



Annual Report – 2006/07

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



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

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Cover: *The Gifts of Tangaroa*

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

■ Foreword

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

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

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

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

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

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

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

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

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

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

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

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

Pursuant to section 39 of the Public Finance Act 1989, I am pleased to present my Annual Report on the operations of the Ministry of Fisheries for the year ended 30 June 2007.



G.T. (Stan) Crothers
Acting Chief Executive

September 2007

■ New Zealand Fisheries at a Glance

Environment

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

Quota Management System Stocks

Number of species/species complexes in the QMS	96
Individual stocks in the QMS	618
Information available on stock status ²	61%
Stocks at or near target level ³	85%

Commercial Fisheries and Aquaculture

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

Customary Fisheries

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

Recreational Fisheries⁸

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

Ministry of Fisheries

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

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

Leading New Zealand's Sustainable Fisheries Management



■ The Ministry's Role

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

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

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

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

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

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

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

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

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

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

The Fisheries Sector

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

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

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

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

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

Interagency cooperation and collaboration within the sector

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

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

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

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

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

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

■ Strategy for New Zealand's Fisheries

Managing for outcomes

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

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

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

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

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

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

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

Achieving outcomes

The health of the aquatic environment is protected

Protecting deepwater ecosystems

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

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

seventeen areas. These Benthic Protection Areas (BPAs) cover 1.25 million km² of seabed, which is equivalent to four times New Zealand's landmass and 32 percent of the EEZ.

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

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

How the areas will be protected

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

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

Marine protection in the Territorial Sea

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

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

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

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

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

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

Measures for protecting New Zealand's subantarctic islands

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

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

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

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

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

Marine Reserves

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

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

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

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

Biodiversity research

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

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

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

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

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

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

Stock status and effects of fishing research

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

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

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

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

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

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

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

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

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

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

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

Ocean Survey 20/20

This multi-agency programme aims to survey New Zealand's ocean and coastal resources (biodiversity and ecosystems, fisheries, navigation and geological hazards, hydrocarbons and biosecurity) to map and classify these, and develop tools for ocean management.

The Ministry of Fisheries Science Group led development of the work programme for the first Oceans Survey 20/20 project. The project's aim is to map sea-bed biodiversity and habitat on the Chatham Rise and Challenger Plateau, two areas of similar physical features but very different productivity levels.

Antarctic research

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

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

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

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

International Polar Year

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

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

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

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

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

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

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

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

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

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

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

Fisheries plans and standards

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

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

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

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

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

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

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

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

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

Shared fisheries

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

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

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

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

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

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

A precautionary approach to fisheries management

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

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

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

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

Securing long-term market access and primary sector transformation

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

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

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

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

Aquaculture on the agenda

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

Key successes this year include:

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

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

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

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

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

Better information for spatial planning

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

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

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

Deemed values review

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

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

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

Cost recovery review

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

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

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

Observers

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

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

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

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

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

Our international focus

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

Our key objectives are to:

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

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

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

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

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

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

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

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

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

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

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

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

Illegal, Unreported and Unregulated fishing

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

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

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

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

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

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

Credible fisheries management

Compliance

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

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

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

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

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

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

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

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

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

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

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

Input and participation of tangata whenua

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

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

Historical Treaty settlements

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

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

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

Māori commercial aquaculture claims settlement

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

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

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

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

Tangata Kaitiaki/Tiaki

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

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

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

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

Maintaining long-term capability

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

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

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

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

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

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

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

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

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

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

Our values are:

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

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

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

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

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

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

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

Sustainability matters

The Ministry has made a significant investment in defining and meeting our goals under the Govt³ programme over the past year. This work was recognised by the Ministry taking four awards in the annual Govt³ awards in 2006.

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

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

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

The Ministry's procurement policy has environmental clauses and incorporates Govt³ principles. This work continues this year with a view to reducing costs associated with print production policies and ensuring that sustainability issues and practices are considered in tendering and project management practices.

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

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

Feedback and complaints system

The Ministry continued to use the system introduced in 2005 to capture and address stakeholders' feedback and complaints. A policy sets out how to classify feedback and complaints and the process that should be used when they are received. Feedback is lodged under categories of 'Commercial', 'Customary', 'Recreational' or – where it is difficult to place accurately into one of these groups – 'Other'.

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

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