

# Performance



## ■ Statement of Responsibility

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

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

In my opinion, the financial statements and the statement of service performance fairly reflect the financial position and operations of the Ministry for the year ended 30 June 2007, and I authorise issuance of these statements on 28 September 2007.

Signed



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

28 September 2007

Countersigned



**Paul Laplanche**  
Chief Financial Officer

28 September 2007

## ■ Audit Report

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

The Auditor-General is the auditor of the Ministry of Fisheries (the Ministry). The Auditor-General has appointed me, Grant J Taylor, using the staff and resources of Ernst & Young, to carry out the audit on his behalf. The audit covers the financial statements and statement of service performance and schedules of non-departmental activities included in the annual report of the Ministry for the year ended 30 June 2007.

#### Unqualified Opinion

In our opinion:

- > The financial statements of the Ministry on pages 25 to 78:
  - > comply with generally accepted accounting practice in New Zealand; and
  - > fairly reflect:
    - the Ministry's financial position as at 30 June 2007 and
    - the results of its operations and cash flows for the year ended on that date.
- > The statement of service performance of the Ministry on pages 25 to 50:
  - > complies with generally accepted accounting practice in New Zealand; and
  - > fairly reflects for each class of outputs:
    - its standards of delivery performance achieved, as compared with the forecast standards outlined in the statement of forecast service performance adopted at the start of the financial year; and
    - its actual revenue earned and output expenses incurred, as compared with the forecast revenues and output expenses outlined in the statement of forecast service performance adopted at the start of the financial year.
- > The schedules of non-departmental activities on pages 72 to 78 fairly reflect the assets, liabilities, revenues, expenses, contingencies, commitments and trust monies managed by the Ministry on behalf of the Crown for the year ended 30 June 2007.

The audit was completed on 28 September, and is the date at which our opinion is expressed.

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

#### Basis of Opinion

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

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

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

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

Audit procedures generally include:

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

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

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

### Responsibilities of the Chief Executive and the Auditor

The Chief Executive is responsible for preparing financial statements and a statement of service performance in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Ministry as at 30 June 2007 and the results of its operations and cash flows for the year ended on that date. The statement of service performance must fairly reflect, for each class of outputs, the Ministry's standards of delivery performance achieved and revenue earned and expenses incurred, as compared with the forecast standards, revenue and expenses adopted at the start of the financial year. In addition, the schedules of non-departmental activities must fairly reflect the assets, liabilities, revenues, expenses, contingencies, commitments and trust monies managed by the Ministry on behalf of the Crown for the year ended 30 June 2007. The Chief Executive's responsibilities arise from sections 45A and 45B and 45(1)(f) of the Public Finance Act 1989.

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

### Independence

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

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



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

## ■ Ministry Performance 2006/2007

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

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

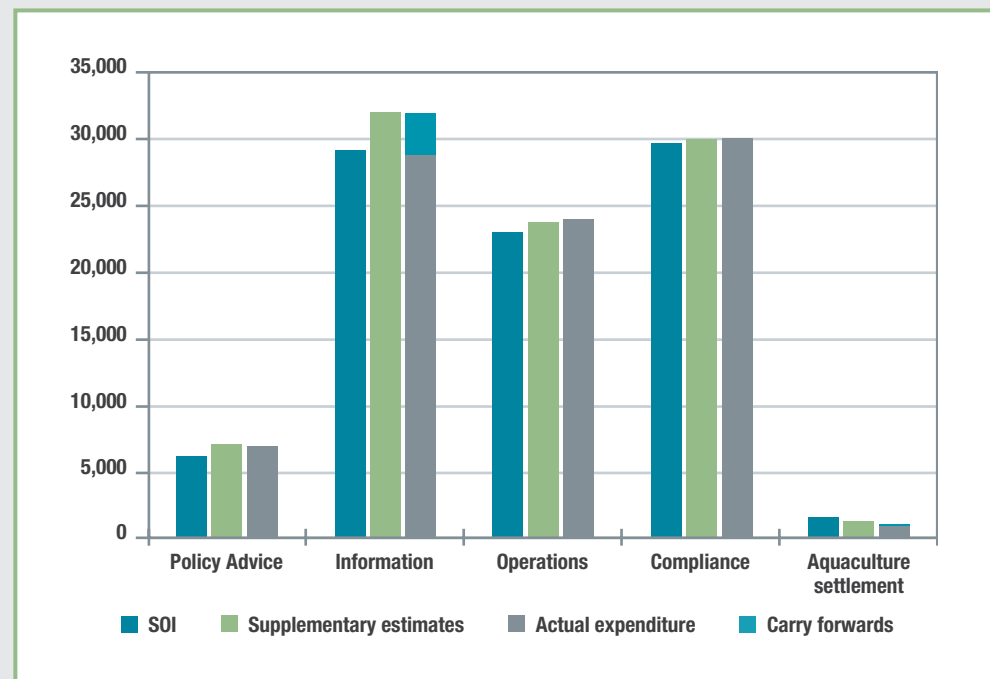
The Ministry consults with fisheries stakeholders on an annual basis in order to determine the fisheries services to be delivered in the year. A separate review process relating to the cost recovery levies to be charged is then undertaken with the commercial fishing sector. The amount recovered through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

## ■ Financial Overview

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

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

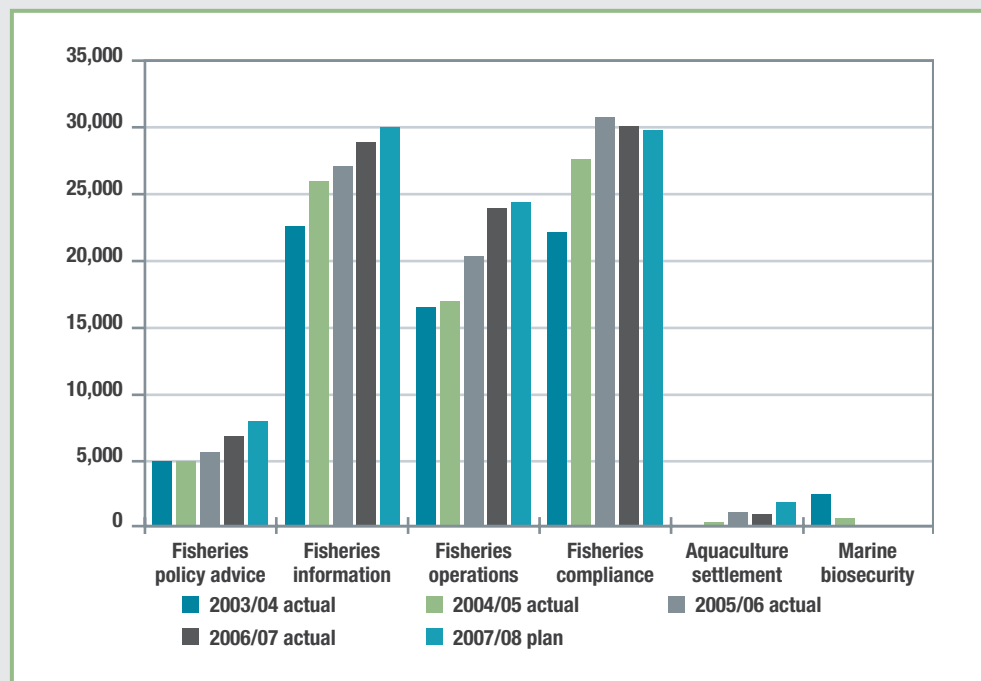
A summary of departmental output expenses for 2006/2007 is set out below:



### Departmental Output Expense Profile

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

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

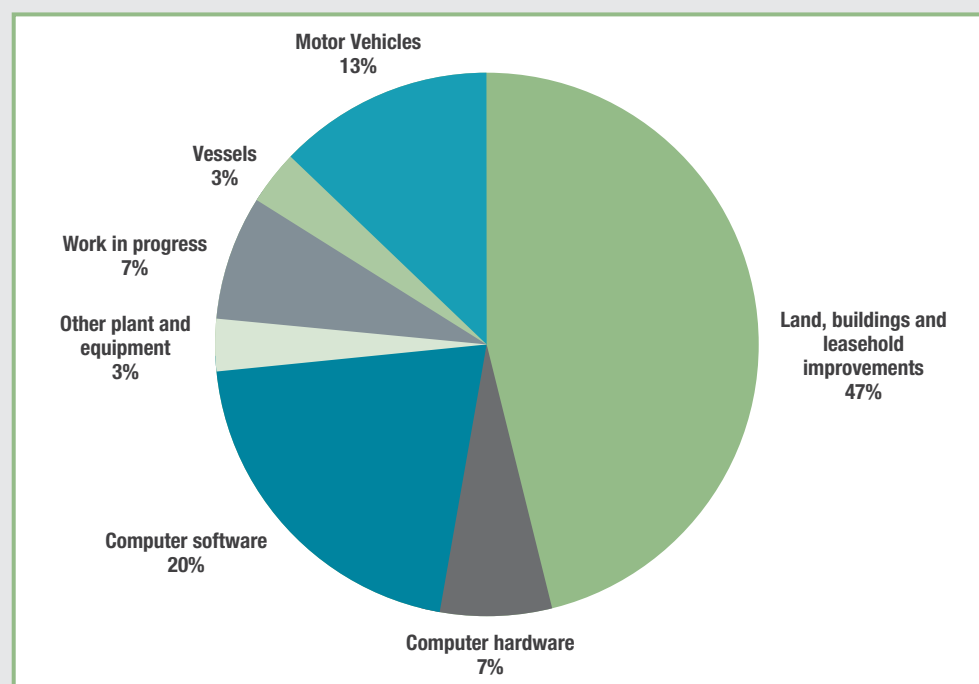


## Research Services

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

Research services are reported within the Fisheries Information output expense.

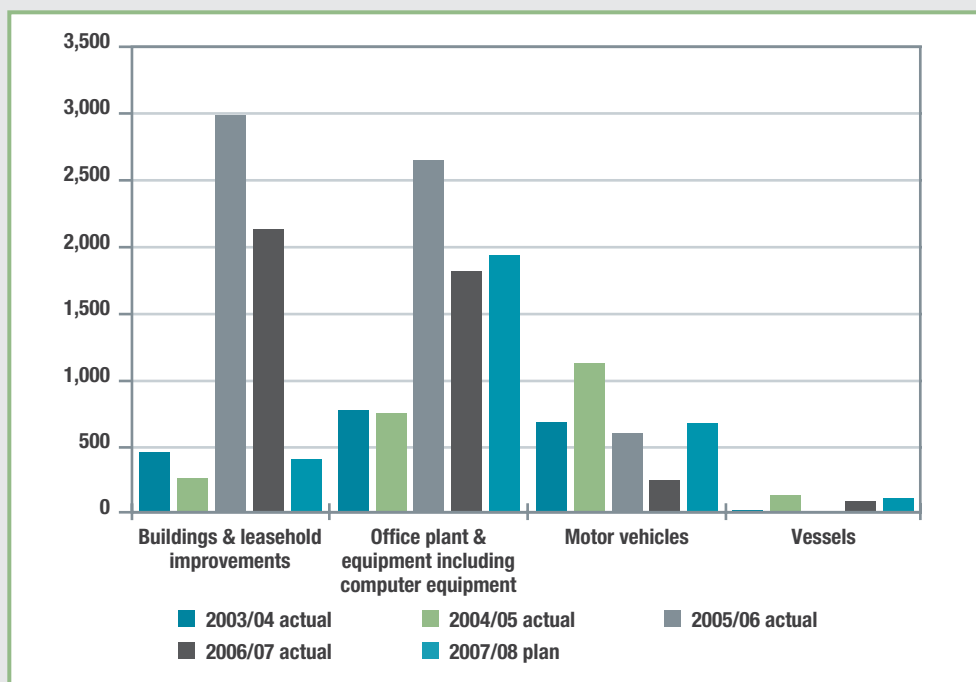
## Departmental Property, Plant and Equipment – Net Book Value at 30 June 2007



### Capital Expenditure Programme

Notable projects completed during the year included:

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



## Output Expense Service Performance

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

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

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

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

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

## ■ Departmental Output Expense – Fisheries Policy Advice

### Description

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

### Objectives

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

### New Zealand fisheries policy advice provided

#### Explanation

This service provides advice on policy development aimed at:

- > protecting the health of the aquatic environment
- > enabling New Zealanders to get the best value from the sustainable and efficient use of fisheries resources
- > ensuring the Crown delivers on its international obligations relating to fishing and those obligations arising from the Treaty of Waitangi (Fisheries Claims) Settlement Act 1992
- > achieving a credible fisheries management regime.

The work programme being undertaken by the Ministry's Fisheries Policy group over the next three years covers a range of policy development activities in the following key areas:

#### Fisheries reform

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

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

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

##### *ii) Environmental performance*

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

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

This work area deals with reforms to add value to New Zealand's fisheries sectors, including tools to enable stakeholders to take responsible initiatives to add value and tools to ensure efficient delivery of services. Work in this area will contribute to the Government's Sustainable Development Programme of Action and the Growth and Innovation Framework.

## Fisheries outcomes and monitoring

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

## Marine sector policy development

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

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

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

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

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

## International fisheries policy advice provided

### Explanation

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

- > protecting the health of the aquatic environment
- > enabling New Zealanders to get the best value from the sustainable and efficient use of fisheries resources
- > strengthening governance arrangements for high seas fisheries
- > facilitating sustainable economic growth through increased international trade.

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

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

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

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

## Ministerial services provided

### Explanation

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

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

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

## ■ Departmental Output Expense – Fisheries Information

### Description

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

### Objectives

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

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

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

#### Explanation

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

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

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

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

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

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

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

**Notes:** The quality standards adopted for measures 1, 2 and 4 above are those defined in the document 'Format and Content of Project Summaries and Medium Term Plans proposed by the Research Planning Group' dated 9 July 2001.

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

## Biodiversity of New Zealand's marine environment estimated

### Explanation

In order to implement the New Zealand Biodiversity Strategy and support the environmental principles set out in section 9 of the Fisheries Act 1996, the Ministry has a number of research programmes in place to generate high quality baseline information. There are also some new programmes that initiate research into the functional role of different organisms in a range of habitats. Each programme has been carefully designed to progress our ability to identify key species, key communities and key habitats that contribute to the value of maintaining a rich and diverse marine environment, but perhaps more importantly to identify essential components without which the marine environment could not continue to sustain productivity. This work has implications therefore not only to biodiversity per se, but also to the overall health of the aquatic environment and the long-term sustainability of our fisheries. These programmes aim to improve our ability to:

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

Expected results	Actual performance
By 31 October 2006, update the biodiversity medium term research plans in accordance with the quality standards <i>(as defined in the document 'Format and Content of Project Summaries and Medium Term Plans proposed by the Research Planning Group' dated 9 July 2001)</i> .	The biodiversity medium term research plan was completed in February 2007, in accordance with the defined quality standards, and was discussed at the Biodiversity Research Advisory Group meeting held on 8-9 March 2007.
By 30 November 2006, produce an evaluation of how biodiversity could be incorporated into the draft framework for an environment assessment plenary document.	An evaluation of how biodiversity could be incorporated into the draft framework for an environment assessment plenary document was produced before 30 November 2006.
By 28 February 2007, produce research proposals for 2007/08 in accordance with the quality standards <i>(as defined in the document 'Format and Content of Project Summaries and Medium Term Plans proposed by the Research Planning Group' dated 9 July 2001)</i> .	There will not be any proposals for 2007/08 as all existing funds are already committed to ongoing projects. Existing projects were reviewed at the Biodiversity Research Advisory Group meeting held on 8-9 March 2007.

## Observer services provided

### Explanation

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

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

Expected results	Actual performance
Information and/or data collected by observers throughout the year, in accordance with agreed client specifications.	Client specifications include Bio-manuals, DOC specifications and Ministry of Fisheries Compliance specifications. Observers are issued with specifications relevant to each trip at the time of pre-trip briefing. Actual data collected is reviewed against the relevant specifications during the post-trip debriefing. The Observer trip performance assessment highlights, for further action, areas for future data collection improvement.
Observer coverage delivered for an average cost not exceeding \$500 per day.	The cost of observer coverage achieved in 2006/07 was \$582 GST exclusive per day. This higher than target cost is due to a coverage shortfall of 1,666 days, resulting in an increased proportion of fixed costs per day.
Observer coverage (sea days) delivered to within +/- 10% of the agreed annual plan at either a species level or fishing area(s)/method level, depending on client specification.	The full year result for levied fisheries is 4,903 days against a plan of 6,481 days (-1,578 days, 76% of plan). The full year result for "permit" fisheries is 1,066 days against a plan of 1,154 days (-88 days, 92% of plan).
Clear and transparent processes are operated to identify variations to the observer annual plan, and communicate these changes to clients and stakeholders.	Actual Observer coverage against plan was updated monthly and posted on the Ministry of Fisheries website. Stakeholders were advised by email of the availability of the monthly update.
Effective processes are in place to implement any changes required to the plan through the course of the operating year.	Coverage was adjusted throughout the year in response to client requested changes in the coverage plan.

## ■ Departmental Output Expense – Fisheries Operations

### Description

This provides for:

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

### Objectives

- > Allocate rights to utilise fisheries resources
- > Develop fisheries plans to outline the Crown's contribution to achieving fisheries outcomes
- > Evaluate fisheries plans in order to provide advice to the Minister
- > Enable tangata whenua to participate effectively in fisheries management
- > Monitor the management of New Zealand fisheries
- > Develop and implement standards for the management of fisheries resources
- > Contribute to the advice on biosecurity issues in New Zealand
- > Contribute to the New Zealand Biodiversity Strategy.

### New Zealand fisheries utilisation and sustainability reported

#### Explanation

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

- > implementation and maintenance of the rights-based framework
- > development and implementation of fisheries plans and standards
- > implementation the Government's Marine Protected Areas Strategy
- > advice on marine reserve applications
- > advice on proposed aquaculture management areas
- > implementation of regulatory amendments
- > implementation of the Government's aquaculture reforms.

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

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

## Deed of Settlement implemented

### Explanation

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

Expected results	Actual Performance
<p>As required, and within allowable resources, provide timely advice on the implementation of the Fisheries (Kaimoana Customary Fishing) Regulations 1998 or the Fisheries (South Island Customary Fishing) Regulations 1999, including:</p> <ul style="list-style-type: none"> <li>&gt; appointment of Kaitiaki</li> <li>&gt; establishment of mātaihai reserves</li> <li>&gt; establishment of taiapure/local fisheries</li> <li>&gt; other customary management proposals.</li> </ul>	<p><i>Appointment and Training of Kaitiaki:</i></p> <ul style="list-style-type: none"> <li>&gt; 47 Tangata Kaitiaki appointments in six new areas of the North Island were confirmed during the period July 2006 to June 2007.</li> <li>&gt; Six new Tangata Kaitiaki appointments were also confirmed for an area already managed by Ngāitai Iwi.</li> <li>&gt; Extensions and replacement Tangata Tiaki appointments were confirmed for three areas in the Ngāi Tahu Takiwā.</li> <li>&gt; Training of Tangata Kaitiaki/Tangata Tiaki on their roles and responsibilities is being consolidated with assistance from SITO and the registration of a training package (KAI I) on the NZQA framework. It is anticipated all Tangata Kaitiaki/Tangata Tiaki will have been offered the opportunity to undertake the training by the end of September 2007.</li> </ul>
<p>Continue to develop and support 13 regional forums to engage with iwi and hapu.</p>	<p>Nine forums have been established to date; four are at various stages of development.</p>

## Statutory decision processes administered

### Explanation

This output provides for fisheries management advice on:

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

Expected results	Actual performance
<p>95% of all applications made under the Freshwater Fish Farming Regulations 1983, transitional issues and applications for fish farm registration under the Fisheries Act 1996 will be determined within six months of the date of receipt.</p>	<p>Applications processed: 2 new, 1 variation. All applications were processed within the six-month standard.</p> <p>Applications on hand: 5. Three applications were processed later than the six-month standard due to legislative issues.</p> <p>Transitional applications on hand (forfeiture applications being completed under Marine Farming Act): 10.</p>
<p>95% of applications for special permits will be determined within six months of the date of receipt of completed applications and to the following prescription:</p> <ul style="list-style-type: none"> <li>&gt; appropriate consultation is carried out in accordance with section 97(2) of the Fisheries Act 1996 on each application, prior to a decision to approve or decline the application</li> <li>&gt; the purpose for which a special permit is issued is consistent with those specified in section 97(1) of the Fisheries Act 1996</li> <li>&gt; in compliance with the procedures in the <i>Special Permit Manual</i>.</li> </ul>	<p>95% of applications for the year have been determined to the required standard:</p> <ul style="list-style-type: none"> <li>&gt; 38 applications have been processed. Two applications have taken longer than six months to complete because of the time needed to resolve iwi relationship and consultation issues.</li> <li>&gt; There are currently 2 applications on hand, both of which were received within six months.</li> </ul>

## Aquaculture permit applications processed

### Explanation

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

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

## Registry services managed

### Explanation

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

Expected results	Actual performance
<p>Within one month of the end of each quarter, produce quarterly reports for registry-based services, with actual performance compared against:</p> <ul style="list-style-type: none"> <li>&gt; expectations as defined by the Minister of Fisheries in respect of services provided through the Approved Service Delivery Organisation</li> <li>&gt; expectations as defined by the Chief Executive in respect of services delivered by the Service Delivery Agency</li> </ul> <p>and in accordance with the Ministry's agreed monitoring programme.</p> <p>Breaches of standards are to be managed in accordance with the auditing, monitoring and sanctions policy approved by the Minister of Fisheries.</p>	The requirements have been met, with all reports provided on time.
By 1 October 2006, allocate quota for species declared by the Minister to be subject to the Quota Management System for 1 October 2006, the allocation to be made in accordance with Part IV of the Fisheries Act 1996, and within the quality and timeframes defined in the Ministry's Stock Allocation Policy in respect of that species and stock.	Allocations have been made within the required quality standards and timeframes.

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Expected results: continued	Actual performance: continued
<p>Ensure sufficient progress is made to enable quota for species declared by the Minister to be subject to the Quota Management System for 1 October 2007, to be implemented by that date; the allocation shall be made in accordance with Part IV of the Fisheries Act 1996, and within the quality and timeframes defined in the Ministry's Stock Allocation Policy in respect of that species and stock.</p>	<p>The allocation of fish stocks for 1 October 2007 is on schedule.</p>

## Biosecurity advice provided

### Explanation

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

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

## Biodiversity advice provided

### Explanation

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

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

## ■ Departmental Output Expense – Fisheries Compliance

### Description

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

### Objectives

The objectives are to:

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

### Definition of terms

Terms used in the following outputs

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

## Commercial fisheries compliance

### Explanation

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

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

## Non-commercial fisheries compliance

### Explanation

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

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

## New Zealand's international fisheries compliance

### Explanation

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

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

## Poaching and black market activities deterred

### Explanation

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

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

## Prosecutions managed

### Explanation

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

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

## ■ Departmental Output Expense – Aquaculture Settlement

### Description

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

### Objectives

Administration of the legislated settlement in order to:

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

### Explanation

The Act provides for a settlement of Māori interests in commercial aquaculture, including the provision of 20% of new space in aquaculture management areas and the provision of 20% equivalent of existing space allocated since September 1992.

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

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

## ■ Statement of Accounting Policies

### Reporting entity

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

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

### Measurement basis

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

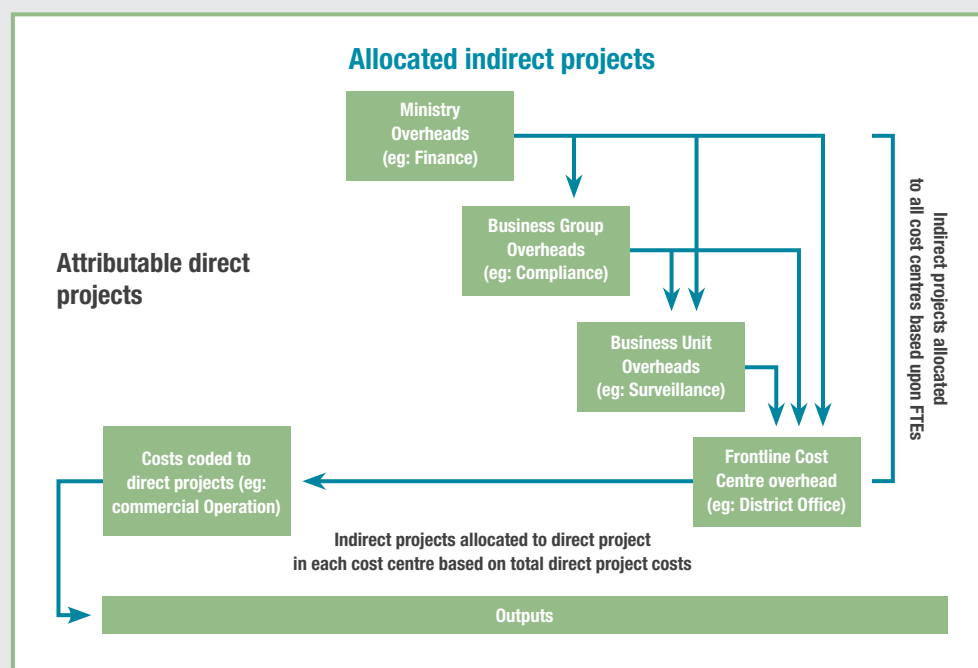
## ■ Specific Accounting Policies

### Budget figures

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

### Cost allocation

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



## Revenue

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

## Debtors and receivables

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

## Leases

These comprise of operating leases. Payments made under operating leases are recognised in the Statement of Financial Performance on a systematic basis over the period of the lease.

## Property, plant and equipment

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

All other property, plant and equipment is stated at cost less depreciation. Only property, plant and equipment with a cost in excess of \$5,000 is capitalised.

## Depreciation

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

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

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

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

## Employee entitlements

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

## Foreign currency

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

## Statement of cash flows

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

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

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

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

## Financial instruments

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

## Goods and Services Tax (GST)

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

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

## Taxation

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

## Commitments

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

## Contingent liabilities

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

## Taxpayers' funds

This is the Crown's net investment in the Ministry.

## Changes in accounting policies

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

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

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

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

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

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

## ■ Statement of Financial Position as at 30 June

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

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

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

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

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

## ■ Statement of Commitments as at 30 June

The Ministry operates from premises that are leased on short and long term bases. The annual lease payments are subject to periodic review. The amounts disclosed below as future commitments are based on current agreements and rental rates. There are also fisheries and biodiversity research projects and registry services contracts that have been entered into in 2006/2007 for which the service will be performed after 30 June 2007.

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

## ■ Statement of Contingent Liabilities as at 30 June

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

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

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

### **Legal proceedings**

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

### **Unquantifiable contingent liabilities**

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

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

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

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

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

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

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

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

The Minister of Finance has announced that the Crown will first adopt New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) for its financial year ending 30 June 2008. Management has performed a preliminary assessment to determine those standards likely to impact the Ministry's financial performance, financial position and disclosures. The implementation guidance and Crown accounting policies issued by the Treasury have also been considered.

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

- > Employee benefits, including the requirement for recording a provision for sick leave
- > Reclassification of software from property, plant and equipment to intangible assets
- > Land, buildings and vessels measured at deemed cost less accumulated depreciation
- > Removal of fishing quota from the non departmental schedule of assets. Crown owned fishing quota is an internally generated asset

The disclosures made in this note are based on management's knowledge of the expected NZ IFRS requirements and applied to the current facts and circumstances of the Ministry. The actual impact of adopting NZ IFRS may vary from the information presented in this note and this variation may be material.

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

(In thousands of New Zealand dollars)

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

### **Explanatory notes**

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

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

### 1 Revenue Crown

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

### 2 Revenue Department

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

### 3 Revenue Other

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

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

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

### 5 Personnel Costs

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

## 6 Operating Costs

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

## 7 Depreciation Expense

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

## 8 Capital Charge

The Ministry paid a capital charge to the Crown on its net taxpayers' funds as at 30 June and 31 December. The capital charge rate for the year ended 30 June 2007 was 7.5%: (2006: 8.0%).

## 9 Taxpayers' Funds

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

### *b) Revaluation Reserves*

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

## 10 Debtors and Receivables

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

## 11 Property, Plant and Equipment

	2007 Actual \$000	2006 Actual \$000
<b>Land – at valuation</b>	<b>147</b>	<b>147</b>
<b>Buildings</b>		
At valuation	2,406	2,368
Accumulated depreciation	(256)	(167)
<b>Net book value</b>	<b>2,150</b>	<b>2,201</b>
<b>Leasehold improvements</b>		
At cost	3,992	4,732
Accumulated depreciation	(462)	(2,716)
<b>Net book value</b>	<b>3,530</b>	<b>2,016</b>
<b>Plant and equipment</b>		
At cost	13,536	19,221
Accumulated depreciation	(9,635)	(15,118)
<b>Net book value</b>	<b>3,901</b>	<b>4,103</b>
<b>Capital work in progress – at cost</b>	<b>887</b>	<b>284</b>
<b>Motor vehicles</b>		
At cost	2,713	3,024
Accumulated depreciation	(1,083)	(913)
<b>Net book value</b>	<b>1,630</b>	<b>2,111</b>
<b>Vessels</b>		
At valuation	770	734
Accumulated depreciation	(344)	(237)
<b>Net book value</b>	<b>426</b>	<b>497</b>
<b>Total property, plant and equipment</b>		
<b>At cost / valuation</b>	<b>24,451</b>	<b>30,510</b>
<b>Accumulated depreciation</b>	<b>(11,780)</b>	<b>(19,151)</b>
<b>Total net book value</b>	<b>12,671</b>	<b>11,359</b>

### Valuation information

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

## 12 Creditors and Payables

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

## 13 Provision for Repayment of Surplus to the Crown

	2007 Actual \$000	2006 Actual \$000
Net surplus	189	1,349
<b>Total provision for repayment of surplus</b>	<b>189</b>	<b>1,349</b>

## 14 Employee Entitlements

	Annual Leave \$000	Other Personnel Costs \$000	Total \$000
<b>Current liabilities</b>			
Balance at start of period 2006	1,887	232	2,119
Expenditure during the period	(1,460)	(232)	(1,692)
Increase in provision	1,695	124	1,819
<b>Balance at end of period 2007</b>	<b>2,122</b>	<b>124</b>	<b>2,246</b>
	Retirement Leave \$000	Long Service Leave \$000	Total \$000
<b>Term Liabilities</b>			
Balance at start of period 2006	2,192	522	2,714
Expenditure during the period	(41)	(51)	(92)
Increase in provision	155	55	210
<b>Balance at end of period 2007</b>	<b>2,306</b>	<b>526</b>	<b>2,832</b>

## Retirement leave

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

## Long service leave

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

Employee entitlements to long service leave and retirement leave are valued on an actuarial basis. Mr Bernie Higgins of Aon Consulting New Zealand Limited, an independent consulting actuary, undertook this valuation at 30 June 2007. For the purpose of this valuation the following key assumptions were used:

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

In-Service decrements representing the probabilities of Resignation, Death, Disablement, Medical and Early Retirement have been taken from the measured experience of superannuation schemes in New Zealand.

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

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

## 16 Financial Instruments

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

### Credit Risk

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

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

**Maximum Credit Risk at 30 June**

	<b>2007 Actual \$000</b>	<b>2006 Actual \$000</b>
Cash	2,244	1,412
Debtors and receivables	17,646	18,565
<b>Maximum credit risk</b>	<b>19,890</b>	<b>19,977</b>

**Fair value**

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

**Currency risk and interest rate risk**

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

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

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

**17 Contingencies**

The Ministry does not have any contingent assets as at 30 June 2007 (2006: Nil). Contingent liabilities are separately disclosed in the Statement of Contingent Liabilities.

**18 Related Party Information**

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

**19 Segment Information**

The Ministry undertakes fisheries management activities throughout New Zealand.

## 20 Major Budget Variations

### Statement of Financial Performance

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

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

These movements are shown in the table below.

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

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

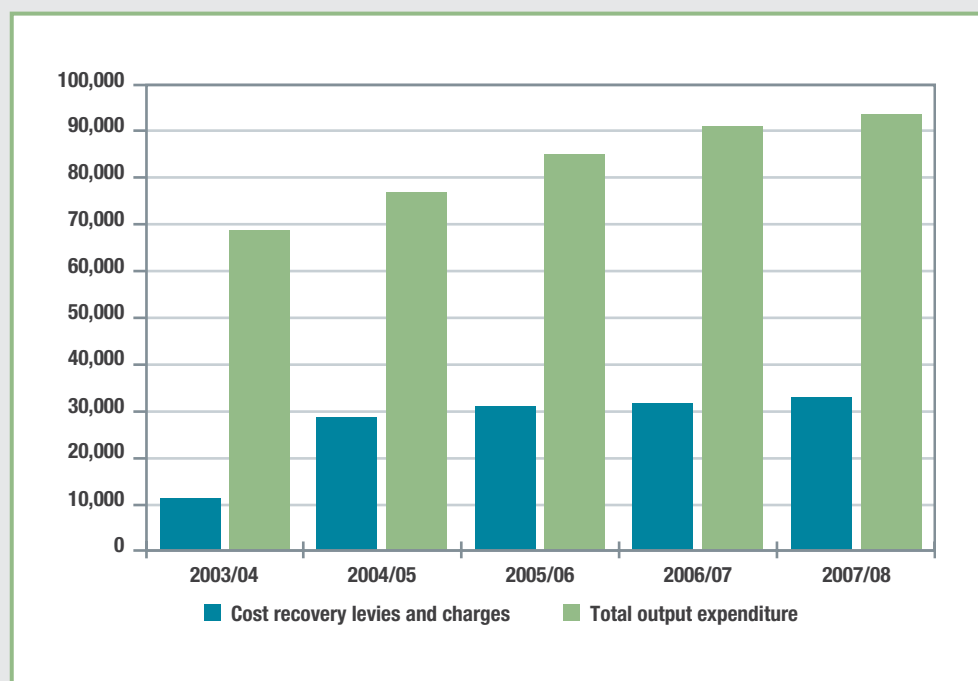
These public funds include revenues received from the commercial fishing industry through cost recovery levies that recover the costs of fisheries-related conservation services and fisheries services:

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

The cost of fisheries services provided by the Ministry of Fisheries during the period 1 July 2006 to 30 June 2007 is recovered from the commercial fishing sector over the period 1 October 2006 to 30 September 2007.

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

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



### Statement of Non-Departmental Accounting Policies

Measurement and recognition rules applied in the preparation of these non-departmental financial schedules are consistent with generally accepted accounting practice and Crown accounting policies. The Ministry's non-departmental revenue, expenditure, assets and liabilities are consolidated into the Crown Financial Statements. For a full understanding of the Government's consolidated financial position, and the results of its operations for the period, reference should be made to the consolidated audited financial statements of the Government for the year ended 30 June 2007.

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

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

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

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

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

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

### 1 Cost Recovery Levies

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

### 2 Other Revenue

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

### 3 Major Budget Variations

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

(a) Revenue	\$000
Sale of quota shares and ACE	800
Increase in deemed value revenue to be paid by quota holders who have overfished based on current activity	4,000
A reduction in forecast net cost recovery levies	(2,000)
Other income	(325)
<b>Total</b>	<b>2,475</b>

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

#### 4 Operating Expenditure

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

#### 5 Cash and Bank Balances

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

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

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

## 6 Accounts Receivable

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

## 7 Prepayments

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

## 8 Intangible Assets

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

## 9 Accounts Payable

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

## 10 Over and Under Recovered Costs

	<b>2007 Main Estimates \$000</b>	<b>2007 Supplementary Estimates \$000</b>	<b>2007 Actual \$000</b>	<b>2006 Actual \$000</b>
Net over recovery of costs	9,712	4,878	3,874	4,237
<b>Total net over recovered costs</b>	<b>9,712</b>	<b>4,878</b>	<b>3,874</b>	<b>4,237</b>

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

This provision reflects the balance of the net over and under recovery of cost recovery levies for the period 1 October 1995 to 30 June 2007 to be applied against future cost recovery levy orders.

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

	Declared Overfishing Account <sup>1</sup> \$000	Forfeit Property Account <sup>2</sup> \$000	Total \$000
<b>Balance at start of period 2006</b>	<b>2,604</b>	<b>255</b>	<b>2,859</b>
<i>Plus:</i>			
- Contribution	17,154	275	17,429
- Revenue	341	23	364
<i>Less:</i>			
- Distribution	(15,761)	(235)	(15,996)
- Expenses	(284)	0	(284)
<b>Balance at end of period 2007</b>	<b>4,054</b>	<b>318</b>	<b>4,372</b>

- (1) Funds held in relation to the deemed value of fish taken in excess of quota under the quota management system.
- (2) Proceeds received from the sale of seized/forfeited property that is disposed of in accordance with Ministerial/Court direction.

## ■ Statement of Resources for the year ended 30 June 2007

Human Resources	Number	
<i>Full time equivalents</i>		
Female		152
Male		293
<b>Honorary Fishery Officers</b>		178
<p>These officers operate in an educational role and provide active surveillance of recreational fishing activities to ensure recreational fishers comply with fisheries legislation.</p> <p>Wage workers and seasonal staff are also employed.</p>		
Land and buildings owned	Area (m <sup>2</sup> )	Number
<b>Commercial</b>		
- Offices	1,715	3
- Storage	451	2
- Land	7,384	4
<b>Residential</b>		
- House on separately saleable residential section	140	1
Land and buildings leased	Area (m <sup>2</sup> )	Number
<b>Commercial</b>		
- Office	13,759	17
- Storage	4,906	17
- Land	2,835	1
Motor vehicles owned	Number	
Sedan/hatch/station wagon	43	
Utilities/vans	11	
4 wheel drive	40	
Vessels	Number	
Patrol vessels used to protect, manage and enhance New Zealand's fisheries resource.	24	

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

The Ministry engages contractors and consultants during the year to:

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

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

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

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

### Overseas travel undertaken during the year

The Ministry undertakes overseas travel each year to:

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

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

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

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