives have been undertaken to address this uncertainty. In 2006, a public consultation paper, *Shared Fisheries – Proposals for managing New Zealand's shared fisheries*, was sent out for consultation. Following this, in the 2006/07 year, a large, nationwide Shared Fisheries consultation process took place that tackled this and other related fisheries issues.

At the conclusion of this process a joint proposal from the Seafood Industry Council (SeaFIC), Waitangi Fisheries Commission Te Ohu Kai Moana (TOKM) and the New Zealand Recreational Fishing Council (NZRFC) was received and accepted by the government. The group proposed to collectively address the three key issues raised in the discussion paper—information, governance and representation in the recreational sector, and stakeholder negotiated solutions.

This collaborative cross-sector stakeholder group is a very constructive development. The close involvement of stakeholders provides good prospects for progress on a difficult shared fisheries issue. Representative groups in the recreational sector have put aside their differences to collectively engage in negotiation of a way forward with the commercial and customary sectors. The Ministry is providing support to this group by assisting with costs associated with this work.

The initial report to the Minister from the working group is due early 2009. Following consideration of this report the Minister will report back to Cabinet with proposals to move the shared fisheries policy forward.

### Treaty Strategy – Improving Iwi Involvement in Fisheries Management

As part of the Ministry's broad goal of building a strong working relationship with Māori, the Ministry's Treaty Strategy is intended to ensure the Crown delivers on its fisheries obligations to tangata whenua.

During the 2007/08 year, the Ministry has developed a consultation paper to stimulate discussion with tangata whenua about the processes available for their input and participation in fisheries management. This is an obligation for the Minister of Fisheries, set out in section 12 (1)(b) of the Fisheries Act 1996.



The immediate focus is to explore ways to improve existing processes like iwi forums, and participation in fisheries plans, to enable iwi to better voice their views to the Ministry. The regional forums started in 2004, so it is timely to review how this engagement is going and whether any changes need to be made. There have also been developments in legislation and policies that might affect the best way to work together.

The discussions will also look at ways to assist iwi participation in Ministry processes through the development of planning frameworks that iwi could use to establish their objectives for fisheries, set priorities, and develop policies for their customary, commercial and recreational interests in fisheries.

A number of hui are scheduled between August and October 2008 to discuss the proposals and hear the views of tangata whenua.

Once the Ministry has concluded consultation with iwi and determined the most appropriate way to meet statutory requirements, we will adjust our processes accordingly.

### Section 13 Amendment

The High Court ruling over the Area 1 Orange Roughy fishery in February 2008 has made an amendment to the Fisheries Act necessary.

Section 13 of the Fisheries Act 1996 requires that the Minister set a Total Allowable Catch (TAC) that maintains, rebuilds, or reduces a fish stock to a level at or above that which can produce the maximum sustainable yield (MSY). This is known as the target stock level. The Court found that before the Minister of Fisheries can set a TAC under section 13 of the Act for any fishery, he or she must have received estimates of the current stock level of the fishery, as well as its target stock level. However the information needed to produce such estimates are only available for very few of the 629 fish stocks in our Quota Management System. To get the information would, in many cases, be unreasonably costly in both time and resources.

The Ministry evaluated the need for an amendment and the approach to take. The conclusion was that the other approaches, that are not inconsistent with maintaining stock sizes above MSY level, were fundamentally sound and should continue to be used. These stock assessment approaches are commonly used in other jurisdictions including Australia, the United States and Canada, who have similar types of fisheries and management approaches.

The Fisheries Act 1996 Amendment Bill (No. 2) is now being considered by Parliament. The amendment bill will enable TACs to continue to be set under section 13 using existing management approaches, even where the current stock level of a fishery and the biomass that can produce MSY are not able to be estimated reliably. The amendment will not change the general approach of the Fisheries Act. It will not alter the balance between the objectives of sustainability and utilisation either, nor will it alter the balance of interests between stakeholder groups.

### Moving Toward a New Model for Cost Recovery

Cost recovery has long been a contentious issue between industry and government. In general, industry feels that they should pay less, and that the services could be provided in a more cost effective way. However, cost recovery has provided valuable incentives for both industry and the Ministry, including motivation for improved environmental performance and careful examination of the nature and extent of services necessary to manage fisheries and the effects of fishing.

Costs on the industry are not insignificant, ranging between \$30-36 million per year since 1995.

In late 2006, the government agreed to a review of the cost recovery rules. Throughout 2007, a joint government-industry working group tried to agree on a way forward, but no consensus was reached.

The Minister of Fisheries is currently considering a range of options for moving forward as a result of this review.

## ■ ACHIEVING OUTCOMES

The following information outlines the Ministry's progress, against these three contributing outcomes, towards our central goal. It details specific examples and highlights from the Ministry's work in the past year. The section commences with an international perspective, then outlines the management of New Zealand's fisheries, and concludes with the capability of the Ministry.

### International Fisheries Issues

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

Our international team work hard to ensure that the legal framework that New Zealand applies, both inside and outside our EEZ, complies with international law. They also work to maximise the economic return that New Zealand gets from fisheries outside the EEZ.

Increasingly our industry is looking for opportunities beyond New Zealand. Sixty-five percent of all Sealord seafood is now sourced from outside New Zealand waters. One of the most profitable fisheries for New Zealand's seafood industry is the harvesting of Antarctic toothfish. There is a need, therefore, to ensure that there are strong co-operative arrangements in place that create and maintain rules and responsibilities around fishing in the high seas.

### Developing governance arrangements in the South Pacific

A core obligation within the Law of the Sea<sup>2</sup> is to co-operate with other states that share an interest in a fisheries resource. To do this effectively we must work together to create strong rules and frameworks. As a small nation we can't achieve compliance by force, so we benefit greatly from working collaboratively with other nations to establish a level playing field.

2. The United Nations Convention on the Law of the Sea, concluded in 1982, sets out a comprehensive regime for the law of the sea, covering such matters as territorial sea limits, navigational rights, the legal regime for the 200 nautical mile wide exclusive economic zone (EEZ) and the continental shelf, the high seas and the legal status of resources of the deep seabed outside the limits of any nation's jurisdiction, passage of ships through narrow straits, conservation and management of fisheries, the protection and preservation of the marine environment, marine scientific research, the transfer of marine technology and dispute settlement procedures. (*Ministry of Foreign Affairs and Trade website, 2008.*)

In recent years New Zealand has worked with other States to negotiate a new Regional Fisheries Management Organisation for the high seas – the South Pacific Regional Fisheries Management Organisation (SPRFMO). SPRFMO covers the vast ocean area between the most eastern part of the South Indian Ocean, through the Pacific and toward the EEZ's of South America. New Zealand and other nations have a legal obligation to protect the fisheries and biodiversity in this area, and to assist with effective management of the eco-system.

Specifically, SPRFMO is being set up to manage and conserve non-tuna fisheries<sup>3</sup> in the high seas area of the South Pacific Ocean and is currently negotiating Convention text that will form the legal basis for this.

As part of this work, New Zealand representatives from MFish and MFAT have continued negotiations with more than 20 nation states on new international measures for the management of bottom trawling on the high seas of the South Pacific. An interim SPRFMO secretariat has also been established in Wellington, New Zealand.

To date, SPRFMO has agreed to implement a set of interim conservation and management measures to effectively conserve and manage this vast marine area. These measures are designed to ensure that fishing activity on the high seas of the South Pacific Ocean does not increase from current levels and that significant adverse impacts on vulnerable marine ecosystems including seamounts, hydrothermal vents, coldwater corals and sponge fields are avoided.

Part of New Zealand's response to our international commitment with SPRFMO was the introduction of new high seas fishing permit conditions on 1 May 2008. These conditions manage the impacts of New Zealand's bottom trawling act gs were held with stakeholders during the past year on the development of the new high seas permit conditions prior to implementation.

### Combating illegal, unreported and unregulated fishing

Illegal, unreported and unregulated (IUU) fishing is a serious global problem. It undermines international, regional and national efforts to conserve and manage fisheries. The value of IUU fishing in the Pacific alone is estimated to be NZ\$500 million a year.

IUU takes place over a vast and difficult to monitor geographic area. If there is to be effective prevention, deterrence and elimination of the problem, countries need to work together through good governance structures and coordinated compliance regimes.

3. Highly migratory fish stocks, including tuna, in the Pacific are managed by separate RFMOs, of which New Zealand is a member of the Western Central Pacific Fisheries Commission (WCPFC) and the Convention for the Conservation of Southern Bluefin Tuna (CCSBT).

New Zealand is very supportive of, and is actively participating in, the development of measures and arrangements to combat IUU fishing internationally.

Through involvement in RFMOs the Ministry is working to strengthen governance arrangements and improve overall performance and measures to address IUU fishing. We are working with other States to close governance gaps in the South Pacific through the establishment of SPRFMO.

### **Working with our Pacific neighbours**

Working with Pacific Island countries to effectively manage the fisheries resources of the Pacific is a key priority for New Zealand. This includes work with the Forum Fisheries Agency which was set up primarily to assist Pacific Island countries to collectively manage the valuable tuna species that migrate through their EEZs, and to encourage active participation in the negotiations of the Western Central Pacific Fisheries Commission (WCPFC).

The WCPFC is the RFMO covering tuna and other highly migratory species in the western and central Pacific Ocean. This arrangement has proven particularly challenging due to the intense competition for fish between established fishing nations and the wide range of small Pacific Island developing states within the area, where fish stocks (particularly tuna) are one of their few economic opportunities for development.

The Ministry aims not just to promote sound governance and sustainable fisheries management of these tuna stocks, but to assist these countries to build the capability to manage and develop their fisheries effectively.

### **Demonstrating Environmental Performance**

Environmental performance is becoming an important part of doing business in today's world. This is particularly the case for food producers, as a growing number of supermarket chains, restaurants and other retailers are working to offer customers environmentally sustainable food choices.

For 2007/08, and the next three years, a total of \$4.6 million has been allocated to encourage fishing and aquaculture industries to demonstrate and improve on their environmental performance.

A large part of this funding is being made available through the establishment of a contestable fund to support industry initiatives to obtain independent recognition of the environmental performance of particular fishing or aquaculture activities. The Ministry of Fisheries opened applications for this funding in July 2008 and will decide on successful applicants later this year. Funding is also being set aside to assist other stakeholders who participate in certification or assessment processes.

The Ministry has also commenced work towards having New Zealand's fisheries management system assessed against a set of international criteria developed by the Marine Stewardship Council (MSC). This will provide assessment of our generic management regime against MSC criteria and support the certification or other independent assessment of individual fisheries. The MSC is an independent, global, non-profit organisation that has developed a certification standard for sustainable and well-managed fisheries.

### **Fisheries Plans – Planning for a Sustainable Future**

We must plan for the sustainable future of our fisheries. But, one size does not fit all. While the Quota Management System is a vital management tool, it does not work adequately as a unified management plan.

Fisheries plans offer tailored management. They are a response to growing public demands for environmental protection and preservation, and industry needs for economic viability in a global market. They also bring our fisheries management in-line with international best practice.

The Ministry's work aims to assist with the creation of individual fisheries plans which describe how New Zealanders can get best value from individual fisheries, within environmental limits set by the government. Stakeholders can then set clear objectives for each fishery and focus their management efforts on these.

Over the past year, we've seen diverse groups of stakeholders working together and finding common ground. We've seen increased collaboration between the sectors and the first MFish-led fisheries plans are beginning to take shape.

The fisheries plan advisory groups are making good progress developing goals and objectives for the fisheries. Around the country, fisheries plans are now under way for: Northland scallops; West Coast North Island finfish; Gisborne/East Coast rock lobster; Challenger finfish (Nelson/west coast South Island); Southern shellfish; Fiordland paua; Middle depth/deepwater fisheries, and Tuna.

While decision-making is not a rapid process, these fisheries plans are being built on a solid foundation of open discussion and engagement with stakeholders.

The Ministry is guiding this decision-making process through the development of Standards. These Standards set the minimum that must be achieved, for example, to maintain fish populations at a sustainable level, or to ensure the impacts on the aquatic environment are minimised.

To date, we have implemented two standards concerning the Identification of Candidate Stocks for QMS Introduction and Deemed Value. We've consulted on the Harvest Strategy Standard over the past two years and are currently consulting on a Seabird Standard. The Ministry also consulted on a consultation standard during the past financial year. After considering the submissions received, the Chief Executive will consider a new organisational procedure for how the Ministry will consult with stakeholders.

One important goal for the Ministry is to ensure that this planning process is credible and transparent. Our website is increasingly being used as a communication tool to ensure tangata whenua and stakeholders are up-to-date and well informed. Meeting minutes from plan discussions are published regularly and profiles of the Ministry staff involved are readily accessible.

### **Compliance – Education, Prevention and Enforcement**

On a typical day in New Zealand there are 10 fisheries patrols underway, approximately three people are issued with infringement notices, and at least one person is found committing a serious infringement warranting prosecution. With more than 400 prosecutions per year, the Ministry's compliance staff are kept busy.

A crucial part of fisheries compliance operations are the hard-working voluntary network. There are currently 162 Honorary Fishery Officers (HFOs) who conduct the 'lion's-share' of our recreational monitoring patrols, which includes up to 25,000 inspections per year. Their contribution is invaluable and means that the Ministry's fishery officers can focus their efforts on the serious offenders. Over the past financial year, funds of \$300,000 were invested in improving the HFOs' capability – including the purchase of uniforms, equipment, and health and safety support.

A considerable focus for our compliance effort remains on the foreign charter vessel (FCV) fleet. Evidence of serious offending amongst this sector is still being regularly found.

That said, positive and maturing stakeholder relationships are developing between the Ministry's compliance staff and industry representatives in general. To highlight one example, in recent years the Ministry has formed a strong collaboration with the inshore Crayfish and Paua industry working groups, where shared surveillance and information gathering to target offenders brings benefits to both parties.

### **Pinching a poaching ring – Operation PAID**

A well-publicised success of the 2007/08 year was the illegal paua poaching bust Operation Paua and Illegal Diving (Operation PAID). This was the first major operation executed by the Special Operations Unit that was established in recent years to counter serious fisheries crime using enforcement tools such as covert surveillance and under-cover fishery officers.

The operation identified divers and buyers of black market paua sourced from the Wellington's south coast. More than 130 fishery officers and 70 police entered residences in Auckland, Wellington, Opotiki and Hastings to apprehend approximately 70 alleged offenders and secure evidence relating to the fishing and trading of black market paua.

Prosecutions have commenced and the Ministry will be involved over the coming months in court proceedings. It is hoped that the success of this operation will curtail the illegal activity associated with the paua fishery; however the situation will be closely monitored so that any new activity is detected early.

### **Enforcing international rules**

A world-first fisheries prosecution was successfully executed in New Zealand during this financial year. The long-term operation involved New Zealand nationals using a Cook Islands flagged vessel to fish and transport fish illegally in the Australian EEZ. This case set an international precedent in relation to the control of New Zealand nationals and demonstrated New Zealand's commitment to its international obligations.

While the fishermen did not commit any offences within New Zealand's jurisdiction, they broke the law of another country. Provisions in the Fisheries Act 1996 mean that if a New Zealander breaches laws on the high seas or in another country's waters we can prosecute them. Both the Master and the Chief Mate were convicted on all charges at the end of 2007.

### **Zero tolerance to IUU fishing**

Working with MFAT on one of the most significant IUU investigations to date is one of the Ministry's success stories of the past year.

In 2008, the Ministry revoked the permit of a foreign vessel trying to land a catch of Antarctic toothfish. As part of a routine inspection, our fishery officers uncovered evidence that showed the vessel was involved in IUU activities, as part of a larger fleet controlled by a trans-national IUU syndicate.

These actions resulted in the Ministry being challenged in the High Court by the vessel's owner. The matter has since concluded in the Ministry's favour. New Zealand officials have provided the information to the members of CCAMLR to start the process of black listing this vessel.

### **Support in the Pacific**

Part of the Ministry's role is to support Pacific Island countries to reach their fisheries management objectives.

This year the Ministry provided investigative support to the Cook Islands and Tonga. The New Zealand government, with technical support from MFish, provides aerial surveillance services to these countries, which acts as a deterrent to IUU fishing.

### **Interagency co-operation**

During the past year the Ministry formalised an agreement with the New Zealand Customs Service (Customs) that allows nominated fisheries staff access to Customs-controlled areas, such as airports, seaports and freight-forwarding depots. This access has improved our ability to investigate and intercept illegal shipments of fish, particularly high-value species like paua.

The Ministry is working with the New Zealand Police to establish the Organised and Financial Crime Agency of New Zealand (OFCANZ) which will, over time, increasingly become a part of our compliance enforcement work. This whole-of-government initiative, is intended to target organised crime in New Zealand. The Ministry is part of the inter-agency steering group and will play an active role in cases as required.

### **Observer Programme**

The Ministry's Observer Programme fulfils an important role in fisheries management through the collection of data, to assist with stock assessment, and monitoring of the environmental impacts of fishing.

An annual plan outlines the coverage and data collection, and reporting targets for the Observer Programme. In 2007/08, the programme delivered 6,754 days at sea, an increase of 785 days on the coverage total achieved in the previous year.

This includes significant progress with the surface-lining fishery. Coverage in this fishery has increased markedly (399 sea days in 2007/08, up from 242 in 2006/07), and is now close to the coverage level needed to meet our international monitoring level obligation of 10 percent of catch and effort by species and area, as set by the Commission for the Conservation of Southern Bluefin Tuna (CCSBT).

### **Improving capability – new Observer qualification**

The role of an on board Observer can be a challenging and often isolating experience. It is important for the Ministry to select individuals with the personal and professional skills to cope with the demands of working and living at sea in what can be difficult conditions.

In March 2008 the Ministry's new NZQA-approved Observer qualification achieved registration. This qualification has been in development for several years and required Ministry staff and industry representatives to agree on the standards to be included. The result was the creation of eight new unit standards for the qualification, which has a total of 24 compulsory unit standards. We're now delivering 13 of these unit standards as part of the training course for new Observers. The other unit standards can be achieved over time through on board experience, or through recognition of prior learning.

### **Advances in Observer data capture**

In 2007/08 the method of data capture used by the Ministry's Observers was reviewed. The decision was made to introduce electronic laptops or 'tablets' to replace the paper-based system. Customised data-recording software with in-built error-checking capability was developed. At sea trials were then carried out to rigorously test the ruggedness of the tablets and to assess whether the software was fit for purpose.

The introduction of the tablets means quicker access for scientists and stakeholders to the data once the Observers are back on land. It also dramatically reduces the time and money spent on data-entry. It is estimated that once fully implemented, this system will save up to 95 percent of data entry costs and the process, that now takes up to three months, will be reduced to a matter of days or even hours.

### **Management of Foreign Charter Vessels**

Most New Zealand fishing companies operating in the EEZ still utilise foreign charter vessels (FCVs) to some extent. The use of FCVs remains a legitimate method for companies to reduce their capital investment costs for EEZ harvesting. It is also a valid method for operators to secure access to overseas markets. Their use is particularly important for iwi companies who have received quota under the Fisheries Settlement but do not yet have the capital base to purchase their own commercial vessels.

In recent years, concerns have been raised about the safety, hygiene standards and operation of foreign fishing vessels chartered by New Zealanders to fish in New Zealand waters. In response, a major review of management controls for FCVs (over 46 metres long) was conducted over the past year by the Ministry of Fisheries, together with industry.



The Ministry's input into improving FCV operations is twofold. MFish led the work on the introduction of a new regime to improve conditions for Observers, and continued to support the work of the Department of Labour (DoL) on legislation that will improve remuneration and conditions for foreign fishing crews.

The new regime for FCVs, concerning the treatment of and conditions for Observers, came into effect on 1 July 2008.

Vessel operators are required to comply with the Standard by 1 July 2009 – this will be a condition of registration.

The DoL-led FCV review was guided by the Minister of Fisheries' aim to facilitate a legitimate, high-quality FCV fleet to complement the New Zealand fishing industry. The result is a new accountability framework and revised minimum working and living conditions contained within a Code of Practice. It also includes a requirement for a New Zealand entity to guarantee payment of any monies owed to an FCV crew. Industry members must comply with these requirements if they wish to continue to obtain visa approvals for their required crew. An ongoing audit programme has also been put in place to ensure compliance with these new requirements.

### Improving Environmental Performance

While New Zealand already has a good reputation for the sustainable management of our natural resources, we must continue to improve our environmental performance to meet both domestic expectations and international market trends. Equally important is that we preserve and protect our native species to ensure they endure well into the future.

#### Protecting Hector's and Maui's dolphins

A package of measures to protect New Zealand's endangered Hector's and critically endangered Maui's dolphins was announced this year by the Minister of Fisheries, and will come into force on 1 October 2008. The measures include a comprehensive mix of regional bans and other restrictions on set netting, trawling and drift netting in the coastal waters where the dolphins are most often found.

The new measures are based on the best available information – scientific data, information from commercial, recreational, environmental and iwi interests, and the analysis of economic and social effects.

#### Reducing sea lion and seabird bycatch

We continue to manage sea lion and seabird bycatch through a range of management measures. Ministry Observers monitor vessels' fishing activity, report any accidental captures of sea lions and seabirds, check that vessels are complying with regulated bycatch mitigation measures, and gather scientific data.

The government and the fishing industry have made a concerted effort over several years to lower the sea lion by catch in the southern squid fishery. The performance of the SQU6T fishery this past year shows that the collaborative approach is working.

This year the squid fishery, which operates around the sub-Antarctic Auckland and Campbell Islands (SQU6T), closed in April without coming close to the allowable limit of sea lion deaths. At 46 assumed deaths in 2007/08, there were an estimated 10 fewer sea lion deaths compared with last year. Industry parties continue to improve the efficiency of their Sea Lion Exclusion Devices (SLEDs), through camera documentation and other monitoring methods, to further reduce this mortality rate.

To minimise the impact on seabirds, mandatory minimum steps have been introduced for relevant fishing vessels. All deepwater trawlers are required to use devices on their vessels to deter birds from going near the heavy trawl cables. All pelagic and demersal longliners are required to use streamer lines in conjunction with either line weighting regimes or night setting. Additional work is being done, including consultation with the fishing industry, to ensure that all trawlers, both inshore and offshore, manage offal and fish trimmings to reduce the attraction of birds to the vessels.

### Stock Assessment

#### Sustainability Review

Two of the major processes that the Ministry run each year are the fisheries stock assessment processes, and the subsequent provision of sustainability advice to the Minister. These processes were reviewed in November 2007, and a number of opportunities for improvement were identified. Several of these changes were incorporated into the assessment working group and plenary processes that took place from January to May 2008. Further recommendations will be implemented at the appropriate points during the current and future cycles of these processes.

#### The State of New Zealand's Fisheries

There are many ways to manage fisheries. These include simply limiting the size of vessels, or limiting the numbers of days they can fish each year, or limiting the amount that can be caught in a day or in a year. New Zealand has chosen to set Total Allowable Catches (TACs) to limit annual catches as the primary management mechanism. This is generally thought to be the most effective management method world wide.

The rationale for setting and varying TACs is specified in our Fisheries Act (1996) which states that fisheries must be managed so that stocks are maintained at or above the biomass associated with the maximum sustainable yield (MSY). TACs need to be modified to track natural fluctuations in stock size and/or to correct



the effects of historical overfishing. In reality, there are limitations to the frequency with which TACs can be varied. One of these is the limited amount of information on stock status for many of our stocks. New Zealand is a small country and has limited human and financial resources to be able to collect extensive information on all 629 fish stocks currently in the QMS. As a result, our research budget is prioritised so that we focus on the stocks with the highest landings or value, or those most at risk of being unsustainable.

There is currently sufficient information to characterise stock status (ie the size or state of a fish stock relative to MSY benchmarks) for 101 of the 629 stocks in the QMS. This accounts for 69 percent of the total landings by weight and value and represents the main commercial species<sup>4</sup>.

Of the 101 stocks or sub-stocks with known status, 72 (71 percent) are near or above target levels. In most cases, these targets are at or above the biomass associated with MSY, or related levels. The 29 stocks that are known to be below their respective targets include three highly migratory species (over which New Zealand has limited influence), one of the two stocks of hoki, several orange roughy stocks, gemfish, one paua stock, west coast North Island snapper, all bluenose stocks, several other smaller inshore stocks and longfin eels (for further details go to: [www.fish.govt.nz/en-nz/SOF/StockStatus.htm](http://www.fish.govt.nz/en-nz/SOF/StockStatus.htm)). However, it should be noted that just because a stock is below its MSY-related target, it does not mean that the stock is being fished unsustainably. It simply means that the stock must be fished at a lower rate to enable it to rebuild.

A number of different actions are being taken to rebuild these stocks. For example, the hoki Total Allowable Commercial Catch (TACC) has been substantially reduced over the last few years and, as a result, the depleted western stock of hoki is showing definite signs of rebuilding. Fisheries for two of the orange roughy stocks have essentially been closed for several years, with a third fishery being closed in 2007. A third consecutive year of continued TACC reductions has been proposed for the main Chatham Rise orange roughy stock. Bluenose stocks were identified as being in need of rebuilding in May 2008, and substantial quota reductions have subsequently been proposed and put out for consultation with stakeholders. Rebuilding programmes or TAC/TACC reductions have been put in place for all other depleted stocks. These interventions are evidence of New Zealand's willingness to take action as needed to effectively manage our fisheries.

Research leading to new assessments of stock status in early 2008 revealed that one southern blue whiting stock and two rock lobster stocks have now rebuilt beyond target levels and TACs were increased accordingly.

It is difficult to directly compare the summary statistics on stock status for the current year with those from last year. The 2006/07 Annual Report indicated that of the 85 stocks for which we had sufficient information to characterise stock status, 72 (85%) were near or above target levels. This year, the total number of stocks with sufficient information has increased substantially, while the percentage near or above target levels has declined. The main reason for the increase in the number of stocks of known status is that status evaluations for several species that have recently been introduced into the QMS have now been completed. The main reasons for the decrease in the percentage near or above target levels are that recent stock assessments for several stocks have changed the stock status from a favourable to an unfavourable categorisation, and that the assessment information for some stocks is too out-of-date for their current status to be characterised. Of the 85 stocks reported on in 2006/07, the status of nine stocks (two orange roughy, four bluenose, two highly migratory species and one paua) changed from a favourable to an unfavourable categorisation.

The large increase in the number of stocks of known status and the transfer of stocks between "known" and "unknown" status categories means that the basis for comparison of simple statistics between years is not consistent. For this reason, the Ministry is currently investigating alternative, more consistent measures that may be reported on in future years.

### **Stock Assessment and the Effects of Fishing Research**

Research is essential for determining the size and health of fish stocks and the extent to which they can be used sustainably. Such data is crucial for sound fisheries management, particularly for setting catch limits.

In 2007/08, the Ministry's fisheries research budget was \$17.6 million, excluding biodiversity research. This research supported data collection, monitoring and stock assessment programmes for several middle-depth, deepwater, inshore, non-commercial and Antarctic stocks. These programmes, along with previous research, led to new stock assessments being completed for orange roughy, hoki, gemfish, hake, ling, rock lobster, toothfish, bluenose, tarakihi, stargazer, paua and cockle stocks.

Two Plenary documents, summarising catch histories, fisheries characteristics, biology and stock status, were produced: one for rock lobster and toothfish in November 2007, and another for 80 different species in May 2008. As a result, changes in TACs were proposed for rock lobster, southern blue whiting, orange roughy and bluenose – the former two were increases, the latter two decreases.

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4. Excludes squid – which has a life cycle that is not amenable to management relative to maximum sustainable yield benchmarks, and Foveaux Strait dredge oysters – which are recorded in terms of numbers rather than weight.

### Management decisions in 2007/08

Changes to the catch limits in the past year included adjustments for certain orange roughy and oreo stocks, hoki, North Island eels, northern tarakihi and school shark, southern flatfish and red cod, and Marlborough dredge oyster fisheries. These limits came into force on 1 October 2007.

In March 2008 the Minister increased the catch limits for the rock lobster (crayfish) and southern blue whiting fisheries in the waters around southern New Zealand.

The increase in rock lobster catches are worth an estimated \$11.5 million a year to fishers, while the increase in the southern blue whiting catch are worth an estimated \$4.7 million a year.

The Minister also adjusted deemed value rates (charges that are imposed on commercial fishers to discourage catching in excess of their catch entitlement) for 28 fish stocks.

Both the increased catch limits and the amended deemed values took effect on 1 April 2008.

### Regulation changes in 2007/08

The Minister announced a number of minor regulatory changes that came into effect on 1 October 2007. These changes were widely consulted on and will assist us in managing our fisheries sustainably.

### Kahawai decisions

In 2008 the decision was made to delay the review of sustainable catch limits, and other management measures for the kahawai fishery until 2009. The Crown has already agreed that catch limits and allowances for all kahawai stocks would be reviewed at the next opportunity in light of the decisions of the High Court and Court of Appeal. This will still go ahead, but it was decided that there was not adequate time to carry out these reviews, consult with stakeholders, and make decisions before the start of the new fishing year on 1 October 2008.

### Research into the aquatic environment

During the 2007/08 year, the Aquatic Environment Working Group has considered a wide range of research projects on the environmental effects of fishing, including bycatch of protected species, fish bycatch, impacts on benthic environments, habitat mapping and ecosystem indicators. The Ministry is working toward a plenary-type document – or Aquatic Environment synopsis – that provides a summary of the best available information of the effects of fishing and aquaculture on the aquatic environment. A draft of this report is due out later this year for consultation.

The Ministry also administers a Biodiversity Research Programme, as part of the New Zealand Biodiversity Strategy 2000. The Biodiversity Medium-Term Research Plan was significantly revised in 2007/08, and a five-year project plan was developed for work on seven strategic directions in the areas of: ecosystem-scale biodiversity; habitat characterisation; functional ecology; genetic diversity; climate change; measurement of diversity; and threats to biodiversity.

### Ocean Survey 20/20

Under current climate change predictions the Arctic and Antarctic polar regions are vulnerable, and research is needed now so that we can best understand how to protect these areas in the future.

An additional \$11.1 million of government funding over three years was announced in May 2007 to provide for research into understanding more about the relationship between Antarctic marine ecosystems and climate change. This is part of the International Polar Year (IPY) programme that began in March 2007 and runs to March 2009, which will see a significant number of scientific research projects undertaken in both polar regions.

New Zealand carried out a Census of Antarctic Marine Life (CAML) survey during IPY, through February and March 2008, as part of the whole-of-government Ocean Survey 20/20 programme.

The IPY-CAML survey in the Ross Sea is New Zealand's largest research programme running during IPY. The specimens and data collected during the eight week voyage will be analysed over the next three years. Species new to science will be confirmed and the biodiversity patterns in relation to the environment will be explored.

The Ross Sea is of particular interest to New Zealand Fisheries because the Antarctic toothfish fishery is a profitable aspect of our seafood industry. This work is also an integral part of our contribution to the Ross Sea Strategy, and supports our involvement with CCAMLR.

Funding of \$5.2 million was also announced in 2007/08 for an inshore Oceans Survey 20/20 Project in the Bay of Islands. Planning with Land Information New Zealand, Department of Conservation and regional councils is underway.

### The Chatham-Challenger Project

The other Ocean Survey 20/20 project that the Ministry has ongoing involvement in is the Chatham-Challenger project which compares benthic habitats and biodiversity on the Challenger Plateau and Chatham Rise.

The Chatham Rise, located to the east of New Zealand, is an important commercial fishing ground that has been fished extensively to 1,200 metre depths. To the west of New Zealand lies the Challenger Plateau, which is far less productive and has fewer

commercial size fish. The Chatham-Challenger project seeks to assess whether these differences in productivity flow down to the benthic communities.

Analysis of the specimens and data collected during recent voyages will be analysed over the next three years to provide definitive results in 2010.

## **Marine Protected Areas – Protecting our Rich and Complex Seascape**

In 2006 the government agreed to set up a network of Marine Protected Areas (MPAs) to protect examples of our different marine habitats and ecosystems, as well as those that are outstanding or rare. This will help to ensure that some of our biological wealth in the seas is 'banked' as an investment for future generations.

The Ministry of Fisheries and DOC developed a Marine Protected Areas Policy (2006) to create this network of MPAs. Building on the Biodiversity Strategy of 2000, the objective of the MPA Policy is to protect marine biodiversity through establishing a network of MPAs that is comprehensive and representative of New Zealand's marine habitats and ecosystems.

This year the government agreed to a classification approach to marine protection, and on the level of protection required in each bio-geographic region. Fourteen biogeographic regions have been identified around the country within the classification. The MPA Policy specifies separate processes for the coastal environment and one for the deepwater environment.

Planning for the coastal marine environment will be implemented independently in 14 biogeographic regions by community-based Marine Protection Planning Forums (MPPFs).

Planning for protected areas in the deepwater environment will commence in 2013 and will be implemented at a national level by an expert offshore panel. This group will have specific expertise and representation of offshore interests.

MFish and DOC officials will service both the MPPFs and the offshore panel with information, advice, facilitation and guidance. This will include provision of ecosystem and habitat maps, and information derived using the marine and coastal classification approaches.

## **Working with communities – Marine Protection Planning Forums**

The MPA Policy takes a regional approach to planning. MFish and DOC are working with communities and stakeholders to plan for areas of protection and to determine what marine protection tools would be most suitable for those areas.

This new approach is intended to be inclusive and transparent. It is designed so that regional councils, marine users, tangata whenua and those with an interest in marine biodiversity can all be involved. Implementation of the network is intended to be based on best available information and a commitment to minimise effects of new protected areas on existing users.

MPA forums have been established on the west coast of the South Island and for the Sub-Antarctic Islands.

## **Marine Reserves**

The Ministry has provided advice to the Minister on three Marine Reserves in the past financial year – the Wellington South Coast (Taputeranga), Tapuae (New Plymouth), and the Great Barrier Island/Aotea. The first was agreed to and its formal establishment is now being progressed by DOC. The Tapuae (New Plymouth) marine reserve was also agreed to and was formally established on 8 May 2008. The Minister declined the proposal to establish the Great Barrier Island/Aotea reserve on 15 May 2008 because he felt that further marine protection in this area could have negative effects on the local lifestyle and economy, as well impacts on the recreational and commercial fishers who use the area.

The Ministry currently has only one marine reserve application to consider. In April 2007 the Auckland Regional Council notified MFish of its intention to apply for an Order-in-Council to change the status of the Tawharanui Marine Park (Auckland) to a marine reserve.

New Zealand now has 33 established Marine Reserves.

## **Mātaitai**

Two mātaitai have been established in 2007/08 year. Puna wai-Toriki (South Otago) and Aotea Harbour (South Waikato Coast). There are currently 20 mātaitai applications and three Taiapure proposals being processed by the Ministry.

## Aquaculture – Growth and Development

The government has identified aquaculture as a priority sector for development. Aquaculture is a sustainable industry that can assist economic development in our regions and small coastal towns. It is also an important industry for Māori.

The Food and Agriculture Organization of the United Nations predicts that world demand for seafood will increase by at least 40 million tonnes by 2030, with aquaculture production increasingly used to meet this demand. New Zealand's contribution to global aquaculture is only about 0.02% of sales by weight, thus providing New Zealand with a huge opportunity to tap into this anticipated increase in worldwide demand.

### Economic transformation

MFish leads an across government work programme to help the aquaculture industry achieve its goal to grow to a \$1 billion business by 2025. Agencies involved include Ministry for the Environment (MFE), Department of Conservation (DOC), Te Puni Kōkiri (TPK), New Zealand Trade and Enterprise (NZTE), Ministry of Economic Development (MED) and Ministry of Research, Science and Technology (MoRST).

Key successes in the 2007/08 year

- > \$600,000 allocated to regional councils from the contestable aquaculture planning fund for regional aquaculture development initiatives.
- > Funding of \$150,000 to help Te Tai Tokerau Iwi Consortium develop a collective strategic plan for aquaculture in Northland.
- > Funding of \$190,000 for a Māori Aquaculture Manager position within Aquaculture New Zealand, to ensure Māori engage on issues important to the future of the industry. This position is being funded by government for three years at a total cost of \$570,000.
- > NZTE has allocated \$500,000 to assist the aquaculture industry carry out a range of market development activities. This is part of a \$6.5 million programme of assistance over the next four years.
- > Government has worked with the aquaculture industry to create a research strategy to drive growth in the sector. Aquaculture New Zealand has also signed up to be a corner stone investor in the new Fast Forward Fund.
- > Information for the public and schools on the benefits of sustainable aquaculture development has increased through the government's aquaculture website.

### Space to grow

Despite the delays in establishing new Aquaculture Management Areas (AMAs), the space available to the aquaculture industry continues to grow through the processing of applications under the old law, and the interim AMAs in Tasman and Waikato.

Date	Aquaculture space (in hectares)
Moratorium (November 2001)	9,086 ha
Today (June 2008)	14,149 ha (56 % increase)
Additional space still to be decided in 2008/09	12,009 ha

## Settlement Obligations

### Historical Treaty Settlements

While the Fisheries Deed of Settlement and its supporting legislation have addressed claims relating to fisheries, most iwi consider that some recognition must be made in individual Treaty settlements of the cultural importance of fisheries. The Ministry's role in Treaty settlement negotiations is to provide an opportunity for iwi to directly place their specific grievance relating to fisheries before the Crown, and to discuss their unique cultural concerns relating to species, fishing areas and management practices. Over the last year, seven historical Treaty settlement negotiations have progressed to different extents. The cultural redress packages negotiated are consistent with the Deed and existing Fisheries Act obligations and are affected through Fisheries Protocols. Fisheries Protocols between iwi/hapū and the Ministry relate to the way the Ministry will interact with the iwi/hapū governance entity to enable them to provide input into the Ministry processes, such as the development of sustainability measures, research planning, contracting for services and the employment of staff with customary non-commercial fisheries responsibilities.

### Māori Commercial Aquaculture Settlement

Significant progress was made by the Ministry and Te Ohu Kai Moana Trustee Limited (the Trustee) over the past year on how Settlement, under the Māori Aquaculture Claims Settlement Act 2004, could be achieved. At the end of 2007 the government agreed that substantial consultation with iwi was needed to establish the best method to implement the Settlement. This is a difficult and complex area and the decisions will be enhanced if Māori views are clearly heard.

In July 2008, the Minister of Fisheries began consultation on a plan on how the Crown will meet its aquaculture settlement obligations under the Māori Commercial Aquaculture Claims Settlement Act 2004.

The plan suggests options to better deliver settlement assets to iwi. The main consideration is the 'valuation method'. This means the approach taken to value marine space, which could then be used to purchase marine farms, or establish a financial equivalent.

The plan also explores the potential for an amendment to the Māori Aquaculture Settlement Claims Act 2004 to enable regional agreements to be forged, and toward the possibility of bringing the cash settlement option forward from its current date of 2013/14.

Consultation on the plan ends on 31 October 2008. The Ministry will examine the submissions and provide advice to government in early 2009 on ways to move forward with Settlement.

### **Foreshore and seabed negotiations**

The Crown and representatives of the hapū of Te Whānau-a-Apanui and Ngāti Porou are engaged in foreshore and seabed negotiations (section 96 of the Foreshore and Seabed Act). The Ministry of Fisheries assisted development of fisheries proposals to meet Crown and Te Whānau-a-Apanui and Ngāti Porou objectives in the negotiations. The Crown is also in foreshore and seabed negotiations with Ngāti Porou ki Hauraki, Te Rarawa, and Ngāti Pahauwera. Fisheries proposals were developed under the Fisheries Act 1996 and aim to give better expression to the provisions of the 1992 Fisheries Deed of Settlement and supporting legislation.

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

The Ministry of Fisheries has two teams that work with iwi and hapū to make them aware of the customary fishing regulations, and to facilitate involvement in fisheries management in their areas. They are the Pou Hononga (Customary Relationship Team) and the Pou Takawaenga (Extension Services Team).

The Pou Hononga manages the Ministry/tangata whenua relationship at a regional level. The primary mechanism for building these relationships is through regional iwi forums. The forums are intended to facilitate the development of a common policy and management approach to fisheries matters for each region.

To date the following forums have been established around the country:

- > Te Ika a Maui (North Island Freshwater)
- > Te Hiku o Te Ika (Far North)
- > Ngā Hapū o Te Uru Tainui (Waikato)
- > Mai I Ngā Kuri a Whareki Tihirau (Bay of Plenty)
- > Turanga nui a Kiwa (Poverty Bay)
- > Te Kupenga (Hawke's Bay/Wairarapa)
- > Te Taihaūauru (Taranaki/Wanganui)
- > Te Henakinui o Kapiti (Greater Wellington)
- > Te Tau Ihu (Nelson/Marlborough)
- > Ngai Tahu
  - > Kaikoura
  - > Canterbury
  - > South Canterbury/North Otago
  - > Araituru
  - > Murihiku
  - > Te Tai Poutini
- > Pā Tangaroa (Chatham Islands).

Good progress has been made in the 2007/08 year. In 2007 the Chairs of each forum met in Rotorua and agreed to develop terms of reference and a strategic plan for a national body that will represent all forums. The forum Chairs have now established a National Council.

The Pou Takawaenga Team was established in Mid-2005 and supports the work of the Pou Hononga Team on regional iwi forums. Specifically their role is to assist the Ministry to meet its obligations under the Treaty of Waitangi Fisheries Claims Settlement Act 1992, and to assist Māori to develop their fisheries management objectives. They educate and inform tangata whenua about customary management tools, regulations, and the resources available to them to assist with fisheries management.



## ■ Building Our Capability

A future goal for New Zealand fisheries is a collaborative objectives-based management system. The Ministry's task as an organisation is to build the infrastructure and capability needed to allow stakeholders and Ministry staff to engage earlier and to a greater extent.

To support the development of our staff the Ministry's People Strategy strives to provide a working environment that attracts, engages and retains good staff. All Ministry staff are also expected to make an ongoing investment in their skill development and growth.

In April this year, staff completed the Ministry's first Gallup Q12 Engagement Survey. This is part of a State Services Commission development goal initiative intended to, over time, make ministries more attractive places to work and improve the level of staff engagement within them. Throughout the Ministry of Fisheries teams are developing action plans to improve engagement levels within teams and to identify new ways to contribute to wider organisational initiatives.

Developing strong leaders is an important priority for the Ministry. To build capability in this area a Leadership Development Programme, utilising Lominger competency models, began in 2008. The programme was designed in association with the Leadership Development Centre. Foundation modules focus on a range of leadership skills including: understanding the role of leaders; leadership styles; leadership effectiveness; motivation; engaging and inspiring; and coaching and delegation. The overarching objective is to develop and maintain a critical mass of leadership capability to help meet the Ministry's long-term objectives. Participants will work through individual leadership development plans and follow-up modules over the next two to three years.

The Ministry also has a management development programme, which began in 2007. It consists of a series of skills-based modules available to managers and staff aspiring to managerial roles.

The Ministry's values continue to guide organisational development:

- > **Integrity** – MFish people are professional and widely trusted. We are honest and take responsibility. We strive to be open, transparent and impartial.
- > **Respect** – We respect each other, tangata whenua, stakeholders, the law and the aquatic environment. We respect and value our role as guardians of our fisheries resources.
- > **Constructive relationships** – We understand the sector we work in and the needs and expectations of those we work with. We maintain constructive relationships, engaging effectively with others to achieve the best outcomes possible.

- > **Achieving results** – approach our work with energy and drive, with a focus on achieving high quality results. We value teamwork and collaboration. We share information and recognise people's contribution to our goals.
- > **Continual improvement** – We embrace continual improvement in the pursuit of excellence. We are agile learners and actively develop our skills, knowledge and behaviours. We are committed to helping our people to be successful.

### Strategic Leadership

At the start of 2008 the Ministry's governance structure was revised to redefine the role of the executive team. The shift from being the Senior Management Team in 2007, to the Strategic Leadership Team (SLT) in 2008 is an important one. The SLT has realigned its focus to higher-level, strategic leadership.

### Toward better performance management

During the financial year the Ministry has been working toward implementation of a new Human Resource Information System (HRIS), set to be fully operational in 2008/09. The HRIS is designed to improve human resource capability reporting and help managers and staff to manage team and staff development and performance. It will also help with planned work on talent management and work-force planning.

### Improving information management

The Ministry conducted a review of its strategic information management needs during the past year. This resulted in two projects to improve our geo-spatial and numeric data systems, and the decision to form a central information management group, effective 1 July 2008.

This information management group has been formed from current Ministry staff and will allow the Ministry to collect, store and utilise data in a more effective way.

### Document management

The Document and Records Management Project continues to be a high priority for the Ministry. To date, more than 400 Ministry staff have been trained in the new system. During the course of implementation a number of current business processes have been reviewed and improvements made. The Ministry is also making steady progress with the ongoing alignment of its paper and electronic file systems.



## Sustainability

The Ministry is committed to sustainable work practices and is a member of both the Govt<sup>3</sup> and the Carbon Neutral Public Sector (CNPS) programmes.

Since receiving awards in the annual Govt<sup>3</sup> awards in 2006, the Ministry has continued to introduce sustainability initiatives. This includes completing an annual waste audit to ensure that landfill is minimised; ensuring that recycled and compostable material is treated separately; recycling printer cartridges; and utilising online purchasing where appropriate.

The Ministry's procurement policy is also regularly reviewed to ensure that it includes sustainability requirements and incorporates Govt<sup>3</sup> principles. This ensures that sustainability issues and practices are considered in all tendering and project management practices.

As a stage two member of the CNPS programme, the Ministry is working towards being carbon neutral by 2012. Now in the second year of the programme, the Ministry is reducing its carbon dioxide emissions by reducing domestic travel through use of video conferencing facilities in our offices. The Ministry also participated in a Ministry of Transport led review of vehicle fleets and operating practices during the 2007/08 year. This review was intended to identify and report on opportunities to improve sustainability, safety and cost effectiveness of government fleets. The Ministry has since revised its vehicle procurement practices, including the switch to more sustainable vehicles, such as diesel-fuelled vehicles, when replacing existing petrol vehicles.

Future reduction planning will take place once the 2008 annual carbon footprint has been determined, with a view to minimising emissions as much as possible.

## Pay and employment equity

The Ministry's Pay and Employment Equity review was completed in 2008. The Ministry will use the results from the review to address the issues that were raised. The Ministry continues to address issues around disability on the basis of individual needs and actively promotes Māori participation.

## Educational resources

Fish for tomorrow is the guiding principle of the new teacher and student resource *Starfish*. The pack and accompanying website were redeveloped during the year and launched by the Minister in July 2008. The resource was developed by the Ministry for teachers of students in years 7 to 10. It includes 14 fact sheets and activities that will provide students with Social Sciences, Science and English learning experiences at levels 3, 4 and 5 of the New Zealand Curriculum framework. *Starfish* aims to teach children the role that they can play in making sure there are fish for the future.

Also recently launched was the Aquaculture in Action school fact sheets at Queen Charlotte College in Picton. An Aquaculture Academy was set up at Queen Charlotte College for students to learn practical skills and understanding of the aquaculture industry and is supported by the industry. Te Reo versions of the factsheets are also available. Helping students understand aquaculture is vital because they will be the consumers, scientists, decision makers, and leaders of tomorrow.

## Feedback and complaints

The Ministry operates a process intended to provide a formal means of capturing and addressing feedback and complaints made by stakeholders. This process is governed by the Feedback and Complaints policy that sets out what should be classed as feedback and complaints, and the process that should be followed when feedback is received.

In the 2007/08 financial year the Ministry received 47 individual feedback and complaint items. Just over one third of these were complaints regarding the commercial sector. The figure is similar to that of the 2006/07 financial year.

A regular review of the information from the Feedback and Complaints system is conducted by the Ministry's Strategic Leadership Team in order to identify and address any emerging trends and issues.

# 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 2008, and I authorise issuance of these statements on 16 September 2008.

Signed



Wayne McNee  
Chief Executive

Countersigned



Paul Laplanche  
Chief Financial Officer

## AUDIT REPORT

### To the readers of the Ministry of Fisheries Financial Statements and Performance Information for the year ended 30 June 2008

The Auditor-General is the auditor of the Ministry of Fisheries (the Ministry). The Auditor-General has appointed me, Grant J Taylor, using the staff and resources of Ernst and Young, to carry out the audit on his behalf. The audit covers the financial statements and statement of service performance and schedules of non-departmental activities included in the annual report of the Department for the year ended 30 June 2008.

#### Unqualified Opinion

In our opinion:

- > The financial statements of the Department on pages 28 to 77:
  - > comply with generally accepted accounting practice in New Zealand; and
  - > fairly reflect:
    - the Department's financial position as at 30 June 2008 and
    - the results of its operations and cash flows for the year ended on that date.
- > The statement of service performance of the Department on pages 28 to 51:
  - > complies with generally accepted accounting practice in New Zealand; and
  - > fairly reflects for each class of outputs:
    - its standards of delivery performance achieved, as compared with the forecast standards outlined in the statement of forecast service performance adopted at the start of the financial year; and
    - its actual revenue earned and output expenses incurred, as compared with the forecast revenues and output expenses outlined in the statement of forecast service performance adopted at the start of the financial year.
- > The schedules of non-departmental activities on pages 79 to 89 fairly reflect the assets, liabilities, revenues, expenses, contingencies, commitments and trust monies managed by the Department on behalf of the Crown for the year ended 30 June 2008.

The audit was completed on 16 September 2008, and is the date at which our opinion is expressed.

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

#### Basis of Opinion

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

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

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

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

Audit procedures generally include:

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

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

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

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

The Chief Executive is responsible for preparing financial statements and a statement of service performance in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Department as at 30 June 2008 and the results of its operations and cash flows for the year ended on that date. The statement of service performance must fairly reflect, for each class of outputs, the Department's standards of delivery performance achieved and revenue earned and expenses incurred, as compared with the forecast standards, revenue and expenses adopted at the start of the financial year. In addition, the schedules of non-departmental activities must fairly reflect the assets, liabilities, revenues, expenses, contingencies, commitments and trust monies managed by the Department on behalf of the Crown for the year ended 30 June 2008. The Chief Executive's responsibilities arise from sections 45A and 45B and 45(1)(f) of the Public Finance Act 1989.

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

### **Independence**

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

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



**Grant J Taylor**

**Ernst and Young**

On behalf of the Auditor-General

Wellington, New Zealand

16 September 2008

## MINISTRY PERFORMANCE 2007/2008

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

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

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

## FINANCIAL OVERVIEW

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

The Ministry has spent \$88.419 million in the 2007/2008 financial year against an annual budget appropriation of \$96.527 million. When transfers of \$7.010 million from 2007/08 into 2008/09 are included, the final audited outturn for 2007/08 gives an effective under spend across all Departmental Output Expenses in the Vote of \$1.098 million (1.1 percent).

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

	SOI \$000	Final Estimates \$000	Actual Expenditure \$000	Carry Forwards \$000	Real Underspend \$000
Fisheries policy advice	7,966	7,093	6,667	0	426
Fisheries information	29,926	32,225	26,466	5,616	143
Fisheries operations	24,398	24,849	23,599	1,084	166
Fisheries compliance	29,635	30,059	29,737	0	322
Aquaculture settlement	1,812	1,667	1,626	0	41
South Pacific Regional Fisheries Management Organisation	0	634	324	310	0
<b>Total</b>	<b>93,737</b>	<b>96,527</b>	<b>88,419</b>	<b>7,010</b>	<b>1,098</b>

The carry forwards amounts represent work originally planned to be undertaken in 2007/08, but which will now be carried out in 2008/09.

In addition, the Ministry has received Cabinet approval to transfer the unspent balance from 2007/08 into 2008/09 in order to undertake preliminary work on initiatives that are important to achieving the fisheries strategic direction relating to amateur representation, or meet the Crown obligations relating to the implementation of foreshore agreements and Treaty Settlements. The amount to be transferred into 2008/09 is \$1.046 million.



## 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 2008/09.

**Table 1**

	2004/05 Actual	2005/06 Actual	2006/07 Actual	2007/08 Actual	2008/09 Plan
Fisheries policy advice	4,910	5,758	6,884	6,667	7,399
Fisheries information	25,946	27,029	28,873	26,466	31,011
Fisheries operations	16,832	20,209	23,980	23,599	25,948
Fisheries compliance	27,448	30,717	29,980	29,737	30,121
Aquaculture settlement	517	1,003	987	1,626	1,543
South Pacific Regional Fisheries Management Organisation	0	0	0	324	406
Marine biosecurity	603	0	0	0	0
<b>Total</b>	<b>76,256</b>	<b>84,716</b>	<b>90,704</b>	<b>88,419</b>	<b>96,428</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**

	2004/05 Actual	2005/06 Actual	2006/07 Actual	2007/08 Actual	2008/09 Plan
<b>Fisheries Research</b>					
Antarctic & deepwater	3,236	3,311	2,154	2,779	2,742
Hoki & middle depths	4,716	4,152	5,797	3,662	4,531
Inshore finfish, eel & snapper	1,923	1,343	1,824	2,011	2,360
Pelagic	1,075	1,867	1,391	915	1,072
Shellfish & rock lobster	1,587	1,964	2,495	2,719	2,669
Non-commercial fisheries	2,035	1,831	1,469	1,353	1,028
Aquatic environment	540	1,481	1,339	1,403	1,631
Other research	2,174	1,965	1,162	1,513	1,423
<b>Subtotal</b>	<b>17,286</b>	<b>17,914</b>	<b>17,631</b>	<b>16,355</b>	<b>17,456</b>
Biodiversity research	1,884	1,490	2,682	1,269	1,696
Biosecurity research	1,192	0	0	0	0
International polar year	0	0	0	0	950
<b>Total</b>	<b>20,362</b>	<b>19,404</b>	<b>20,313</b>	<b>17,624</b>	<b>20,102</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 2004/05 through to 2007/08 and what is planned for 2008/09. As at 30 June 2008, revenue recognised for marine farming fees has provided for revenue previously overcharged.

**Table 3**

	2004/05 Actual \$000	2005/06 Actual \$000	2006/07 Actual \$000	2007/08 Actual \$000	2008/09 Plan \$000
Cost recovery levies	25,129	29,908	30,203	31,289	33,460
Transshipment and observer charges	774	834	1,270	1,120	1,898
Permit fees	148	166	189	76	30
Marine farming, licence fees, transfer and lease fees	90	395	273	(134)	150
Other	239	128	123	0	0
<b>Cost recovery levies and charges</b>	<b>26,380</b>	<b>31,431</b>	<b>32,058</b>	<b>32,351</b>	<b>35,538</b>
<b>Total output expenditure</b>	<b>76,256</b>	<b>84,716</b>	<b>90,704</b>	<b>88,419</b>	<b>96,428</b>

## Capital Expenditure

Table 4 shows the Ministry's capital expenditure over the past four years and the expenditure proposed for 2008/09. This programme covers the routine replacement of motor vehicles, the replacement of fisheries compliance vessels, and provides for the building and upgrade of new and replacement information systems to maintain the Ministry's operating environment.

**Table 4**

	2004/05 Actual \$000	2005/06 Actual \$000	2006/07 Actual \$000	2007/08 Actual \$000	2008/09 Plan \$000
Building and leasehold improvements	246	2,958	2,105	222	210
Office plant and equipment including computer systems	723	2,612	1,794	717	1,440
Motor vehicles and vessels	1,223	571	285	879	1,250
<b>Total</b>	<b>2,192</b>	<b>6,141</b>	<b>4,184</b>	<b>1,818</b>	<b>2,900</b>

## Departmental Property, Plant & Equipment

Table 5 shows the net book value of departmental property plant and equipment at 30 June 2008. This table also provides the comparable figures for 30 June 2007.

**Table 5**

	<b>2008 Actual \$000</b>	<b>2007 Actual \$000</b>
Land, buildings and leasehold improvements	5,462	5,827
Office plant and equipment	1,229	2,200
IT Software	2,864	2,588
Motor vehicles and vessels	2,425	2,056
<b>Total</b>	<b>11,980</b>	<b>12,671</b>

## Output Class Service Performance

The following table lists departmental output expenses by output for the year ended 30 June 2008, along with the comparative figures for 30 June 2007.

	2008 Final Estimates \$000	2008 Actual \$000	2008 Actual as % of Final Estimates	2007 Actual \$000
<b>Fisheries Policy Advice</b>				
New Zealand fisheries policy advice provided	3,091	2,991	97	3,056
International fisheries policy advice provided	2,851	2,778	97	2,904
Ministerial servicing	1,151	898	78	924
<b>Sub total</b>	<b>7,093</b>	<b>6,667</b>	<b>94</b>	<b>6,884</b>
<b>Fisheries Information</b>				
Utilisation and sustainability of New Zealand's fisheries resources measured	28,135	22,509	80	25,169
Observer services provided	4,090	3,957	97	3,704
<b>Sub total</b>	<b>32,225</b>	<b>26,466</b>	<b>82</b>	<b>28,873</b>
<b>Fisheries Operations</b>				
New Zealand fisheries utilisation and sustainability reported	14,462	13,559	94	12,959
Deed of Settlement implemented	5,182	5,003	97	5,500
Statutory decisions processes administered	103	159	154	142
Aquaculture permit applications processed	379	553	146	517
Registry services managed	4,723	4,325	92	4,862
<b>Sub total</b>	<b>24,849</b>	<b>23,599</b>	<b>95</b>	<b>23,980</b>
<b>Fisheries Compliance</b>				
Commercial fisheries compliance	8,999	8,177	91	8,367
Non-commercial fisheries compliance	5,707	6,252	110	7,457
New Zealand's international fisheries compliance	922	751	81	1,185
Black market and poaching activities deterred	9,315	9,607	103	9,324
Prosecutions managed	5,116	4,950	97	3,647
<b>Sub total</b>	<b>30,059</b>	<b>29,737</b>	<b>99</b>	<b>29,980</b>
<b>Aquaculture Settlement</b>				
Aquaculture settlement implemented	1,667	1,626	98	987
<b>Sub total</b>	<b>1,667</b>	<b>1,626</b>	<b>98</b>	<b>987</b>
<b>South Pacific Regional Fisheries Management Organisation</b>				
Interim Secretariat	634	324	51	0
<b>Sub total</b>	<b>634</b>	<b>324</b>	<b>51</b>	<b>0</b>
<b>Grand total</b>	<b>96,527</b>	<b>88,419</b>	<b>92</b>	<b>90,704</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.

## ■ Departmental Output Expense – Fisheries Policy Advice

### Description

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

### Objectives

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

### New Zealand fisheries policy advice provided

#### Services to be provided

The services provided by the Ministry's Fisheries Policy group over the next five years cover a range of policy development activities, in the following key areas:

#### Adding value to the fisheries sector

This work area deals with reforms to add value to New Zealand's fisheries sectors, including reforms to improve the policy setting for allocation of shared fisheries (those fisheries in which commercial, recreational and Māori customary fishers all have significant interests), and to improve Ministry engagement with fisheries stakeholders.

#### Improving environmental performance

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

#### Developing fisheries outcomes and a monitoring approach

The focus of this work area is better prescribing fisheries management outcomes and appropriate monitoring approaches to inform the operation of an objectives-based approach to fisheries management and report on indicators of the achievement of fisheries outcomes.

#### Providing for the delivery of obligations to Māori

This work includes completing the Ministry's Treaty Strategy, contributing to the settlement of the historical Treaty claims of individual iwi and hapū, and supporting Crown negotiations and the consideration of applications made under the foreshore and seabed legislation.

The policy services agreed with the Minister will include:

- > policy analysis and advice, and the provision of associated legislative advice
- > advice on the implementation of Government policy

- > the capacity to react quickly and provide support for the Minister in Cabinet Committees, including relevant briefings on significant issues and evaluation of policy initiatives with relevance to the Government's outcomes for fisheries management
- > conducting consultation processes with sector stakeholders, government agencies and the public
- > initial promulgation of government policy, where such communication is separate from ongoing implementation
- > oral and written briefings and preparation of speech notes.

Expected results	Actual performance
<p>The quantity and nature of the specific services to be provided by the Fisheries Policy group in 2007/08 will be supplied on the basis agreed between the Minister of Fisheries (the Minister) and the Chief Executive of the Ministry. Timeframes for specific services will be agreed between the Minister and the Chief Executive of the Ministry (amended as necessary by agreement during the year). Advice will be delivered within the agreed and/or statutory timeframes so that Ministers have sufficient time to consider the issues and take appropriate action.</p>	<p>During the year, the Ministry provided advice and briefing papers on the following work areas:</p> <ul style="list-style-type: none"> <li>&gt; Aquaculture Legislation</li> <li>&gt; Aquaculture settlement</li> <li>&gt; Environmental certification</li> <li>&gt; Foreshore and seabed</li> <li>&gt; Treaty settlements</li> <li>&gt; Customary fishing regulations</li> <li>&gt; Shared fisheries</li> <li>&gt; Cost recovery</li> <li>&gt; Freshwater fisheries</li> <li>&gt; Oceans policy</li> <li>&gt; Amendments to section 13 of the Fisheries Act 1996</li> <li>&gt; Deemed values</li> </ul>
<p>All reports will comply with the Ministry's quality standards for analysis and advice outlined in this document.</p>	<p>The Ministry believes that all quality policy standards have been met.</p>
<p>Reporting at agreed intervals during the year will enable the Minister to assess actual performance in output delivery against those expectations. The Minister will be formally requested, at agreed intervals during the year, to indicate his or her level of satisfaction with the overall quality of the outputs produced based on these standards. The monitoring approach (above) provides for development of more specific effectiveness measures.</p>	<p>All substantive Policy group briefings included a quality assessment check sheet seeking the Minister's feedback. The Minister has advised that he will make comments on the paper regarding the quality if necessary, but that otherwise his signature indicates his approval of the content and quality of the paper.</p>

## International Fisheries Policy Advice Provided

### Services to be provided

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

#### Policy advice

Policy 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 (RFMOs), and the advancement of New Zealand's fisheries interests multilaterally and bilaterally. Much of this advice is developed in consultation and collaboration with the Ministry of Foreign Affairs and Trade for provision to joint Ministers.

Key policy issues include Illegal, Unregulated and Unreported (IUU) fishing, protection of marine biodiversity on the high seas, fisheries management and allocation issues within RFMOs, and the performance of RFMOs. Advice is often centred around New Zealand's negotiating position on key issues in advance of international fisheries meetings, and the seeking of endorsement and direction from Ministers in advance of those meetings.

#### Representing New Zealand

Following endorsement of New Zealand's policy positions, the International team actively engages in multilateral forums such as the United Nations Food and Agriculture Organization, World Trade Organization and the Organization for Economic Co-operation and Development to negotiate improved principles and standards to promote the sustainable use of fisheries resources. International plays a lead role in negotiations in RFMOs (CCAMLR, CCSBT, WCPFC, SPRFMO) to ensure sustainable use and secure access for the New Zealand fishing sector. International staff also represent New Zealand in bilateral fisheries discussions and negotiations, including in the context of bilateral cooperation arrangements and trade access negotiations for New Zealand fisheries products.

Outcomes of discussions and negotiations will be reported back to Ministers at the conclusion of significant international meetings, including the extent to which New Zealand's primary objectives were met. While New Zealand delegations have limited ability to control the outcomes of international meetings, the extent to which New Zealand has been able to influence the outcomes of those meetings will be reflected in the report back.

#### Capacity development with Pacific Island countries

The International team leads and coordinates the Ministry's input into capacity building work with Pacific Islands countries, including work with the Pacific Islands Forum Fisheries Agency (FFA). The Ministry's Capacity Development Framework sets out how the Ministry works with Pacific Island countries with a focus on Cook Islands, Niue, Tokelau and Tonga, including the aim of establishing enduring relationships between the Ministry and fisheries departments in those countries to assist in long term cooperation. The team works closely with NZAID on the fisheries-related aspects of New Zealand's overseas development assistance (ODA) to Pacific Island countries.



Expected Results	Actual Results
<p>All briefing papers and reports to the Minister will comply with the Ministry's quality standards for analysis and advice. The Minister will be formally requested, at agreed intervals during the year, to indicate his or her level of satisfaction with the overall quality of the outputs produced based on these standards. Whenever possible, advice papers will be provided at least two weeks in advance of international meetings to ensure that Ministers have sufficient time to consider the issues and make the necessary decisions. Reporting at agreed intervals during year will enable the Minister to assess actual performance in output delivery against expectations.</p>	<p>Briefing papers were provided on a range of issues including:</p> <ul style="list-style-type: none"> <li>&gt; The Western and Central Pacific Fisheries Commission for the 4th annual meeting in Guam.</li> <li>&gt; The Commission for the Conservation of Southern Bluefin Tuna for the annual meeting in October 2007.</li> <li>&gt; The Commission for the Conservation of Antarctic Marine Living Resources on amendments to the permit to fish in Antarctic waters.</li> <li>&gt; The United Nations Food and Agriculture Organization on the draft text of a legally binding Port State Measures Agreement to prevent, deter and eliminate illegal, unreported and unregulated fishing.</li> </ul>
<p>It is expected that the International team will represent New Zealand's interests at approximately 20 multilateral or regional meetings of three days to two weeks duration, annually.</p>	<p>The Ministry represented New Zealand interests in a series of multilateral and regional issues covering:</p> <ul style="list-style-type: none"> <li>&gt; Fisheries subsidies.</li> <li>&gt; Establishment of the South Pacific Regional Fisheries Organisation.</li> <li>&gt; A Performance Review of the Commission for the Conservation of Southern Bluefin Tuna.</li> <li>&gt; New conservation measures concerning bottom fishing and the closure of fisheries.</li> </ul>
<p>Capacity building initiatives with Pacific Island countries will be conducted in accordance with the Ministry's Capacity Development Framework (which includes monitoring and evaluation provisions) and, where finalised, under the terms of high-level cooperation arrangements between the Ministry and its Pacific Island counterparts. Feedback will be sought, both from the countries and/or agencies themselves and from NZAID, on the extent to which the Ministry's capacity building work is achieving positive results and contributing to desired outcomes.</p>	<p>The Ministry hosted two Cook Islands officials on a two week policy attachment as part of the NZAID funded Cook Islands Marine Resources Institutional Strengthening Project.</p> <p>Provided input into the development of a Regional Monitoring Control and Surveillance Strategy.</p> <p>The Ministry held a workshop with Polynesian officials and industry figures on "Generating economic benefits from sustainable fisheries". The workshop identified the benefits of closer cooperation between New Zealand and Pacific Island States.</p>

## Ministerial services provided

### Services to be 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 results	%	Actual results	%
The percentage of ministerial drafts provided to the Minister without error where error could have been avoided will be	95	365 Ministerial draft replies provided: 53 required redraft due to avoidable error	85
The percentage of draft ministerial replies completed within 15 working days of receipt unless specified as urgent will be not less than	95	365 Ministerial draft replies requested for reply within the standard 15 working days: 356 delivered on time	98
The percentage of draft responses to Parliamentary questions provided for the Minister's signature without error where error could have been avoided will be	100	15 urgent Ministerial draft replies requested: 15 delivered on time.	100
The percentage of responses to oral Parliamentary questions delivered on time	100	85 Parliamentary questions received (2 oral, 83 written): 80 answers provided free of error.	94
The percentage of responses to written Parliamentary questions delivered on time	100	85 Parliamentary questions received (2 oral, 83 written): 84 answers provided on time	99
The percentage of urgent replies completed within 5 days	100	39 Cabinet and Committee papers provided: 39 provided on time. This figure includes select Committee reports provided.	100
Advice and reports to Select Committees and Cabinet Committees will be in accordance with prescribed requirements, error free and on time	100	39 Cabinet and Committee papers provided: 39 provided free of avoidable error.	100

## ■ Departmental Output Expense – Fisheries Information

### Description

This departmental output expense covers research that is largely science based (primarily stock assessments and environmental assessments), 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.

### Objectives

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

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

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

#### Services to be provided

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.

In addition, in order to implement the New Zealand Biodiversity Strategy and support the environmental principles set out in section 9 of the Fisheries Act 1996, the Ministry has a number of research programmes in place to generate high quality baseline information. These programmes aim to improve our ability to:

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

The Ministry contributes to the maintenance of sustainable fisheries in New Zealand through research designed to increase information on stock status levels, and add to the body of knowledge used to advise the Minister of Fisheries on appropriate utilisation for future years. Research is undertaken on individual fisheries at a frequency necessary to monitor whether or not fisheries are decreasing as a result of overfishing, and to enable the Ministry to maintain the currency of the information.

This output also includes the costs associated with the capacity required to maintain the fisheries research programme. No overheads are applied to contracted services, although the overhead costs related to maintaining the programme are apportioned over direct costs.

Medium-term research plans for fisheries groups, aquatic environment issues and biodiversity are reviewed and updated annually in consultation with stakeholders and form the framework for ongoing or new research requirements. Currently there are 13 Research Planning Groups which meet periodically, but primarily in the July-September period, to write project proposals and plan and prioritise research needs based on the medium-term research plans and other relevant documents. A Research Coordinating Committee conducts an overall prioritisation process during a 2-day meeting in early to mid-October.

Stakeholders submit written comments based on the output from the RCC and the Ministry takes account of the comments and provides written responses. New results from the research programme are presented annually to a number of Ministry-led working groups that convene to assess a range of fishstocks, environmental effects of fishing and biodiversity issues. Relevant results are used in providing advice to the Minister regarding sustainable yields from fish stocks, and the technical details for each fishery are summarised in working group reports that are published annually in Fishery Assessment Plenary documents.

The effects of fishing on the environment are largely addressed through the Aquatic Environment Working Group, but there is overlap with the biodiversity research programme and research programmes of other government agencies. Environmental research findings are reviewed and assessed by this working group. The Ministry is in the process of developing an aquatic environment assessment plenary document summarising the relevant issues, the current state of knowledge about the issues and progress that has been made assessing and mitigating environmental effects of fishing.

Biodiversity research programmes are carefully designed to progress our ability to identify key species, key communities and key habitats that contribute to the value of maintaining a rich and diverse marine environment and to identify essential components without which the marine environment could not continue to sustain productivity. This work has implications for the overall health of the aquatic environment and the long-term sustainability of our fisheries.

Expected Results	Actual Results
By 31 October 2007, update medium-term research plans for all fisheries groups with October-September fishing years, for the aquatic environment, (except Antarctic fisheries) and for biodiversity, in accordance with defined quality standards.	Achieved
By 30 November 2007, finalise the development of new research project proposals for fisheries and the aquatic environment for 2008/09 and produce the draft annual Fisheries Research Services plan in accordance with defined quality standards.	Achieved
By 30 November 2007, produce a report from the mid-year fishery assessment plenary in accordance with the defined quality standards.	Achieved
By 15 December 2007, provide written responses to stakeholder submissions on the draft annual Fisheries Research Services for 2008/09.	Achieved

... continued on the next page.

Expected Results	Actual Results
By 31 March 2008, enhance the NABIS website to allow users to retrieve the underlying electronic data that describes maps (provide a web mapping service) and allow users to use NABIS as a portal to query five of the biodiversity databases owned by the Ministry but located at the National Institute for Water and Atmospheric Research Ltd (NIWA).	This project is still being progressed but expected completion date is now April 2009.
By 31 May 2008 update the Antarctic medium-term research plan in accordance with defined quality standards.	Achieved
By 31 May 2008, produce research proposals for biodiversity projects for 2008/09 in accordance with defined quality standards.	Achieved
By 31 May 2008, complete the review of stock status for all newly assessed stocks and produce a report from the fishery assessment plenary in accordance with defined quality standards.	Achieved
By 30 June 2008, produce a draft aquatic environment assessment plenary document in accordance with defined quality standards.	A working draft has been produced.
By 30 June 2008, complete the external audit of three current research projects.	Two reviews completed during the financial year and the third in early August 2008.
By 30 June 2008, complete the tender evaluation, contract award and monitoring of new research projects for the 2007/08 financial year.	Achieved
By 30 June 2008, review and provide quality assurance for all final research reports submitted by research providers for research projects completed prior to 30 April 2008.	12 of approximately 75 final research reports were not reviewed on time due to staff shortages. These were completed in August 2008.

## Observer services provided

### Services to be provided

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. Observers are also used by external agencies (eg the Department of Conservation (DOC)), to gather the specific fisheries related information required to meet their organisational obligations.

Observer coverage planning is a component of the Ministry's, and DOC's, research planning processes. Observer deployments are made consistent with the annual coverage plan and data collection specifications.

The targeted cost of Observer coverage is an average of \$525 per coverage day, exclusive of GST. The actual cost of coverage varies between fisheries depending on the continuity of sea days and the shore day to sea day ratio required to achieve coverage days. These cost drivers are reflected in a lower cost per coverage day for deep sea coverage compared to inshore coverage.

Expected Results	Actual Results
Information and/or data collected by observers throughout the year, in accordance with agreed client specifications.	<p>New and amended information and data collection requirements from our clients have been implemented for:</p> <ul style="list-style-type: none"> <li>&gt; Catch Effort Logs</li> <li>&gt; Benthic materials</li> <li>&gt; Trawl gear details</li> <li>&gt; Tori Line details</li> <li>&gt; Bird baffler details</li> <li>&gt; Squid biological sampling</li> </ul> <p>These have been incorporated into the relevant pre-trip briefing specifications. Post-trip debriefings and observer trip performance assessments continue to feedback into future data collection improvement reviews.</p>
Observer coverage delivered for an average cost of \$525 +/- 10% per day.	<p>The actual cost of observer coverage for the year was \$586 per coverage day; this is \$8 per coverage day above the target of \$525 +/- 10%.</p> <p>The higher cost per coverage day reflects the increased coverage achieved in inshore fisheries on smaller vessels.</p>
Observer coverage of 7,460 sea days delivered to within +/- 10% of the agreed annual plan at either a species level or fishing area(s) / method level, depending on client specification.	<p>Full year total coverage (July 2007 – June 2008) was 6,754 days against a plan of 7,462 days (91% of plan).</p> <p>The full year coverage for levied fisheries was 5,703 days against a plan of 6,529 days (87% of plan).</p> <p>The full year coverage for "permit" fisheries was 1,051 days against a plan of 933 days (113% of plan). As coverage is a permit requirement or at the direct request of industry sectors, coverage in "permit" fisheries is a function of fishing activity.</p>



## ■ Departmental Output Expense – Fisheries Operations

### Description

This departmental output expense provides for:

- > The development of standards, guidelines, regulations, fisheries plans and processes that make fisheries policy operational
- > Services to monitor the delivery of contracted and devolved registry services to ensure consistency and compliance with contracted or devolved standards
- > Delivering on obligations arising from the Fisheries Deed of Settlement obligations
- > The management and dissemination of information received from registry agencies
- > Management of a number of Ministry statutory decision processes
- > A capacity to contribute to the formulation of strategic goals for the biosecurity system
- > A capability to contribute to the New Zealand Biodiversity Strategy.

### Objectives

This departmental output expense is designed to achieve:

- > Appropriate standards defining acceptable impacts of fishing
- > Appropriate allocation of rights to utilise fisheries
- > Objective-based fisheries plans that maximise value from fisheries
- > Effective participation for tangata whenua in fisheries management.

### New Zealand fisheries utilisation and sustainability planned and reported

#### Services to be provided

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

- > Maintenance of the rights-based structure
- > Development and implementation of fisheries plans and standards
- > Implementation of the Government's Marine Protected Areas Strategy
- > Advice on marine reserve applications
- > Advice on proposed aquaculture management areas
- > Implementation of regulatory amendments
- > Implementation of the Government's aquaculture reforms
- > Advice on the fishing-related impacts of biosecurity decisions
- > Advice on the management tools used to protect biodiversity.

Expected Results	Actual Results
<p>Develop fisheries plans and standards in accordance with timeframes agreed with iwi and stakeholders.</p>	<p>Fisheries Plan Advisory Groups, comprising of representatives from tangata whenua, commercial, recreational and the environment sectors, and the Ministry are working on seven fisheries plans:</p> <ul style="list-style-type: none"> <li>&gt; Northland Scallops</li> <li>&gt; Northwest Finfish</li> <li>&gt; Rock Lobster in Area 3 (Gisborne/East Coast)</li> <li>&gt; Challenger Finfish</li> <li>&gt; Southern Shellfish</li> <li>&gt; Paua in area 5A (Fiordland)</li> <li>&gt; Pelagic fisheries (including tuna and game fish).</li> </ul> <p>The focus for the deepwater and middle depth groups is hoki, orange roughy/oreo and squid.</p> <p>The Threat Management Plan for Hector's and Maui's dolphins was approved by the Minister in May 2008 and is now being implemented</p> <p>Final advice is being prepared for the Minister on the draft National Plan of Action for Sharks.</p> <p>A draft seabird standard and revised National plan of Action for Seabirds has been consulted on and submissions are being analysed and discussed with key stakeholders.</p>
<p>Provide concurrence reports on marine reserve applications to the Minister of Fisheries following receipt of a request by the Minister of Conservation within a timeframe agreed with the Minister of Fisheries for each request, and within the terms of the Marine Reserves Protocol.</p>	<p>On 15 May 2008 the Minister of Fisheries announced his decision not to concur with the establishment of the Great Barrier Island Marine Reserve.</p>
<p>Provide final advice papers to the Minister of Fisheries on proposed sustainability measures and management controls, and new species to be introduced into the QMS in sufficient time to implement decisions prior to the relevant fishing year.</p>	<p>Final advice to the Minister in relation to the 1 October 2007 fishing year was provided on 5 September 2007. Changes to harvest limits were gazetted on 27 September 2007.</p> <p>Final advice was also provided to the Minister in relation to the to the 1 April 2008 sustainability round. Changes were gazetted and implemented on 1 April 2008.</p>
<p>Provide advice and support from a fisheries management perspective on the formulation of strategic goals for the marine biosecurity system and advice on biosecurity risks.</p>	<p>The Ministry has provided advice to Biosecurity New Zealand on a range of marine biosecurity issues during the year, including:</p> <ul style="list-style-type: none"> <li>&gt; a response to the biosecurity surveillance strategy 2020</li> <li>&gt; participation with other central and local government agencies in evaluation of bids to develop a "Top of the South" Nelson/Marlborough marine biosecurity strategy</li> <li>&gt; comment on import risk analysis reports.</li> </ul>
<p>Undertake work to finalise Stage One of the Marine Protected Areas Policy and implement Stage Two by 31 December 2007, in accordance with the work programme for the implementation of the Policy.</p>	<p>Consultation on the proposed classification system and protection standard commenced in late June 2007. Cabinet has confirmed its approach. There remain differences in interpretation of the protection standard between the Ministry and the Department of Conservation. These are being worked through.</p>
<p>All advice to decision-makers will be delivered in accordance with the standards for policy advice</p>	<p>The Ministry believes that all quality policy standards have been met.</p>

## Deed of settlement implemented

### Services to be provided

Assist tangata whenua to better contribute to the sustainable management of New Zealand fisheries, through the effective use of the Ministry's Pou Hononga, Pou Takawaenga and fisheries analyst resources. An important aspect of their work involves assisting in the process for the appointment of Tangata Tiaki and Tangata Kaitiaki. Building and maintaining our relationship with tangata whenua and assisting them to engage in the development of fisheries plans is an important way in which the Ministry discharges its obligations for encouraging participation from iwi. The services we provide also include developing capacity within tangata whenua to manage customary access and to provide assistance with use of customary management tools.

Expected Results	Actual Results
Tangata Tiaki appointments by the Minister of Fisheries, under the Fisheries (South Island Customary Fishing) Regulations 1999, cover 90% of the South Island by June 2008.	Te Tau Ihu Fisheries Forum continues to work on resolving opposition within its membership to the appointment of Tangata Tiaki across the top of the South Island.
Tangata Kaitiaki appointments by the Minister of Fisheries, under the Fisheries (Kaimoana Customary Fishing) Regulations 1998, cover 40% of the North Island by June 2008.	Progress towards the target continues. One new area/rohe moana, from the Whareama River to the Pahaoa River in Wairarapa, was established during 2007-08, with Tangata Kaitiaki appointments confirmed for Ngāti Hamua and Ngāi Tāmapuhiārangi. In addition, appointments were confirmed for Ngāti Tāhinga as represented by the Weraroa Marae (Otehe to the Kaawa Stream).
Increased provision of quarterly catch landing reports of Tangata Kaitiaki and Tangata Tiaki appointed under the Fisheries (Kaimoana Customary Fishing) Regulations 1998 or the Fisheries (South Island Customary Fishing) Regulations 1999.	Effort continues to be extended to ensure more Tangata Kaitiaki are submitting quarterly returns. Work is ongoing in respect to inputting quality data into the customary database.
Increased input and participation of tangata whenua into fisheries management processes (detailed in s 12 of the Fisheries Act 1996) by engaging with hapū and iwi through the creation and operation of 13 regional forums.	Eleven regional iwi forums have been established. Opportunity for input and participation into fisheries management process is being provided through these forums.
Advice is provided to the Minister of Fisheries, as required, on the establishment of mātaītai reserves, taiapure-local fisheries and on other area management proposals.	During the year, the Ministry has submitted advice papers to the Minister to: <ul style="list-style-type: none"> <li>&gt; reinstate a closure of the Kaipara Harbour to the take of scallops for a further one-year period. This came into effect on 14 September 2007</li> <li>&gt; reinstate a closure at Mt Maunganui to the take of green-lipped mussels for a further two-year period. This came into effect on 7 December 2007</li> <li>&gt; extend the western boundary of the Raukokore (East Cape) Mātaītai Reserve. This came into effect on 16 November 2007</li> <li>&gt; introduce a mātaītai reserve for the area between Kaka Point and Nugget Point. This came into effect on 3 April 2008</li> <li>&gt; introduce a mātaītai reserve for Aotea Harbour and adjoining waters. This came into effect on 8 May 2008.</li> </ul>

## Statutory decision processes administered

### Services to be provided

This output provides for:

- > the issue of freshwater farm licences
- > the issue of fish transfer authorisations
- > the issue of special permits
- > the management of transitional aquaculture registrations under the Fisheries Act 1996.

Expected Results	Actual Results
<p>95% of all applications made under the Freshwater Fish Farming Regulations 1983, transitional issues and applications for fish farm registration under the Fisheries Act 1996 will be determined within six months of the date of receipt.</p>	<p>Completed: 13 applications (10 renewals, 2 variations, and 1 new licence application; 1 renewal withdrawn).</p> <p>Applications on hand – 1 variation (less than 6 months).</p> <p>3 koura fish farm renewals held due to koura legislation issues.</p>
<p>95% of applications for special permits will be determined within six months of the date of receipt of completed applications and to the following prescription:</p> <ul style="list-style-type: none"> <li>&gt; appropriate consultation is carried out in accordance with section 97(2) of the Fisheries Act 1996 on each application, prior to a decision to approve or decline the application</li> <li>&gt; the purpose for which a special permit is issued is consistent with those specified in section 97(1) of the Fisheries Act 1996</li> <li>&gt; in compliance with the procedures in the <i>Special Permit Manual</i>.</li> </ul>	<p>Completed: 41 applications – all within 6 months (40 permits or amendments issued; 1 application withdrawn).</p> <p>Applications on hand: 9</p> <p>2 of the undecided applications are older than 6 months: one because a new purpose is being developed; and one because the research proposal has required two revisions.</p>

## Aquaculture permit applications processed

### Services to be provided

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

Expected Results	Actual Results
<p>The Ministry will resolve all applications made under the Fisheries Act 1983 by 30 June 2008.</p>	<p>In 2007/08, the Ministry made 17 final decisions (3 were for large applications).</p> <p>23 applications remain; the Ministry aims to resolve 22 of these by 30 June 2009 (1 application is on hold until resource consent monitoring is completed in 2009).</p>
<p>As and when required, a reservation or determination is issued within the timeframes set in section 186E of the Fisheries Act 1996 to the relevant regional council following receipt of advice from the council that an aquaculture management area is proposed.</p>	<p>A preliminary decision was made on one interim Aquaculture Management Area application from Tasman District Council but the 6 month timeframe for a final decision was not met because:</p> <ul style="list-style-type: none"> <li>&gt; a technical amendment to the law is required (this is being progressed)</li> <li>&gt; the application is large, comprising 3 AMAs, in 2 separate bays; in effect, it is 3 applications in one</li> <li>&gt; more information (research) was required</li> <li>&gt; analysing all available information is complex and time consuming.</li> </ul> <p>The Ministry has received a request for an aquaculture decision on the Waikato Interim AMA. This request is on hold while more environmental research is being done. It is expected that the application will be completed within the 6 month timeframe once additional research is received.</p>

## Registry services managed

### Services to be provided

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 Results	Actual Results
<p>Contracted and devolved services are delivered in a manner consistent with the relevant standards and specifications as held by the Ministry.</p>	<p>Approved standards and specifications are in place for the delivery of both contracted and devolved services.</p> <p>Monthly reports have been received for each of the relevant months and have not identified any material errors in performance. Any errors that have been identified have been addressed at the time and appropriately resolved.</p>
<p>Allocate quota for species declared by the Minister to be subject to the Quota Management System in accordance with Part IV of the Fisheries Act 1996 and within the quality and timeframes defined in the Ministry's Stock Allocation Policy in respect of that species and stock.</p>	<p>The Minister has not declared that any species will become subject to the QMS during 2008.</p>



## Departmental Output Expense – Fisheries Compliance

### Description

Fisheries Compliance will support objective based fisheries management and strive to achieve optimal levels of compliance with the fisheries laws that underpin the sustainable utilisation of New Zealand fisheries and protection of the aquatic environment.

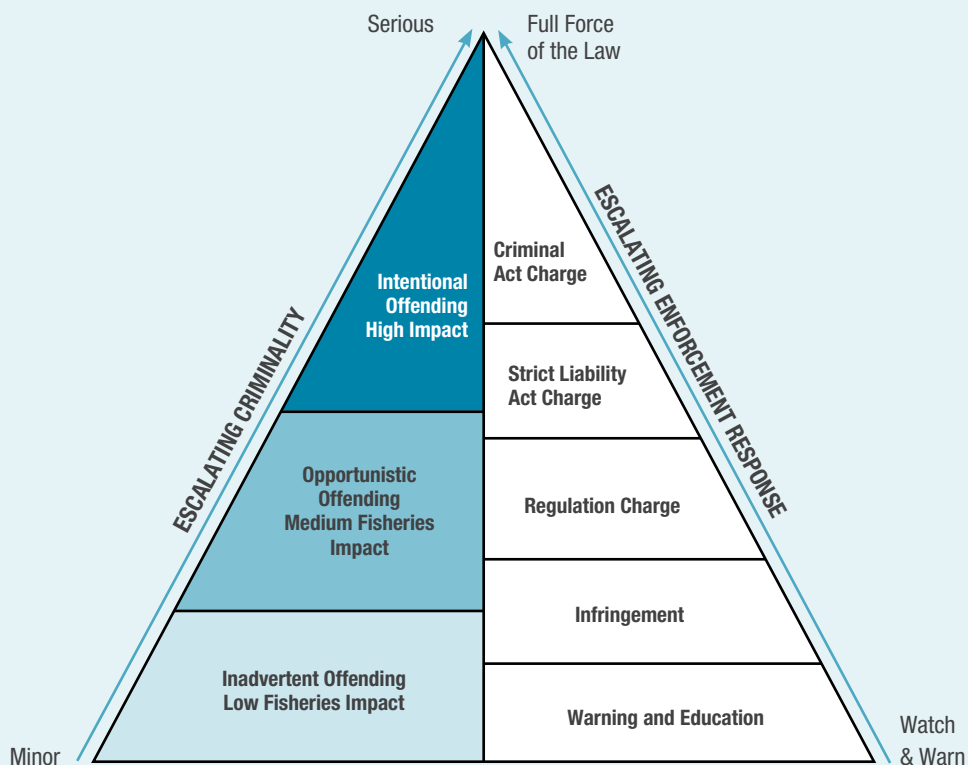
### Objectives

To achieve this, Fisheries Compliance will adopt two core strategic objectives:

- > to promote high levels of voluntary compliance with fisheries laws: Promoting voluntary compliance relies on a combination of Ministry initiatives aimed at obtaining stakeholder 'buy-in', increasing knowledge of the rules and aligning incentives with compliance
- > to create an effective deterrence against illegal activity: This involves detecting illegal activity and implementing an enforcement response that will create a deterrent to both the offender and others.

To guide staff in enforcement activity an enforcement response model has been adopted. Its purpose is to link escalating criminality with a predictable and consistent escalating enforcement response.

### Fishery Enforcement Response Model



In order to determine the effectiveness of the services provided below, the following have been monitored:

Service	Effectiveness measure	Effectiveness achieved
<b>Commercial fisheries compliance</b>		
Vessel Inspections (at port, at sea, landings) monitored	Increasing levels of voluntary compliance, target $\geq 80\%$	85%
Licensed Fish Receiver inspections	Increasing levels of voluntary compliance, target $\geq 85\%$	86%
Monthly Harvest returns monitored and unfurnished and late returns followed up	Increasing levels of voluntary compliance, target $\geq 90\%$	93%
<b>Non-commercial fisheries compliance</b>		
Inspections (vessels, vehicles and persons)	Increasing levels of voluntary compliance, target $\geq 90\%$	95%
<b>Poaching and black-market activities deterred</b>		
Dealer in fish inspections	Decreasing levels of offences detected $\leq 20\%$	12%

## Services to be provided

### Commercial Fisheries

For the commercial output compliance services will be delivered to monitor, inspect and investigate commercial fishers, those fishing outside the EEZ and other participants in the commercial fishing industry to support the integrity of the Quota Management System and the international fisheries rules and agreements.

### Non-commercial Fisheries

For the non-commercial output compliance services will be delivered to educate, monitor and inspect recreational and customary fishers.

### Poaching and black-market

For the poaching and black-market output compliance services will be delivered to detect and prosecute key offenders and disrupt the supply of poached or black-market seafood through effective monitoring, inspection and investigations.

### Prosecutions

For the prosecution output Fisheries Compliance will be focused on successfully prosecuting serious fisheries offending and achieving deterrent penalties.

## Services to be provided to improve levels of Voluntary Compliance

### Commercial fisheries compliance

	Expected Results		Actual Results	
	Quantity	Quality/timeliness	Quantity	Quality/timeliness
Vessel Inspections (at port, at sea, landings) monitored	1,500	90% vessel inspections entered into system by 5th day of following month.  Act or regulation breaches followed up in inspection.	1,371 vessel inspection target not met due to dedicated support to Operation Paid	93%  This deliverable was removed with approval from the Minister of Fisheries
Licensed Fish Receiver inspections	200	90% of LFR inspections entered into system by 5th day of following month.  Act or regulation breaches followed up in inspection.	382	95%  This deliverable was removed with approval from the Minister of Fisheries
Monthly Harvest Return monitored and unfurnished and late returns followed up	1,250	Unfurnished returns followed up within 2 months of due date.  Late returns followed up within 14 days of receipt	1,173	100%

### Non-commercial fisheries compliance

	Expected Results		Actual Results	
	Quantity	Quality/timeliness	Quantity	Quality/timeliness
Inspections (vessels, vehicles and persons)	15,000	85% of inspections entered into system by 12th day of following month	25,500	85%
Kaitiaki trained and /or educated	100		214	
Education programme delivered		90% of planned activities delivered	2,924 educational activities	
Manage Honorary Fishery Officer volunteers	160	Trained and hold HFO warrants	162	

## Services to be provided to create an effective deterrent

### Commercial fisheries compliance

	Expected Results		Actual Results	
	Quantity	Quality/timeliness	Quantity	Quality/timeliness
Commercial investigations commenced	10		9	
International investigations commenced	2		11	
Investigations undertaken categorised as high and medium risk against the 'Risk Based Compliance Strategy'		75%		100%
Prosecution decision making is consistent with Crown Law Office Prosecution Guidelines and Compliance policy statements		100%		100%
Successful prosecutions achieved under the Fisheries Act 1996		90%		100%
Successful prosecutions achieved under Fisheries regulations		75%		94%

### Poaching and black market activities deterred

	Expected Results		Actual Results	
	Quantity	Quality/timeliness	Quantity	Quality/timeliness
Poaching and black-market patrols undertaken	400-500		542	
Dealer in fish (DIF) inspections	1,000	90% DIF inspections entered into system by 5th day of following month.	1,175	94%
0800 4 Poacher calls logged	1,400		2,156	
Poaching and black-market investigations commenced	12		3	
Investigation undertaken categorised as high and medium risk against the 'Risk Based Compliance Strategy'		75%		100%
Prosecution decision making is consistent with Crown Law Office Prosecution Guidelines and Compliance policy statements		100%		100%
Successful prosecutions achieved under the Fisheries Act 1996		90%		96%
Successful prosecutions achieved under Fisheries regulations		75%		88%

## ■ Departmental Output Expense – Aquaculture Settlement

### Description

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

### Objectives

Administration of the legislated settlement in order to:

- > ensure Crown obligations in relation to the settlement are met
- > provide for the durability and integrity of the settlement
- > protect the relationship between the Crown and Māori
- > comply with the Crown's obligations under the principles of the Treaty of Waitangi
- > support the government's economic transformation initiatives in relation to aquaculture.

### Services to be provided

1. Progressing the implementation of this Act in an effective and efficient manner; ensuring that all legislative timetables are met.  
This includes:
  - > ensuring potential beneficiaries understand the settlement. This will be achieved in partnership with the trustee for the settlement
  - > development of a valuation methodology for the settlement obligation by 31 December 2007
  - > establishing processes to support the settlement option of purchasing established marine farms from 1 January 2008
  - > supporting the Minister's review, as required by the Act, of the assessment of the Crown's compliance with the settlement.  
The planning for the review is to be started by 31 December 2007.
2. Maintaining the aquaculture settlement register and the associated space required in each region to meet the settlement obligation.
3. Monitoring the performance of Te Ohu Kai Moana Trustee Ltd as trustee of the settlement process both in terms of funding and performance of their statutory role.



Expected Results	Actual Results
<p>Administering the Māori Commercial Aquaculture Claims Settlement Act 2004 in a way that is consistent with the principles of the Treaty of Waitangi and in such a way as to not create further grievances.</p>	<p>The Ministry takes into account the principles of the Treaty of Waitangi in implementing the settlement. It has not received any complaints, or negative feedback, on this issue.</p>
<p>Maintaining the aquaculture settlement register and the associated space required in each region to meet the settlement obligation through regular updates of the register and the Ministry's web site, and an annual audit of the register.</p>	<p>The aquaculture settlement register is regularly updated for decisions in relation to pre-moratorium space. The last update of the Ministry's website was 13 May 2008.</p> <p>Ernst &amp; Young have issued an unqualified audit report on the register for the period ending 19 December 2007.</p>
<p>Progressing the implementation of the Māori Commercial Aquaculture Claims Settlement Act 2004 in an effective and efficient manner; ensuring that all legislative timetables are met. This includes:</p> <ul style="list-style-type: none"> <li>&gt; ensuring potential beneficiaries understand their rights and obligations under the settlement. This will be achieved in partnership with the trustee for the settlement through responding to particular iwi needs as they arise</li> <li>&gt; developing, by 31 December 2007, a valuation methodology for the settlement obligation</li> <li>&gt; establishing, by 1 January 2008, processes to support the settlement option of purchasing established marine farms</li> <li>&gt; supporting the Minister's review, as required by legislation, of an assessment of the Crown's compliance with the settlement, with the planning for the review to be commenced by 31 December 2007.</li> </ul>	<p>Currently all legislative timetables are met.</p> <ul style="list-style-type: none"> <li>&gt; No specific request by an iwi for advice on their rights under the settlement.</li> <li>&gt; The Ministry has received the final, peer reviewed, recommendation on the valuation methodology and has received Cabinet approval to commence a consultation process.</li> <li>&gt; Processes to support settlement options are being established as part of the Ministerial plan required by the Act. The plan was released for consultation on 1 July 2008.</li> <li>&gt; The plan was released for consultation on 1 July 2008.</li> </ul>
<p>Reviewing, on a quarterly basis, the performance of Te Ohu Kai Moana Trustee Ltd in terms of its statutory role as trustee, including its mandating of Iwi and regional agreements and its financial management</p>	<p>Te Ohu Kai Moana Trustee Ltd has published its annual report (year ended 30 September 2007) for the Takuti Trust and associated audit reports prior to 31 December 2007. The Takuti Trust has refunded to the Ministry its under spend for the 2006/07 year. Ernst &amp; Young have issued an unqualified opinion as to the appropriateness of the overhead allocations, as required by the funding agreement</p>

## ■ Statement of Accounting Policies for the year ended 30 June 2008

### Reporting Entity

The Ministry of Fisheries (the Ministry) 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 2008. The financial statements were authorised for issue by the Chief Executive of the Ministry on 16 September 2008.

### 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.

This is the first set of financial statements prepared using NZ IFRS. The comparatives for the year ended 30 June 2007 have been restated to NZ IFRS accordingly. Reconciliations of equity for the year ended 30 June 2007 under NZ IFRS to the balances reported in the 30 June 2007 financial statements are detailed in note 24.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing an opening NZ IFRS statement of financial position as at 1 July 2006 for the purposes of the transition to NZ IFRS.

The financial statements have been prepared on an 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.

### New Accounting Standards and Interpretations

The following new standards, amendments to standards or interpretations have been issued but are not yet effective for the year ended 30 June 2008, and have not been applied in preparing these financial statements.

*NZIAS 1 Presentation of Financial Statements (revised effective from 1 January 2009).*

The Ministry of Fisheries will apply this Standard from 1 July 2009. The amendments are expected to only affect the presentation of the entity's financial statements and will not have a material financial impact.

### 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.

## ■ Specific Accounting Policies

### 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.

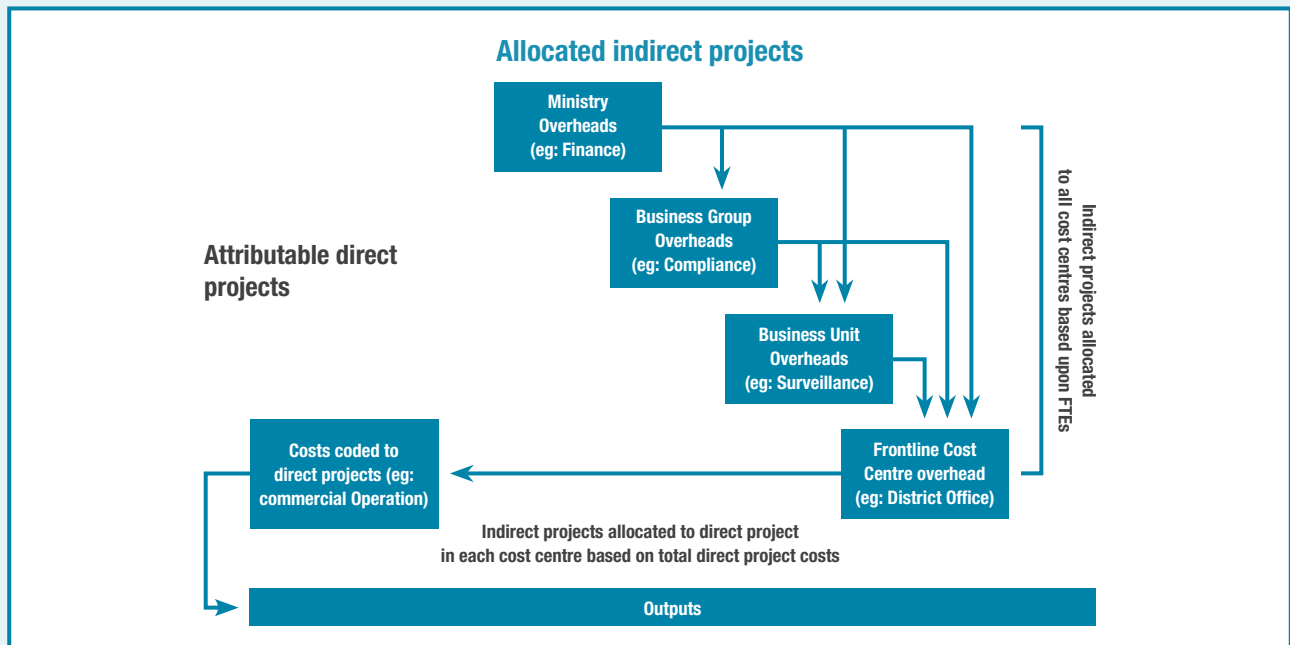
### Capital Charge

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

There have not been any changes in cost accounting policies, 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, 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 & 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.

Land, buildings and vessels are measured at deemed cost less accumulated depreciation. The deemed cost of land, buildings and vessels as at 30 June 2006, the date of transition to NZ IRFS, was determined by reference to fair value, as established by an independent valuation for the Ministry of Fisheries in January and April 2003 respectively, with subsequent additions at cost.

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 statement of financial performance.

## 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 are 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 derecognition 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 statement of financial performance 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 statement of financial performance 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 statement of financial performance.

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 least 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 statement of financial performance.

## Creditors and Other Payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using effective interest rate method.

## 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 an outflow of future economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

## Employee Entitlements

A 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 statement of financial performance as incurred.

## 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 statement of financial performance.

## 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 settlements 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 statement of financial performance.

## Statement of Cash Flows

Cash means cash balances on hand and held in bank accounts.

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

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

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

## 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 and any transfers made by Order-in-Council under section 26A of the Public Finance Act 1989.

## Changes in Accounting Policies

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

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

	Notes	2008 Main Estimates \$000	2008 Supplementary Estimates \$000	2008 Actual \$000	2007 Actual \$000
<b>Income</b>					
Crown	1	91,035	93,966	87,134	87,985
Department	2	1,190	1,700	1,565	1,748
Other	3	1,512	861	515	1,098
Gains	4	0	0	62	62
<b>Total income</b>		<b>93,737</b>	<b>96,527</b>	<b>89,276</b>	<b>90,893</b>
<b>Expenditure</b>					
Personnel costs	5	42,938	42,571	41,814	40,349
Operating costs	6	46,615	50,647	43,362	46,674
Depreciation and amortisation expense	7	3,225	2,350	2,289	2,722
Capital charge	8	959	959	954	959
<b>Total expenditure</b>	<b>23</b>	<b>93,737</b>	<b>96,527</b>	<b>88,419</b>	<b>90,704</b>
<b>Net surplus</b>		<b>0</b>	<b>0</b>	<b>857</b>	<b>189</b>

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

	2008 Main Estimates \$000	2008 Supplementary Estimates \$000	2008 Actual \$000	2007 Actual \$000
Balance at 1 July	12,658	12,658	12,658	12,658
Net surplus	0	0	857	189
<b>Total recognised income and expense for the period</b>	<b>0</b>	<b>0</b>	<b>857</b>	<b>189</b>
Repayment of surplus to the Crown	0	0	(857)	(189)
Capital contribution	0	0	0	0
<b>Balance at 30 June</b>	<b>12,658</b>	<b>12,658</b>	<b>12,658</b>	<b>12,658</b>

These financial statements should be read in conjunction with the statement of accounting policies on pages 52 to 57 and the notes to the financial statements on pages 64 to 77.



## Statement of Financial Position as at 30 June

	Notes	2008 Main Estimates \$000	2008 Supplementary Estimates \$000	2008 Actual \$000	2007 Actual \$000
<b>Current assets</b>					
Cash		2,702	3,498	1,174	2,244
Debtors and other receivables	10	18,791	18,791	20,185	17,646
Prepayments		300	300	599	692
<b>Total current assets</b>		<b>21,793</b>	<b>22,589</b>	<b>21,958</b>	<b>20,582</b>
<b>Non-current assets</b>					
Property, plant and equipment	11	8,724	12,782	9,116	10,083
Intangible assets	12	2,650	439	2,864	2,588
<b>Total non-current assets</b>		<b>11,374</b>	<b>13,221</b>	<b>11,980</b>	<b>12,671</b>
<b>Total assets</b>		<b>33,167</b>	<b>35,810</b>	<b>33,938</b>	<b>33,253</b>
<b>Current liabilities</b>					
Creditors and other payables	13	14,828	17,471	13,250	15,182
Repayment of surplus to the Crown	14	0	0	857	189
Provisions	15	0	0	445	0
Employee entitlements	16	653	653	3,896	2,735
Unearned revenue		0	0	122	15
<b>Total current liabilities</b>		<b>15,481</b>	<b>18,124</b>	<b>18,570</b>	<b>18,121</b>
<b>Non-current liabilities</b>					
Provisions	15	0	0	153	0
Employee entitlements	16	5,028	5,028	2,557	2,474
<b>Total non-current liabilities</b>		<b>5,028</b>	<b>5,028</b>	<b>2,710</b>	<b>2,474</b>
<b>Total liabilities</b>		<b>20,509</b>	<b>23,152</b>	<b>21,280</b>	<b>20,595</b>
<b>Net assets</b>		<b>12,658</b>	<b>12,658</b>	<b>12,658</b>	<b>12,658</b>
<b>Taxpayers' funds</b>					
General funds	9	12,658	12,658	12,658	12,658
<b>Total taxpayers' funds</b>		<b>12,658</b>	<b>12,658</b>	<b>12,658</b>	<b>12,658</b>

These financial statements should be read in conjunction with the statement of accounting policies on pages 52 to 57 and the notes to the financial statements on pages 64 to 77.

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

	Notes	2008 Main Estimates \$000	2008 Supplementary Estimates \$000	2008 Actual \$000	2007 Actual \$000
<b>Cash flows from operating activities</b>					
Receipts from revenue Crown		91,035	93,073	84,609	88,502
Receipts from revenue department		1,190	1,024	1,888	1,854
Receipts from revenue other		1,512	1,194	305	1,376
Payments to suppliers		(55,337)	(55,719)	(51,018)	(54,283)
Payments to employees		(33,916)	(34,151)	(33,692)	(30,218)
Payments for capital charge		(959)	(959)	(954)	(959)
Goods and services tax (net)		0	(119)	(399)	(119)
<b>Net cash from operating activities</b>	17	<b>3,525</b>	<b>4,343</b>	<b>739</b>	<b>6,153</b>
<b>Cash flows from investing activities</b>					
Receipts from sale of property, plant and equipment		0	0	198	209
Purchase of property, plant and equipment		(2,900)	(1,608)	(1,110)	(2,699)
Purchase of intangible assets		0	(1,292)	(708)	(1,482)
<b>Net cash from investing activities</b>		<b>(2,900)</b>	<b>(2,900)</b>	<b>(1,620)</b>	<b>(3,972)</b>
<b>Cash flows from financing activities</b>					
Repayment of surplus to the Crown		0	(189)	(189)	(1,349)
<b>Net cash from financing activities</b>		<b>0</b>	<b>(189)</b>	<b>(189)</b>	<b>(1,349)</b>
<b>Net increase/(decrease) in cash</b>		625	1,254	(1,070)	832
Cash at the beginning of the year		2,077	2,244	2,244	1,412
<b>Cash at the end of the year</b>		<b>2,702</b>	<b>3,498</b>	<b>1,174</b>	<b>2,244</b>

These financial statements should be read in conjunction with the statement of accounting policies on pages 52 to 57 and the notes to the financial statements on pages 64 to 77.

## ■ Statement of Commitments as at 30 June

### 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 2008.

### 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 also fisheries and biodiversity research projects and registry services contracts that have been entered into in 2007/2008 for which the service will be performed after 30 June 2008.

	<b>2008 Actual \$000</b>	<b>2007 Actual \$000</b>
<b>Operating commitments</b>		
> Not later than one year	19,711	20,659
> Later than one year and not later than five years	20,400	22,595
> Later than five years	5,124	7,902
<b>Total operating commitments</b>	<b>45,235</b>	<b>51,156</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>45,235</b>	<b>51,156</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 52 to 57 and the notes to the financial statements on pages 64 to 77.

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

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

### Quantifiable Contingent Liabilities

	2008 Actual \$000	2007 Actual \$000
<b>Department</b>		
Employment related matters	60	0
<b>Total contingent liabilities</b>	<b>60</b>	<b>0</b>

### Unquantifiable Contingent Liabilities

The Ministry has a number of contingent liabilities which cannot be quantified at 30 June 2008. These arise primarily from permit and allocation decisions.

### Contingent Assets

The Ministry has no material contingent assets (2007 nil).

These financial statements should be read in conjunction with the statement of accounting policies on pages 52 to 57 and the notes to the financial statements on pages 64 to 77.

## ■ Statement of Departmental Expenditure and Capital Expenditure against Appropriations for the year ended 30 June

	2008 Appropriation* \$000	2008 Actual \$000	2007 Actual \$000
<b>Vote Fisheries</b>			
<i>Appropriations for output expenses: annual appropriation</i>			
Policy advice	7,093	6,667	6,884
Fisheries information	32,225	26,466	28,873
Fisheries operations	24,849	23,599	23,980
Fisheries compliance	30,059	29,737	29,980
Aquaculture settlement	1,667	1,626	987
Interim Secretariat – SPRFMO	634	324	0
<b>Total</b>	<b>96,527</b>	<b>88,419</b>	<b>90,704</b>
<b>Capital Injection</b>			
Capital injection	0	0	0
<b>Total capital injection</b>	<b>0</b>	<b>0</b>	<b>0</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 2008

There has been not been any unappropriated expenditure for the year ended 30 June 2008 (2007 \$266,000).

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 30 June

#### 1 Revenue Crown

	2008 Main Estimates \$000	2008 Supplementary Estimates \$000	2008 Actual \$000	2007 Actual \$000
Policy advice	7,831	6,983	6,983	6,745
Fisheries information	28,621	30,953	25,514	27,586
Fisheries operations	23,701	24,086	23,002	22,924
Fisheries compliance	29,075	29,646	29,647	29,634
Aquaculture settlement	1,807	1,664	1,664	1,096
Interim secretariat SPRFMO	0	634	324	0
<b>Total revenue Crown</b>	<b>91,035</b>	<b>93,966</b>	<b>87,134</b>	<b>87,985</b>

#### 2 Revenue Department

	2008 Main Estimates \$000	2008 Supplementary Estimates \$000	2008 Actual \$000	2007 Actual \$000
Recovery of state sector retirement savings scheme costs	1,151	993	825	768
Observer charges	0	676	621	695
Fisheries expertise seconded to World Bank	39	31	39	285
Review of ecological effects of shellfish aquaculture	0	0	60	0
Other	0	0	20	0
<b>Total revenue department</b>	<b>1,190</b>	<b>1,700</b>	<b>1,565</b>	<b>1,748</b>

#### 3 Revenue Other

	2008 Main Estimates \$000	2008 Supplementary Estimates \$000	2008 Actual \$000	2007 Actual \$000
Marine farming, licence fees, transfer and lease fees	190	163	(134)	273
Transshipment and observer charges	1,182	472	499	575
Permit fees	140	170	76	189
Miscellaneous	0	56	74	61
<b>Total revenue other</b>	<b>1,512</b>	<b>861</b>	<b>515</b>	<b>1,098</b>

As at 30 June 2008 revenue recognised for marine farming fees has provided for revenue previously overcharged.

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

	2008 Main Estimates \$000	2008 Supplementary Estimates \$000	2008 Actual \$000	2007 Actual \$000
Motor vehicles	0	0	51	0
Vessels	0	0	6	60
Computer Equipment	0	0	5	2
<b>Net gain on sale of property, plant and equipment</b>	<b>0</b>	<b>0</b>	<b>62</b>	<b>62</b>

#### 5 Personnel Costs

	2008 Main Estimates \$000	2008 Supplementary Estimates \$000	2008 Actual \$000	2007 Actual \$000
Salaries and wages	38,424	36,764	36,024	33,795
Other	4,514	5,807	5,790	6,554
<b>Total personnel costs</b>	<b>42,938</b>	<b>42,571</b>	<b>41,814</b>	<b>40,349</b>

#### 6 Operating Costs

	2008 Main Estimates \$000	2008 Supplementary Estimates \$000	2008 Actual \$000	2007 Actual \$000
Advertising, info & publicity	384	370	651	647
Asset operating costs	2,702	2,704	2,976	3,692
Bad debts written-off	0	0	0	3
Communications	1,284	1,429	1,353	1,360
Computer consumables	1,460	1,539	1,601	1,766
Contract for services	29,967	34,577	26,158	28,547
Fees for audit of the financial statements	150	165	165	152
Audit fees for NZ IFRS transition	0	0	0	20
Fees to auditors for other services	0	0	8	14
Legal	1,451	1,098	998	1,716
Operating lease rentals	3,151	3,068	3,046	2,507
Printed materials	868	710	763	833
Research and development costs	0	0	594	0
Travel	4,285	4,467	4,504	4,368
Other operating costs	913	520	545	1,049
<b>Total operating costs</b>	<b>46,615</b>	<b>50,647</b>	<b>43,362</b>	<b>46,674</b>

## 7 Depreciation and Amortisation Expense

	2008 Main Estimates \$000	2008 Supplementary Estimates \$000	2008 Actual \$000	2007 Actual \$000
Buildings & Leasehold Improvements	598	586	587	466
Plant and equipment	385	437	443	381
Motor vehicles & vessels	625	351	298	604
Intangible assets (software)	1,617	976	961	1,271
<b>Total depreciation expense</b>	<b>3,225</b>	<b>2,350</b>	<b>2,289</b>	<b>2,722</b>

## 8 Capital Charge

The Ministry paid a capital charge to the Crown on its net taxpayers' funds as at 30 June and 31 December. The capital charge rate for the year ended 30 June 2008 was 7.5%: (2007: 7.5%).

## 9 Taxpayers' Funds

	2008 Main Estimates \$000	2008 Supplementary Estimates \$000	2008 Actual \$000	2007 Actual \$000
<b>Taxpayers' funds comprises</b>				
<b>General Funds:</b>				
Balance at 1 July	12,658	12,658	12,658	12,658
Net surplus	0	0	857	189
Capital contribution	0	0	0	0
Repayment of surplus to the Crown	0	0	(857)	(189)
<b>General funds at 30 June</b>	<b>12,658</b>	<b>12,658</b>	<b>12,658</b>	<b>12,658</b>



## 10 Debtors and Other Receivables

	2008 Actual \$000	2007 Actual \$000
Trade debtors	369	609
<i>Less:</i>		
Provision for doubtful debts	(94)	(114)
<b>Net debtors</b>	<b>275</b>	<b>495</b>
Receivables	633	398
Debtor: Crown funding	19,277	16,753
<b>Total debtors and other receivables</b>	<b>20,185</b>	<b>17,646</b>

Trade debtors are generally on 30 day terms.

As at 30 June 2008 and 2007, all overdue receivables have been assessed for impairment and appropriate provision applied, as detailed below:

	2008 \$000			2007 \$000		
	Gross	Impairment	Net	Gross	Impairment	Net
Not past due	19,910	0	19,910	17,151	0	17,151
Past due 0 -12 months	311	(38)	273	570	(75)	495
Past due 13 – 24 months	56	(54)	2	38	(38)	0
Past due 25 – 36 months	1	(1)	0	1	(1)	0
Past due > 36 months	1	(1)	0	0	0	0
<b>Total</b>	<b>20,279</b>	<b>(94)</b>	<b>20,185</b>	<b>17,760</b>	<b>(114)</b>	<b>17,646</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:

	2008 \$000	2007 \$000
Balance at 1 July	114	160
Additional provisions made during the year	0	0
Receivables written off during the period	0	(3)
Unused provision reversed	(20)	(43)
<b>Balance at 30 June</b>	<b>94</b>	<b>114</b>

## 11 Property, Plant & Equipment

	Land \$000	Buildings/ Leasehold Improvements \$000	Plant & Equipment \$000	Motor Vehicles & Vessels \$000	Total \$000
<b>Deemed Cost</b>					
Balance at 1 July 2006	147	6,933	4,273	3,521	14,874
Additions	0	1,929	5,148	199	7,276
Disposals	0	(2,606)	(4,718)	(473)	(7,797)
<b>Balance at 30 June 2007</b>	<b>147</b>	<b>6,256</b>	<b>4,703</b>	<b>3,247</b>	<b>14,353</b>
Balance at 1 July 2007	147	6,256	4,703	3,247	14,353
Additions	0	222	460	879	1,561
Disposals	0	0	(236)	(542)	(778)
Reclassification	0	0	(980)	0	(980)
<b>Balance at 30 June 2008</b>	<b>147</b>	<b>6,478</b>	<b>3,947</b>	<b>3,584</b>	<b>14,156</b>
<b>Accumulated depreciation &amp; impairment losses</b>					
Balance at 1 July 2006	0	2,716	2,978	913	6,607
Depreciation	0	466	381	604	1,451
Disposals	0	(2,606)	(856)	(326)	(3,788)
<b>Balance at 30 June 2007</b>	<b>0</b>	<b>576</b>	<b>2,503</b>	<b>1,191</b>	<b>4,270</b>
Balance at 1 July 2007	0	576	2,503	1,191	4,270
Depreciation	0	587	443	298	1,328
Disposals	0	0	(228)	(330)	(558)
<b>Balance at 30 June 2008</b>	<b>0</b>	<b>1,163</b>	<b>2,718</b>	<b>1,159</b>	<b>5,040</b>
<b>Carrying amounts</b>					
<b>At 1 July 2006</b>	<b>147</b>	<b>4,217</b>	<b>1,295</b>	<b>2,608</b>	<b>8,267</b>
<b>At 30 June &amp; 1 July 2007</b>	<b>147</b>	<b>5,680</b>	<b>2,200</b>	<b>2,056</b>	<b>10,083</b>
<b>At 30 June 2008</b>	<b>147</b>	<b>5,315</b>	<b>1,229</b>	<b>2,425</b>	<b>9,116</b>

The total amount of property, plant and equipment in the course of construction is \$60,000.

## 12 Intangible Assets

	Acquired Software \$000	Internally Generated Software \$000	Total \$000
<b>Cost</b>			
Balance at 1 July 2006	5,574	9,658	15,232
Additions	502	265	767
Disposals	(1,164)	(5,115)	(6,279)
<b>Balance at 30 June 2007</b>	<b>4,912</b>	<b>4,808</b>	<b>9,720</b>
Balance at 1 July 2007	4,912	4,808	9,720
Additions	43	220	263
Disposals	(81)	(261)	(342)
Reclassification	165	815	980
<b>Balance at 30 June 2008</b>	<b>5,039</b>	<b>5,582</b>	<b>10,621</b>
<b>Accumulated amortisation and impairment losses</b>			
Balance at 1 July 2006	3,212	8,928	12,140
Amortisation expense	899	372	1,271
Disposals	(1,164)	(5,115)	(6,279)
Impairment losses	0	0	0
<b>Balance at 30 June 2007</b>	<b>2,947</b>	<b>4,185</b>	<b>7,132</b>
Balance at 1 July 2007	2,947	4,185	7,132
Amortisation expense	637	324	961
Disposals	(75)	(261)	(336)
<b>Balance at 30 June 2008</b>	<b>3,509</b>	<b>4,248</b>	<b>7,757</b>
<b>Carrying amounts</b>			
<b>At 1 July 2006</b>	<b>2,362</b>	<b>730</b>	<b>3,092</b>
<b>At 30 June and 1 July 2007</b>	<b>1,965</b>	<b>623</b>	<b>2,588</b>
<b>At 30 June 2008</b>	<b>1,530</b>	<b>1,334</b>	<b>2,864</b>

The total amount of intangible assets in the course of construction is \$980,000.

### 13 Creditors and Other Payables

	2008 Actual \$000	2007 Actual \$000
Creditors	7,125	6,811
Accrued expenses	6,125	8,371
<b>Total creditors and other payables</b>	<b>13,250</b>	<b>15,182</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.

### 14 Repayment of Surplus to the Crown

	2008 Actual \$000	2007 Actual \$000
Net surplus	857	189
<b>Total repayment of surplus</b>	<b>857</b>	<b>189</b>

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

### 15 Provisions

	2008 Actual \$000	2007 Actual \$000
<b>Current provisions are represented by:</b>		
Marine farming permit refunds	318	0
Office redevelopment	64	0
Organisational change	63	0
<b>Total current portion</b>	<b>445</b>	<b>0</b>
<b>Non-current provisions are represented by:</b>		
Organisational change	153	0
<b>Total non-current portion</b>	<b>153</b>	<b>0</b>
<b>Total provisions</b>	<b>598</b>	<b>0</b>

#### Marine Farming Permit Refunds

During the period October 2000 to October 2001 the 1986 Fisheries (Commercial Fishing) Regulations, made pursuant to the Fisheries Act 1983, required marine farm permit applicants to pay a prescribed flat fee to process their applications.

This provision provides for the refund of marine farming permits which have been overcharged.

## Organisational Change

At 30 June 2008 a provision of \$216,000 was made to cover costs associated with changes in fisheries operations business group activities. These costs are expected to crystallize within the next two years.

## Office Redevelopment

The refurbishment of the Napier Office requires the removal of current internal structures and services from within the Napier Office. This is expected to take place over the next year.

## 16 Employee Entitlements

	2008 \$000	2007 \$000
<b>Current employee entitlements are represented by:</b>		
Annual leave/toil/sea & alternate leave	2,768	2,122
Long service leave	232	193
Retirement leave	175	165
Sick leave	350	131
Payroll accrual	371	124
<b>Total current portion</b>	<b>3,896</b>	<b>2,735</b>
<b>Non-current employee entitlements are represented by:</b>		
Long service leave	187	333
Retirement leave	2,370	2,141
<b>Total non current portion</b>	<b>2,557</b>	<b>2,474</b>
<b>Total employee entitlements</b>	<b>6,453</b>	<b>5,209</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 salary as at 30 June 2008. Employees who have completed ten years' continuous government service may be granted ten working days' long service leave. A further ten working days are available after completion of twenty years' continuous service. Long service leave must be taken within five years of qualification.

Employee entitlements to long service leave and retirement leave are valued on an actuarial basis at six monthly intervals. Mr Bernie Higgins of Aon Consulting New Zealand Limited, an independent consulting actuary, undertook this valuation at 31 December 2007 and 30 June 2008.

The present value of the retirement and long service leave obligations depend 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 New Zealand 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 \$254,000 higher/\$219,000 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 \$260,000 higher/\$228,000 lower.

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

	2008 Main Estimates \$000	2008 Supplementary Estimates \$000	2008 Actual \$000	2007 Actual \$000
<b>Net surplus</b>	0	0	857	189
<b>Add non-cash items:</b>				
Depreciation and amortisation expense	3,225	2,350	2,289	2,722
<b>Total non-cash items</b>	<b>3,225</b>	<b>2,350</b>	<b>2,289</b>	<b>2,722</b>
<b>Movements in working capital items:</b>				
<b>(Increase)/decrease in</b>				
– debtors and other receivables	0	(1,145)	(2,539)	919
– prepayments	0	392	93	(171)
<b>Increase/(decrease) in</b>				
– creditors and other payables	(100)	2,289	(1,932)	2,372
– provisions	0	0	598	0
– employee entitlements	400	472	1,244	245
– unearned revenue	0	(15)	107	(61)
<b>Net increase/(decrease) in working capital items</b>	<b>300</b>	<b>1,993</b>	<b>(2,429)</b>	<b>3,304</b>
<b>Add/(less) investing activity items:</b>				
Net (gain)/loss on sale of property, plant and equipment and software	0	0	22	(62)
<b>Total investing activity items</b>	<b>0</b>	<b>0</b>	<b>22</b>	<b>(62)</b>
<b>Net cash from operating activities</b>	<b>3,525</b>	<b>4,343</b>	<b>739</b>	<b>6,153</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

	2008 Actual \$000	2007 Actual \$000
Salaries and other short-term employee benefits	1,053	980
Termination benefits	276	260
<b>Total key management personnel compensation</b>	<b>1,329</b>	<b>1,240</b>

Key management personnel include the Chief Executive, two 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 does not have any 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 2008 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 & 1 year \$000	Total \$000
<b>2007</b>				
Creditors	6,141	670	0	6,811
Accrued expenses	8,371	0	0	8,371
<b>Total</b>	<b>14,512</b>	<b>670</b>	<b>0</b>	<b>15,182</b>
<b>2008</b>				
Creditors	6,665	440	20	7,125
Accrued expenses	6,125	0	0	6,125
<b>Total</b>	<b>12,790</b>	<b>440</b>	<b>20</b>	<b>13,250</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:

	2008 Actual \$000	2007 Actual \$000
<b>Loans and receivables</b>		
Cash	1,174	2,244
Debtors and other receivables	20,185	17,646
<b>Total loans and receivables</b>	<b>21,359</b>	<b>19,890</b>
<b>Financial liabilities measured at amortised cost</b>		
Creditors and other payables	13,250	15,182



## 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 Segment Information

The Ministry undertakes fisheries management activities throughout New Zealand.

## 23 Major Budget Variations

### Statement of Financial Performance

The variations from the initial 2007/2008 Budget Night (Main) Estimates to Supplementary Estimates were due to:

	<b>\$000</b>
1. The carry forward of fisheries research funding from 2006/07 into 2007/08	2,947
2. Funding provided for the Interim Secretariat South Pacific Regional Fisheries Management Organisation	630
3. The carry forward of aquaculture settlement funding from 2006/07 to 2007/08	235
4. A forecast increase in prosecution costs	250
5. An increase in funding for specific research projects	163
6. An increase in funding for Foreshore and Seabed negotiations capacity	50
7. An increase in funding for a pay and employment equity review	41
8. Increase in funding to support the implementation of the Growth and Innovation Framework	36
9. A transfer to 2008/09 to cover costs of a Ministry officer seconded to the World Bank	(575)
10. The carryforward of compliance funding from 2007/08 to 2008/09 to fund costs associated with the implementation of an improvement programme	(550)
11. A decrease in funding for the State Sector Retirement Savings Scheme	(345)
12. A transfer from 2007/08 to fund implementation of the Ministry's developing strategy	(92)
<b>Total</b>	<b>2,790</b>

These movements are shown in the table overleaf.

	Fisheries Policy \$000	Fisheries Information \$000	Fisheries Operations \$000	Fisheries Compliance \$000	Aquaculture \$000	SPRFMO \$000	Total \$000
Main Estimates	7,966	29,926	24,398	29,635	1,812	0	93,737
Cabinet approvals						600 <sup>2</sup>	600
Pay and employment equity review	3 <sup>7</sup>	5 <sup>7</sup>	13 <sup>7</sup>	20 <sup>7</sup>			41
Prosecution costs				250 <sup>4</sup>			250
Growth and innovation	36 <sup>8</sup>						36
Research projects			163 <sup>5</sup>				163
Foreshore and seabed	50 <sup>6</sup>						50
Expense transfers	(575) <sup>9</sup>	2,947 <sup>1</sup>	(92) <sup>12</sup>	(550) <sup>10</sup>	235 <sup>3</sup>		1,965
SSRSS	(28) <sup>11</sup>	(38) <sup>11</sup>	(110) <sup>11</sup>	(167) <sup>11</sup>	(2) <sup>11</sup>		(345)
SPRFMO						30 <sup>2</sup>	30
Ministry internal realignments	(359)	(615)	477	871	(378)	4	0
<b>Total Appropriations</b>	<b>7,093</b>	<b>32,225</b>	<b>24,849</b>	<b>30,059</b>	<b>1,667</b>	<b>634</b>	<b>96,527</b>
<b>Actual expenditure</b>	<b>6,667</b>	<b>26,466</b>	<b>23,599</b>	<b>29,737</b>	<b>1,626</b>	<b>324</b>	<b>88,419</b>

## 24 Explanation of Transition to NZ IFRS

### Transition to NZ IFRS

The Ministry's financial statements for the year ended 30 June 2008 are the first financial statements that comply with NZ IFRS. The Ministry has applied NZ IFRS 1 First-time Adoption of NZ IFRS (NZ IFRS 1) in preparing these financial statements. The Ministry's transition date is 1 July 2006. The Ministry prepared its opening NZ IFRS balance sheet at that date. The reporting date of these financial statements is 30 June 2008. The Ministry NZ IFRS adoption date is 1 July 2007.

### Reconciliation of equity

The following table shows the changes in equity, resulting from the transition from previous NZ GAAP to NZ IFRS as at 1 July 2006 and 30 June 2007.

Note	Previous NZ GAAP 1/7/2006 \$000	Effect of transition to NZ IFRS \$000	NZ IFRS 1/7/2006 \$000	Previous NZ GAAP 30/6/2007 \$000	Effect of transition to NZ IFRS \$000	NZ IFRS 30/6/2007 \$000
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash	1,412	0	1,412	2,244	0	2,244
Debtors and other receivables	18,565	0	18,565	17,646	0	17,646
Prepayments	521	0	521	692	0	692
<b>Total current assets</b>	<b>20,498</b>	<b>0</b>	<b>20,498</b>	<b>20,582</b>	<b>0</b>	<b>20,582</b>

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	Note	Previous NZ GAAP 1/7/2006 \$000	Effect of transition to NZ IFRS \$000	NZ IFRS 1/7/2006 \$000	Previous NZ GAAP 30/6/2007 \$000	Effect of transition to NZ IFRS \$000	NZ IFRS 30/6/2007 \$000
<b>Non-current assets</b>							
Property, plant and equipment	1	11,359	(3,092)	8,267	12,671	(2,588)	10,083
Intangible assets	1	0	3,092	3,092	0	2,588	2,588
<b>Total non-current assets</b>		<b>11,359</b>	<b>0</b>	<b>11,359</b>	<b>12,671</b>	<b>0</b>	<b>12,671</b>
<b>Total assets</b>		<b>31,857</b>	<b>0</b>	<b>31,857</b>	<b>33,253</b>	<b>0</b>	<b>33,253</b>
<b>LIABILITIES</b>							
<b>Current Liabilities</b>							
Creditors and other payables		12,810	0	12,810	15,182	0	15,182
Repayment of surplus		1,349	0	1,349	189	0	189
Unearned revenue		76	0	76	15	0	15
Employee entitlements	2	2,119	653	2,772	2,246	489	2,735
<b>Total current liabilities</b>		<b>16,354</b>	<b>653</b>	<b>17,007</b>	<b>17,632</b>	<b>489</b>	<b>18,121</b>
<b>Non-current liabilities</b>							
Employee entitlements	2	2,714	(522)	2,192	2,832	(358)	2,474
<b>Total non-current liabilities</b>		<b>2,714</b>	<b>(522)</b>	<b>2,192</b>	<b>2,832</b>	<b>(358)</b>	<b>2,474</b>
<b>Total liabilities</b>		<b>19,068</b>	<b>131</b>	<b>19,199</b>	<b>20,464</b>	<b>131</b>	<b>20,595</b>
<b>Net assets</b>		<b>12,789</b>	<b>(131)</b>	<b>12,658</b>	<b>12,789</b>	<b>(131)</b>	<b>12,658</b>
<b>TAXPAYERS' FUNDS</b>							
General funds		12,062	596	12,658	12,067	591	12,658
Revaluation reserve	3	727	(727)	0	722	(722)	0
<b>Total taxpayers' funds</b>		<b>12,789</b>	<b>(131)</b>	<b>12,658</b>	<b>12,789</b>	<b>(131)</b>	<b>12,658</b>

## Explanatory Notes

### 1 Intangible assets – computer software

Computer software was classified as property, plant and equipment under previous NZ GAAP. Computer software has been reclassified as an intangible asset on transition to NZ IFRS.

### 2 Employee entitlements – sick leave

Sick leave was not recognised as a liability under previous NZ GAAP. NZ IAS 19 requires the Ministry to recognise employee's 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 future absences \$131,000.

Long service leave has been reclassified from non-current liabilities to current liabilities on transition to NZ IFRS \$522,000.

### 3 Revaluation reserve

At 1 July 2006 and 30 June 2007 an amount of \$722,000 has been reclassified from a revaluation reserve recognised under previous GAAP to general funds. This amount represents the balance on the revaluation reserve at 1 July 2006 in respect of assets that are measured on the basis of deemed cost under NZ IFRS.

### Statement of Financial Performance

There have been no material adjustments to the statement of financial performance on transition to NZ IFRS.

### Statement of Cash Flows

Computer software was classified as property, plant and equipment under previous NZ GAAP. Computer software has been reclassified as an intangible asset on transition to NZ IFRS.

There have been no other material adjustments to the statement of cash flows on transition to NZ IFRS.

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

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

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

The cost of fisheries services provided by the Ministry of Fisheries during the period 1 July 2007 to 30 June 2008 is being recovered from the commercial fishing sector over the period 1 October 2007 to 30 September 2008.

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

The following table shows cost recovery levies (both planned and actual) for the period from 2004/05 through to 2007/08 and what is planned for 2008/09.

	2004/05 \$000	2005/06 \$000	2006/07 \$000	2007/08 \$000	2008/09 \$000
1 October cost recovery levies planned for each year (excluding the settlement credit and prior year's under and over recoveries)	32,470	32,934	32,919	32,785	35,686
Amount recoverable through levies after the application of the settlement credit and under and over recoveries from previous years	25,979	30,977	32,013	32,560	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 2008

### 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 New Zealand generally accepted accounting practice as appropriate for public benefit entities.

This is the first set of financial statements prepared using NZ IFRS. The comparatives for the year ended 30 June 2007 have been restated to NZ IFRS accordingly. Reconciliations of assets and liabilities for the year ended 30 June 2007 under NZ IFRS to the balances reported in the 30 June 2007 financial statements are detailed in note 11.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing an opening NZ IFRS statement of financial position as at 1 July 2006 for the purposes of the transition to NZ IFRS.

The following particular accounting policies have been applied:

### 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:

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

The cost of fisheries services provided by the Ministry of Fisheries during the period 1 July 2007 to 30 June 2008 is recovered from the commercial fishing sector over the period 1 October 2007 to 30 September 2008. 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 initially measured at fair value and subsequently measured at amortised cost using the effective interest rate, less impairment changes.

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 initially measured at fair value and subsequently measured at amortised cost using the effective interest rate.

### 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 for the year ended 30 June

	Notes	2008 Main Estimates \$000	2008 Supplementary Estimates \$000	2008 Actual \$000	2007 Actual \$000
<b>Revenue</b>					
Cost recovery levies	1	31,053	31,053	30,957	32,359
Deemed value charges		5,500	11,000	10,853	10,877
Other	2	325	3,015	2,760	4,425
<b>Total revenue</b>	<b>3a</b>	<b>36,878</b>	<b>45,068</b>	<b>44,570</b>	<b>47,661</b>
<b>Expenditure</b>					
Operating	4,10	1,598	74,990	70,949	3,653
<b>Total expenditure</b>	<b>3b</b>	<b>1,598</b>	<b>74,990</b>	<b>70,949</b>	<b>3,653</b>

These schedules should be read in conjunction with the notes on pages 84 to 88.

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

	Notes	2008 Main Estimates \$000	2008 Supplementary Estimates \$000	2008 Actual \$000	2007 Actual \$000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash	5	3,140	3,661	3,788	3,661
Debtors and other receivables	6	11,471	9,266	11,136	12,167
Prepayments	7	94	107	128	107
<b>Total current assets</b>		<b>14,705</b>	<b>13,034</b>	<b>15,052</b>	<b>15,935</b>
<b>Total non-departmental assets</b>		<b>14,705</b>	<b>13,034</b>	<b>15,052</b>	<b>15,935</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Creditors and other payables	8	1,541	4,832	435	4,692
Over and under recovered costs	9	4,878	3,874	5,679	3,874
<b>Total current liabilities</b>		<b>6,419</b>	<b>8,706</b>	<b>6,114</b>	<b>8,566</b>
<b>Term liabilities</b>	10	<b>0</b>	<b>70,000</b>	<b>70,140</b>	<b>0</b>
<b>Total non-departmental liabilities</b>		<b>6,419</b>	<b>78,706</b>	<b>76,254</b>	<b>8,566</b>

These schedules should be read in conjunction with the notes on pages 84 to 88.

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

	2008 Appropriation* \$000	2008 Actual \$000	2007 Actual \$000
<b>VOTE FISHERIES</b>			
<b>Appropriations for other expenses incurred by the Crown: annual appropriation</b>			
Settlements	71,525	67,668	2,879
Provision for bad debts	2,361	2,324	48
Deemed value debt adjustment	561	559	0
Subscriptions to international organisations	260	235	216
Transfer of Quota/ACE	140	140	71
Bad debt write off	50	14	422
Quota share/ACE administration costs	24	7	16
GST on expenses	69	2	1
<b>Total</b>	<b>74,990</b>	<b>70,949</b>	<b>3,653</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 2008

There has been no unappropriated expenditure for the year ended 30 June 2008 (2007 nil).

These schedules should be read in conjunction with the notes on pages 84 to 88.



## ■ Statement of Non-Departmental Contingent Liabilities and Contingent Assets as at 30 June

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

### Quantifiable Contingent Liabilities

	2008 Actual \$000	2007 Actual \$000
<b>Department</b>		
Legal proceedings	1,850	950
<b>Total quantifiable contingent liabilities</b>	<b>1,850</b>	<b>950</b>

Legal proceedings relate to:

- (a) potential liabilities relating to the administration and management of the scampi fishery (\$1.700 million); and
- (b) estimated costs relating to validating legislation for aquaculture reforms through the court process (\$0.150 million).

### Unquantifiable Contingent Liabilities

The Ministry has a number of contingent liabilities which cannot be quantified at 30 June 2008. These arise primarily from:

- (a) the appeal of Catch History Review Committee decisions;
- (b) permitting decisions;
- (c) three judicial reviews;
- (d) a Treaty of Waitangi claim; and
- (e) aquaculture:
  - > an appeal against an Environment Court decision that Tasman District Council has to accept applications for aquaculture prior to AMAs being established. This decision has potential impacts on the aquaculture reforms and the Māori Aquaculture Settlement; and
  - > a declaratory judgement that Tasman District Council's AMAs are not "new space" for the purposes of the Māori Commercial Aquaculture Claims Settlement Act.

### Contingent Assets

The Ministry on behalf of the Crown has no material contingent assets (2007 nil).

## NOTES TO THE NON-DEPARTMENTAL SCHEDULES

### for the year ended 30 June

#### 1 Cost Recovery Levies

	2008 Main Estimates \$000	2008 Supplementary Estimates \$000	2008 Actual \$000	2007 Actual \$000
Fisheries services	30,000	30,000	29,670	30,323
Conservation services	1,053	1,053	1,287	2,036
<b>Total</b>	<b>31,053</b>	<b>31,053</b>	<b>30,957</b>	<b>32,359</b>

#### 2 Other Revenue

	2008 Main Estimates \$000	2008 Supplementary Estimates \$000	2008 Actual \$000	2007 Actual \$000
Sale of quota/ACE	0	2,000	1,615	3,541
Forfeitures and redemptions	150	250	263	169
Fisheries research catch	0	0	16	0
Infringement notices	125	125	158	189
Interest	30	280	552	337
Other	20	360	156	189
<b>Total</b>	<b>325</b>	<b>3,015</b>	<b>2,760</b>	<b>4,425</b>

#### 3 Major Budget Variations

The variations from the initial 2007/2008 Budget Night (Main) Estimates to Supplementary Estimates were due to:

	\$000
<b>(a) Revenue</b>	
Increase in deemed value revenue to be paid by quota holders who have overfished based on current activity	5,500
Sale of quota shares & ACE	2,000
Interest	250
Market value of quota/ACE to be transferred	140
Forfeitures and redemptions	100
Other income	200
<b>Total</b>	<b>8,190</b>

... continued on the next page.

\$000

**(b) Non-departmental expenditure**

Settlements	71,525
Provision for bad debts	1,650
Deemed value debt adjustment	561
Transfer of quota shares and ACE	140
GST on expenses	66
Bad debt write offs	50
Subscriptions to international organisations	(600)
<b>Total</b>	<b>73,392</b>

#### 4 Operating Expenditure

	2008 Main Estimates \$000	2008 Supplementary Estimates \$000	2008 Actual \$000	2007 Actual \$000
Settlements	0	71,525	67,668	2,879
Increase/(decrease) in provision for bad/doubtful debts	711	2,361	2,324	48
Deemed value debt adjustment	0	561	559	0
Subscriptions to international organisations	860	260	235	216
Transfer of quota shares and ACE	0	140	140	71
Bad debt write-offs	0	50	14	422
Quota share/ACE administration costs	24	24	7	16
GST on expenses	3	69	2	1
<b>Total operating expenditure</b>	<b>1,598</b>	<b>74,990</b>	<b>70,949</b>	<b>3,653</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, 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.

	2008 Main Estimates \$000	2008 Supplementary Estimates \$000	2008 Actual \$000	2007 Actual \$000
Infringement receipts	0	0	216	35
Receipts on behalf of the Crown	0	0	205	400
Funding for payments on behalf of the Crown	3,140	3,661	3,367	3,226
<b>Total cash</b>	<b>3,140</b>	<b>3,661</b>	<b>3,788</b>	<b>3,661</b>

## 6 Debtors and Other Receivables

	2008 Main Estimates \$000	2008 Supplementary Estimates \$000	2008 Actual \$000	2007 Actual \$000
Trade debtors	3,230	3,230	5,465	3,233
<i>Less:</i>				
Provision for doubtful debts	(1,009)	(2,659)	(2,622)	(298)
Net debtors	2,221	571	2,843	2,935
Accrued revenue	9,250	8,695	8,293	9,232
<b>Total debtors and other receivables</b>	<b>11,471</b>	<b>9,266</b>	<b>11,136</b>	<b>12,167</b>

Trade debtors are generally on 30 day terms.

As at 30 June 2008 and 2007 all debtors have been assessed for impairment and appropriate provisions applied, as detailed below:

	2008 \$000			2007 \$000		
	Gross	Impairment	Net	Gross	Impairment	Net
Not past due	8,293	0	8,293	9,232	0	9,232
Past due 0 – 12 months	5,251	(2,611)	2,640	2,675	(290)	2,385
Past due 13 – 24 months	45	(6)	39	356	(7)	349
Past due 25 – 36 months	18	(5)	13	1	(1)	0
Past due 37 – 48 months	0	0	0	(1)	0	(1)
Past due 49 – 60 months	0	0	0	0	0	0
Past due 61 – 72 months	0	0	0	0	0	0
Past due over 72 months	151	0	151	202	0	202
<b>Total</b>	<b>13,758</b>	<b>(2,622)</b>	<b>11,136</b>	<b>12,465</b>	<b>(298)</b>	<b>12,167</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:

	2008 Actual \$000	2007 Actual \$000
Balance at 1 July	298	250
Additional provisions made during the year	2,338	470
Receivables written off during period	(14)	(422)
<b>Balance at 30 June</b>	<b>2,622</b>	<b>298</b>

## 7 Prepayments

	2008 Main Estimates \$000	2008 Supplementary Estimates \$000	2008 Actual \$000	2007 Actual \$000
Subscriptions to international organisations	94	107	128	107
<b>Total prepayments</b>	<b>94</b>	<b>107</b>	<b>128</b>	<b>107</b>

## 8 Creditors and Other Payables

	2008 Main Estimates \$000	2008 Supplementary Estimates \$000	2008 Actual \$000	2007 Actual \$000
Creditors	155	1,242	0	0
GST payable on receipts on behalf of the Crown	419	618	334	618
Accrued expenses	967	2,972	101	4,074
<b>Total creditors and other payables</b>	<b>1,541</b>	<b>4,832</b>	<b>435</b>	<b>4,692</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.

## 9 Over and Under Recovered Costs

	2008 Main Estimates \$000	2008 Supplementary Estimates \$000	2008 Actual \$000	2007 Actual \$000
Net over recovery of costs	4,878	3,874	5,679	3,874
<b>Total net over recovered costs</b>	<b>4,878</b>	<b>3,874</b>	<b>5,679</b>	<b>3,874</b>

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

This provision reflects the balance of the net over and under recovery of cost recovery levies for the period 1 October 1995 to 30 June 2008 to be applied against future cost recovery levy orders.

## 10 Term Liabilities

	2008 Main Estimates \$000	2008 Supplementary Estimates \$000	2008 Actual \$000	2007 Actual \$000
Commercial aquaculture	0	70,000	70,000	0
Transfer of quota	0	0	140	0
<b>Total term liabilities</b>	<b>0</b>	<b>70,000</b>	<b>70,140</b>	<b>0</b>

The Māori Commercial Aquaculture Claims Settlement Act 2004 provides for a full and final settlement of Māori claims to commercial aquaculture since 21 September 1992. It requires iwi to be provided with 20% of all new aquaculture space created through the establishment of Aquaculture Management Areas ("AMAs") after 1 January 2005. It also establishes the Crown's obligation to provide iwi with the equivalent of 20% of the aquaculture space created between 21 September 1992 and 1 January 2005. If the settlement cannot be achieved through a transfer of "space," then it must be resolved through a financial transfer to iwi.

## 11 Explanation of Transition to NZ IFRS

### Reconciliation of assets and liabilities

There has been one adjustment to non-departmental recognised assets and equity on transition to NZ IFRS, as outlined below.

### Intangible assets

Under previous NZ GAAP Crown owned quota was classified as an intangible asset. On transition to NZ IFRS Crown owned quota is considered to be internally generated and has been removed from the schedule of non-departmental assets.

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

	Declared Overfishing Account <sup>1</sup> \$000	Forfeit Property Account <sup>2</sup> \$000	Total \$000
<b>Balance at 1 July 2007</b>	<b>4,054</b>	<b>318</b>	<b>4,372</b>
<i>Plus:</i>			
– Contribution	9,281	1,988	11,269
– Revenue	305	59	364
<i>Less:</i>			
– Distribution	(12,214)	(744)	(12,958)
– Expenses	(304)	(125)	(429)
<b>Balance at 30 June 2008</b>	<b>1,122</b>	<b>1,496</b>	<b>2,618</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.

## Information

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

The Ministry engages contractors and consultants during the year to:

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

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

The costs of consultants and contractors engaged in 2007/08 are set out below.

	<b>\$000</b>
Fisheries research projects	18,044
Legal advice and litigation	1,510
Ministry operating expenditure and capital projects	4,072
Outsourced services	3,552
<b>Total</b>	<b>27,178</b>

### Overseas travel undertaken during the year

The Ministry undertakes overseas travel each year to:

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

The cost of overseas travel in 2007/08 is shown below.

	<b>\$000</b>
New Zealand's interests in and access to international markets	276
Developments in fisheries science	138
Maintaining long-term Ministry capability	306
<b>Total</b>	<b>720</b>

In addition to the above travel, the Ministry also undertakes travel to Australia and the South Pacific on a range of fisheries related issues. The cost of this in 2007/08 was \$191,000.



## ■ Statement of Resources for the year ended 30 June 2008

<b>Human Resources</b>	<b>Number</b>
<i>Full time equivalents</i>	
Female	142.7
Male	300.6
<b>Total</b>	<b>443.3</b>
<i>Headcount basis</i>	
Female	151
Male	302
<b>Total</b>	<b>453</b>

### **Honorary Fishery Officers**

170

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

Wage workers and seasonal staff are also employed.

<b>Land and buildings owned</b>	<b>Area (m<sup>2</sup>)</b>	<b>Number</b>
<i>Commercial</i>		
– Offices	1,715	3
– Storage	451	2
– Land	7,384	4
<i>Residential</i>		
– House on separately saleable residential section	140	1

<b>Land and buildings leased</b>	<b>Area (m<sup>2</sup>)</b>	<b>Number</b>
<i>Commercial</i>		
– Office	13,528	16
– Storage	4,911	16
– Land	2,835	1

<b>Motor vehicles owned</b>	<b>Number</b>
Sedan/hatch/station wagon	39
Utilities/vans	7
4 wheel drive	46

<b>Vessels</b>	<b>Number</b>
Patrol vessels used to protect, manage and enhance New Zealand's fisheries resource	28

## Information Resources

### Research

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

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

### Specimen collections

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

### Catch Effort

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

### Observer Trawl Catch Effort

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

### Geo-spatial Data Management System/National Aquatic Biodiversity Information System (GDM/NABIS)

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

### Quota management systems

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

### Compliance

Compliance information systems include the:

- > Vessel Monitoring System – logs the GPS location of all vessels carrying an Automatic Location Communicator (ALC), which is then stored for reference and analysis.
- > Fisheries Intelligence Network – stores secure intelligence information about entities and associations between entities of interest to Ministry of Fisheries' compliance activities.
- > Compliance Activity Monitoring System – stores the details of monitoring activities undertaken by the compliance business, reports on non-compliance detected, compliance rates and trends.
- > DECIDENDII – records court judgements for use in sentencing submissions.
- > HFO Officer Management System – records Honorary Fishery Officer personnel management information, manages inventory and training scheduling and follow ups, records critical incidents and health and safety information, monthly report monitoring and compliance rates for HFO compliance activity.
- > Operational Communications Monitoring System (OCMS) – the primary tool for the national Compliance Communications Centre (ComGen) which monitors fishery officer safety through full radio discipline procedures.
- > National Automated Returns Compliance (NARC) – Reporting system that provides for automated discrepancy monitoring of statutory returns to detect potential offending
- > Compliance Monitoring of Automated Positional Sources (CMAPS) – Reporting system that provides for automated discrepancy monitoring of positional sources to detect potential offending.
- > Offences System:
  - > Infringements Module – manages the infringements process, stores the details of infringement notices, reports on infringement and collection information.

> Offences Modules:

- > Phase 1 records offence events detected by compliance activity and actions taken; manages file progress and location tracking; records and manages prosecution action and outcomes in relation to all offences detected in the course of compliance business activity.
- > Phase 2 records information from the commencement of a prosecution through to outcomes. Assists with automation of some prosecution processes.

### Reference Data

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

### Documents

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

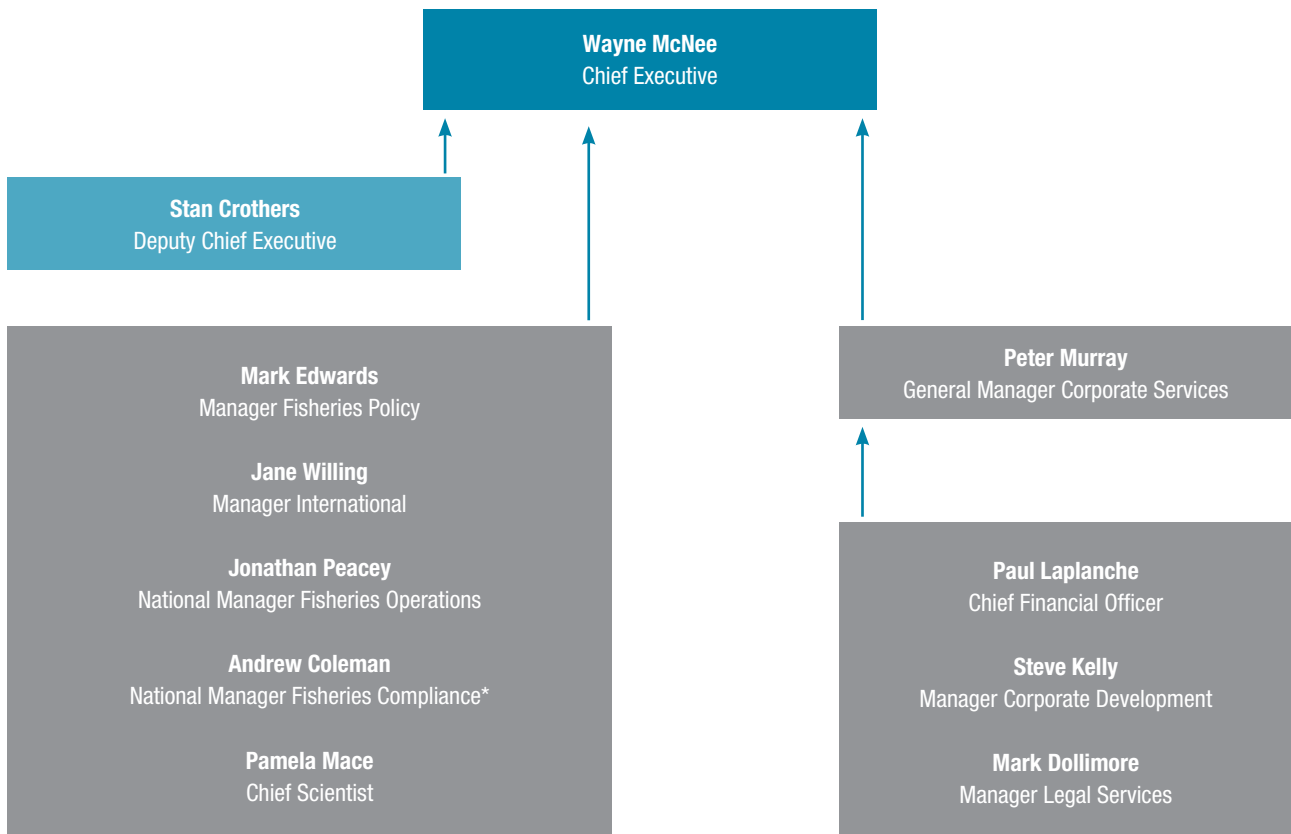
### Accounting

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

### Human Resources

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

## ■ Structure (July 2008)



\* As at 14 July 2008.

## ■ Staff

The following tables provide basic statistics of the Ministry's staff (on a headcount basis).

Number of staff by:

### Salary band

Range	2004/05	2005/06	2006/07	2007/08
Under \$40,000	38	32	22	14
\$40,000-\$59,999	185	192	191	176
\$60,000-\$79,999	81	95	121	133
\$80,000-\$99,999	59	76	75	77
Over \$100,000	32	33	43	53
<b>Total</b>	<b>395</b>	<b>428</b>	<b>452</b>	<b>453</b>

### Staff/average length of service

	2004/05	2005/06	2006/07	2007/08
Total staff numbers	395	428	452	453
Weighted average length of service (yrs)	7.60	7.40	7.50	7.55

## Employee turnover

	2004/05	2005/06	2006/07	2007/08
Death	1	0	0	0
Dismissed	1	1	0	0
Resignation	36	33	50	50
Ceased fixed term	5	7	8	6
Parental leave	0	14	7	10
Retirement	0	0	0	3
Redundancy	7	1	6	0
Turnover	13.1%	13.4%	15.9%	15.6%

## ■ Legislation Administered by the Ministry as at 30 June 2008

### Public Acts

Fisheries Act 1996  
 Fisheries (Quota Operations Validation) Act 1997  
 Māori Fisheries Act 1989  
 Treaty of Waitangi (Fisheries Claims) Settlement Act 1992  
 Māori Commercial Aquaculture Claims Settlement Act 2004  
 Māori Fisheries Act 2004  
 Aquaculture Reform (Repeals and Transitional Provisions) Act 2004

### Regulations

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

## ■ Offices and Contact Details

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

**Phone (04) 470 2600**      **Fax (04) 819 4601**

All other offices are listed on the inside back cover.

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

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

**Internet homepage:** [fish.govt.nz](http://fish.govt.nz)

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

## ■ Appendix



## 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.

**Benthic Areas:** Areas at the bottom of the water column, including the seabed.

**Deepwater stocks:** Those with a centre of distribution below 500 metres.

**Demersal:** Occurring on or near the seabed.

**Fisheries Management Areas:** Geographic areas that are used to define fish stocks.

**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).

**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. Māori and non-Māori may fish in these areas.

**Middle depths:** Depths below the outer edge of the continental shelf and including the upper continental slope. In New Zealand this is usually considered to be between 200 and 800 metres.

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

**Pelagic:** Occurring on or near the surface of the sea.

**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.

**Pou Takawaenga:** The role of the Pou Takawaenga is to assist the Ministry to meet its obligations under the Treaty of Waitangi Fisheries Claims Settlement Act 1992. The team was established in May 2005 to support work on the Iwi Regional Forums which are being established and managed by the Ministry's Pou Hononga Team.

**Quota Management System (QMS):** 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 certain each fish stock that may be taken in a given year.

**Rahui:** A ban on collecting/harvesting seafood in an area.

**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.

**Rohe Moana:** A particular area where Tangata Tiaki/Tangata Kaitiaki are appointed to manage customary food gathering.

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

**Taiapure:** Local coastal fisheries that recognise an area's special significance to local iwi or hapū, either as a source of seafood, or for spiritual or cultural reasons. A major difference between mātaitai and taiapure is that taiapure allow commercial fishing. Taiapure/local fisheries are established under Part IX of the Fisheries Act 1996.

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

**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.

**Taonga:** Treasures.

