

## ■ FOREWORD FROM THE CHIEF EXECUTIVE

I am pleased to present the Ministry of Fisheries' annual report for the year ended 30 June 2011.

The Ministry of Fisheries has made a major contribution to New Zealanders' maximising benefits from the use of fisheries within environmental limits. The Ministry developed and enhanced one of the world's leading fisheries management systems.

In 2010/11 we continued to work with stakeholders on Fisheries 2030, the Government's long-term goal and action plan for the fisheries sector. Through collaborative efforts we continue to help to ensure the sustainability of fisheries resources and a healthy aquatic environment.

Passage of the Aquaculture Legislation Amendment Bill in August 2011 has unlocked the growth potential of the aquaculture sector allowing it to become a key contributor to the New Zealand economy. The Aquaculture Unit (Ahumoana Ahutāngata), set up within the Ministry to be the Government's principal adviser on land-based and marine aquaculture, is developing a National Strategy and Action Plan.

The aquaculture reforms have been a major achievement, which conclude over three years of focused effort, working with industry, iwi and stakeholders. I would like to thank all those who took part, but particularly the Ministry's staff who committed themselves to developing a platform to enable the aquaculture industry to grow in a sustainable way.

We are now delivering a more focused approach to fisheries management plans for the deepwater, highly migratory species, freshwater, inshore shellfish and inshore finfish sectors. Iwi will have input into fisheries management through iwi fisheries plans that are currently being developed.

The beginning of July marked the start of a new era for the Ministry of Agriculture and Forestry (MAF) and the Ministry of Fisheries, merged into a single agency bringing the best of both together to achieve our vision of "Growing and Protecting New Zealand".

The merger will significantly enhance the new Ministry's ability to deliver high-quality services and support to the whole of the primary sector. It will enable the organisation to deliver more integrated strategic advice on long term economic growth through the sustainable management of natural resources used by the primary sector and deliver on our goals: maximising export opportunities and

improving sector productivity, while increasing sustainable use and protecting New Zealand from biological risk.

I am confident that the changes in our organisations will allow us to contribute substantially to the Government's priority to grow the New Zealand economy to deliver greater prosperity to all New Zealanders.



**Wayne McNee**  
Director-General

This annual report covers the activities of the Ministry of Fisheries for 2010/11. A separate annual report has been prepared for the Ministry of Agriculture and Forestry as the two organisations did not amalgamate until 1 July 2011.

## ■ THE MINISTRY'S ROLE

The role of the Ministry of Fisheries (the Ministry) is to:

- > be the Government's principal adviser on fisheries management and aquaculture development;
- > maintain the effective management of New Zealand's fisheries;
- > discharge the Crown's obligations under the Treaty of Waitangi (Fisheries Claims) Settlement Act 1992, the Māori Fisheries Act 2004 and the Māori Commercial Aquaculture Claims Settlement Act 2004.

In this role, the Ministry:

- > provides advice on policy and statutory decisions about New Zealand fisheries management and aquaculture;
- > provides advice in relation to New Zealand's position on international fisheries management and trade access;
- > provides compliance services, including education, enforcement and prosecution;
- > provides observer services;
- > purchases and monitors research and registry services;
- > provides oversight and quality assurance of fisheries scientific research;
- > collects catch, effort, area, method and other fisheries information.

An aquaculture unit has been established within the Ministry of Fisheries as the Government's principal adviser on marine and land-based aquaculture.

To fulfil its obligations, the Ministry works with a wide range of government agencies, tangata whenua, service and research providers, and stakeholder groups, including fishers and environmental organisations.

### Scope of operations

The Ministry administers the following legislation:

- > Fisheries Act 1996 (and residual parts of the Fisheries Act 1983);
- > Treaty of Waitangi (Fisheries Claims) Settlement Act 1992;
- > Fisheries (Quota Operations Validation) Act 1997;
- > Māori Fisheries Act 2004;
- > Māori Commercial Aquaculture Claims Settlement Act 2004;

- > Aquaculture Reform (Repeals and Transitional Provisions) Act 2004;
- > Driftnet Prohibition Act 1991;
- > Waikato-Tainui Raupatu Claims (Waikato River) Settlement Act 2010;
- > Antarctic Marine Living Resources Act 1981.

It also administers many regulations related to managing fisheries within New Zealand's Exclusive Economic Zone (EEZ) and managing New Zealand's fishing activity internationally.

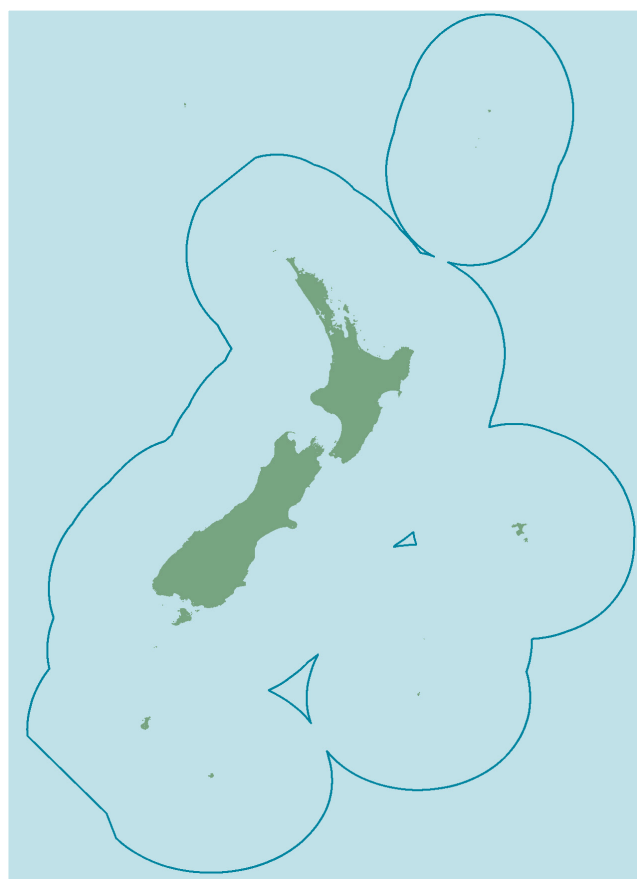


Figure 1: New Zealand's Exclusive Economic Zone.

# The Year in Review

## Key achievements for the year

### Aquaculture

Aquaculture currently generates around NZ\$370 million of domestic and export sales annually, or approximately 20 percent of the total value of New Zealand seafood production. The aquaculture industry has been identified by the Government as having significant unrealised potential for growing the economy.

Aquaculture reforms have been a key area of focus for the Ministry of Fisheries for the past three years. The Ministry has been the lead agency, working closely with other agencies, for the Aquaculture Legislation Amendment Bill (No 3), which was introduced to Parliament in November 2010 and enacted in August 2011. The Ministry also provided support for engagement between the Crown and iwi to develop options for delivering the Māori commercial aquaculture claims settlement under the new law.

These reforms are the central element of the Government's support to enable industry to meet its goal of generating export sales of NZ\$1 billion by 2025. They will allow evolution to farming of higher value species, including finfish, and easier access to new water space for development. They will also reduce costs, delays and uncertainty, will promote investment in aquaculture development, and enable integrated decision making.

The Ministry is now well under way with preparations for implementing the aquaculture reforms. A review of land-based aquaculture will start shortly.

### South Pacific Fisheries Convention

New Zealand continued to play a role in establishing the South Pacific Regional Fisheries Management Organisation (SPRFMO), which will manage non-tuna species on the high seas, including deep sea fish stocks, such as orange roughy and bluenose, and pelagic species, such as jack mackerel.

In June 2011, New Zealand ratified the Convention that creates SPRFMO. There were 13 signatories to the Convention when it closed for signature on 31 January 2011. The Convention completes a comprehensive framework for sustainably managed South Pacific fisheries and is a positive step towards managing one

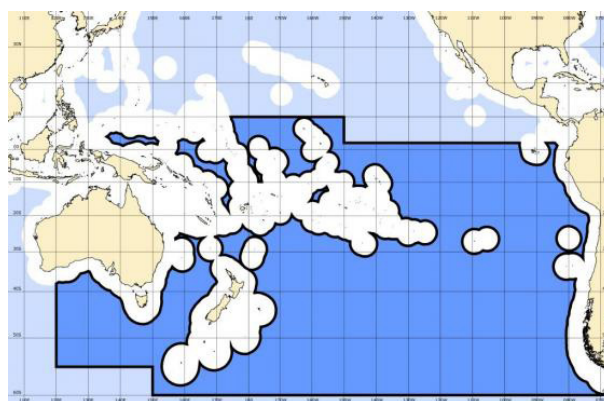


Figure 2: Provisional area of SPRFMO

of the world's largest areas of ocean<sup>1</sup> under a single regional fisheries management organisation.

The Interim Secretariat of the SPRFMO is based in Wellington and the Commission's first Preparatory Conference meeting was held in Auckland in July 2010. A second session took place in Colombia earlier in 2011 and a third is scheduled for Chile in early 2012.

### Fisheries Plans

A more streamlined approach to national fisheries plans in 2010/11 enabled the Ministry to have fisheries plans in place for most of its fisheries.

The Minister of Fisheries and Aquaculture approved the five-year deepwater and highly migratory species fisheries plans in October 2010. The three inshore fisheries plans took longer to develop, given the change from a regional to a national approach in these fisheries. Drafts of the three inshore plans were completed in time to start trialling them from July 2011, with approval from the Minister likely to be sought in 2012/13.

This new approach to fisheries plans is now driving the Ministry's planning and prioritisation processes and therefore ensuring better alignment of activity and resources across the organisation.

### Research

High-quality, cost-effective research is a critical contributor to meeting the Ministry's fisheries management objectives.

<sup>1</sup> The Interim Secretariat has made the above map available for information purposes only. It is a pictorial illustration of the area of application of the Convention that is properly described in legal terms in Article 5. The map is not part of the Convention text and has no legal status. It is not intended to reflect exactly the maritime spaces of adjoining coastal states and cannot be considered to constitute recognition of the claims or positions of any of the participants in the negotiations leading to the adoption of the Convention concerning the legal status and extent of waters and zones claimed by such participants.

The Research Services Strategy, which reviewed planning, prioritisation and procurement of scientific research, was completed in 2010 with considerable input from stakeholders. A key change is the move to longer term research contracts, starting with deepwater fisheries.

The Government is supporting research to improve estimates of recreational catch. The Ministry has developed an integrated system for estimating this catch. Better information is important for setting catch limits that will ensure the sustainability of fisheries. Some of the components of the integrated system include:

- > onsite surveys (for example, observations of fishing activity at various locations);
- > offsite surveys (such as random surveys of households to ask people about what they caught);
- > remote monitoring (for example, web-camera indices of boat ramp use);
- > amateur charter vessel activity reporting.

### Frontline Compliance

The 2011 year saw the successful culmination of two of the longest and most comprehensive fisheries enforcement operations in New Zealand's history. *Operation PAID* was a two-year operation targeting the organised poaching, sale and distribution of paua from the Wellington coastline. This operation netted a total of 53 defendants who faced 321 charges. Twenty-eight received prison sentences and 23 received community-based sentences.

*Taskforce Webb* involved the investigation and prosecution of parties in extensive illegal commercial fishing and was one of the largest prosecutions the Ministry has conducted. The penalties, a record \$4.2 million for misreporting catch, included \$840 000 in fines, \$635 000 in forfeited fish sales and \$1.54 million in deemed value debt of fishing quota – that was caught outside the quota – to be paid to the Crown. They were also ordered to pay the Crown \$1.11 million, or half the value of the New Zealand-registered *Tomi Maru 87*, to have the ship returned.

Public support for the Ministry's compliance activities has also increased: this year's public summer education campaign, "4 Million Guardians" resulted in a record number of over 6700 calls to the 0800 4 POACHER (0800 476 224) hotline.

### Treaty Partnership

The Ministry has been working hard in 2010/11 to more effectively fulfil the Crown's Treaty obligations to provide for

Māori input into and participation in fisheries management decision making, with particular regard for kaitiakitanga, customary food gathering, consultation, and commercial and aquaculture rights.

The establishment of integrated Fishery Management Area (FMA) forums and the development of Forum Fisheries Plans to help iwi bring together their commercial, non-commercial and other fisheries goals will enable them to engage more effectively and influentially with the Crown.

Forum Fisheries Plans will contribute to a more effective fisheries management regime and realise the partnership between the Crown and tangata whenua by:

- > increasing the potential influence tangata whenua have on fisheries management decision making;
- > communicating directly with, and influencing, National Fisheries Plans and National Fisheries Plans processes;
- > being a contemporary expression of kaitiakitanga, setting out the tangata whenua vision for the freshwater and marine environment based on traditional knowledge and tikanga; and
- > providing a forum for consultation between Treaty Partners on other fisheries matters.

### Merger with the Ministry of Agriculture and Forestry

As part of work to improve performance across the state sector, the Government announced on 10 March 2011 that the Ministry of Fisheries was to merge with the Ministry of Agriculture and Forestry. The legal merger took place on 1 July 2011, with full integration into the new Ministry taking place later in 2011/12.

Although there remains much to be done to complete the merger and implement the changes over the next year, significant work was necessary in both agencies to ensure an effective and properly functioning agency was in place by 1 July. This involved the development of a new organisational strategy, a coherent high level structure, and integration of critical systems – all in three months, and all while continuing to deliver both agencies' important business as usual.

The merger has created a government hub for the primary sectors focused on growing and protecting New Zealand. To be successful in growing and protecting New Zealand, the new Ministry will act as an enabler and partner to help those in the primary sectors succeed for the benefit of all New Zealanders.

The merger reduces duplication and operational costs. It is expected that a proportion of savings from the merger will be shared with the sectors and industries the Ministry works with.

## Strategic Direction

### Contribution to Government Priorities

The Government's priority is to "Grow the New Zealand economy to deliver greater prosperity, security and opportunities for all New Zealanders". This includes:

- > raising New Zealand's economic performance, by unlocking resources where consistent with environmental and other objectives;
- > promoting science and innovation;
- > improving the quality and cost-effectiveness of the public sector.

The fisheries sector contributes directly to this goal through greater efficiencies and by realising greater benefits from the seafood New Zealand catches and farms.

The Government has directed government agencies to focus on the removal of unnecessary barriers and costs to doing business across the economy. It has also asked for more cross-agency collaboration and an ongoing focus from all government departments on finding ways to deliver services more effectively and efficiently.

### Lifting Economic Growth

As part of the Government's Economic Growth Agenda to increase export earnings and create new jobs, the Ministry has supported the Government's reform of the aquaculture legislation to enable sustainable development of the aquaculture industry.

Science and innovation play an important role in supporting growth. Through the Primary Growth Partnership, the Ministry has been actively encouraging innovation, providing assistance to industry through research funding. The Primary Growth Partnership is a government–industry initiative that will invest in significant programmes of research and innovation to boost the economic growth and sustainability of New Zealand's primary, forestry and food sectors.

Economic growth is also dependent on access to foreign markets. Ninety-five percent of New Zealand's commercial catch and 75 percent of aquaculture production is exported.

The Ministry's international work, including supporting the free trade negotiations as part of the Government's International Strategy, is therefore crucial to ensure New Zealand maintains existing markets and accesses new markets for seafood products.

### Value for Money

The Ministry regularly reviews its performance in key areas to evaluate its impact on its desired outcomes; for instance, the quality of policy advice and the cost-effectiveness of regulations. The Ministry is implementing a comprehensive monitoring regime to enable ongoing assessment of the effectiveness and efficiency of the activities and services it provides. This regime will be continued under the new merged Ministry.

Effective fisheries management demands high-quality information for decision making, effective rules, regulations and standards, and effective education and enforcement. All of these represent a cost to the industry and require careful prioritisation. The Ministry's fisheries plans address these prioritisation challenges – setting management objectives based on value and risk, and placing resource where it will make the most difference – as well as ensuring that regulatory intervention results in significant efficiency and value for money gains.

### Cross-agency Collaboration – the Natural Resources Sector Network

The Ministry participates in the Natural Resources Sector Network<sup>2</sup> to ensure an integrated and aligned policy approach is taken to natural resources development across government agencies.

This integrated approach provides a platform for the sustainable management of natural resources within environmental limits to ensure a future for all users. Targeted and co-ordinated engagement particularly between government agencies is improving the quality and cost-effectiveness of the public service while reducing costs and resources for all involved.

### Strategic Outcomes and Priorities

Fisheries 2030 and its action plan is the Government Strategy for the fisheries sector. It sets out a clear pathway for the entire fisheries sector and identifies a number of actions needed to achieve the goal of: *New Zealanders maximising the benefits from the use of fisheries resources within environmental limits.*

<sup>2</sup> The Natural Resources Sector (NRS) Network is led by the Ministry for the Environment and involves the Ministries of Agriculture and Forestry/Fisheries and Economic Development, the Department of Conservation, Land Information New Zealand and Te Puni Kōkiri. The Treasury, State Services Commission and the Department of the Prime Minister and Cabinet support the NRS network.

There are two outcomes that support this goal:

- > Fisheries resources are used in a manner that provides greatest overall economic, social and cultural benefit.
- > The capacity and integrity of the aquatic environment, habitats and species are sustained at levels that provide for current and future use.

The goal and the two outcomes acknowledge that New Zealanders benefit from fisheries in different ways (for example, commercial, recreational, customary, amenity interests, intrinsic value). They also recognise that we are constrained by the environmental impact these activities have on our fisheries and aquaculture resources.

Fundamental to achieving the Fisheries 2030 goal is an approach based on sound governance that:

- > enables the Treaty partnership to be realised;
- > creates public confidence and trust in the fisheries and aquaculture management regimes;
- > helps New Zealanders to understand their rights and responsibilities and to act accordingly;
- > creates optimal economic, social and cultural value from our fisheries;
- > puts in place an accountable, responsive, dynamic and transparent system of management.

### Ministry Outcomes

The Ministry identified five outcomes for 2010/11 that specify what the Ministry seeks to contribute to achieve the Fisheries 2030 goal and outcomes and deliver improved governance. These are:

1. Maximise current benefits from the use of fisheries.
2. Maximise future benefits from the use of fisheries.
3. Better manage the adverse impacts of fishing on the aquatic environment.
4. Deliver the Government's fisheries and aquaculture obligations to Māori more effectively.
5. Build increasingly trusted and effective fisheries management.

In delivering these outcomes, a balance is required between:

- > short-term and long-term use;
- > different forms of use – commercial, recreational, customary; and
- > use and adverse effects on the environment.

These outcomes provide a framework to tell a comprehensive performance story that is reported on more fully in the Outcome Contribution section.

### Ministry Strategic Priorities

The Government's priorities for the fisheries sector, along with the goal and actions set out in Fisheries 2030, guide how resources are allocated within the Ministry, the projects that will be progressed and the priority various actions will receive. The Ministry's strategic priorities for 2010/11 were:

- > Aquaculture reforms (Outcome 2);
- > Regulatory reform (Outcome 2);
- > Standards development (Outcomes 3 and 5);
- > Promotion of New Zealand's international fishing interests (Outcomes 1 and 2);
- > Obligations to Māori programmes (Outcome 4);
- > Improvements in frontline compliance capacity (Outcome 5);
- > Fisheries planning (Outcome 5 but delivers across all outcomes and contributes to Delivery of Quality Public Services);
- > Recreational fishing research and reporting (Outcome 2);
- > Facilitating consideration of recreational only fishing areas (Outcome 1);
- > Collaborative government–industry projects (Delivery of Quality Public Services);
- > Performance monitoring and evaluation (Delivery of Quality Public Services, contributes across all outcomes).

Delivering on these priorities, together with core business activities such as fish stock sustainability rounds, has enabled the Ministry to make significant progress towards achieving the Government's goal and outcomes for the sector.

These are reported on in more detail in the sections on Outcome Contribution, Organisational Effectiveness and Service Performance.

## Ministry outcomes framework

