

AUDITED STATEMENTS

■ STATEMENT OF RESPONSIBILITY

This statement of responsibility is issued by me as Director-General of the Ministry of Agriculture and Forestry in terms of section 35 of the Public Finance Act 1989. I am responsible for the preparation of the Ministry of Fisheries 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 of Fisheries for the year ended 30 June 2011, and I authorise issuance of these statements on 30 September 2011.

Signed

Countersigned



Wayne McNee
Director-General
30 September 2011



Tony Murray
Chief Financial Officer
30 September 2011



INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF MINISTRY OF FISHERIES FINANCIAL STATEMENTS, NON-FINANCIAL PERFORMANCE INFORMATION AND SCHEDULES OF NON-DEPARTMENTAL ACTIVITIES FOR THE YEAR ENDED 30 JUNE 2011

The Auditor-General is the auditor of the Ministry of Fisheries (the Ministry). The Auditor-General has appointed me, Stuart Mutch, using the staff and resources of Ernst & Young, to carry out the audit of the financial statements, the non-financial performance information and the schedules of non-departmental activities of the Ministry on her behalf.

We have audited:

- > the financial statements of the Ministry on pages 43 to 70, that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2011, the statement of comprehensive income, statement of changes in taxpayers' funds, statement of departmental expenditure and capital expenditure against appropriations, statement of unappropriated expenditure and capital expenditure and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information;
- > the non-financial performance information of the Ministry that comprises the statement of service performance on pages 31 to 42 and the report about outcomes on pages 10 to 22; and
- > the schedules of non-departmental activities of the Ministry on pages 72 to 79 that comprise the schedule of assets and liabilities, and the statement of contingent liabilities and contingent assets as at 30 June 2011, the schedule of revenue and expenditure, statement of expenditure and capital expenditure against appropriations, statement of unappropriated expenditure and capital expenditure, and statement of trust monies, for the year ended on that date and the notes to the schedules that include accounting policies and other explanatory information.

Opinion

In our opinion:

- > the financial statements of the Ministry on pages 43 to 70 that are prepared on a disestablishment basis:
 - > comply with generally accepted accounting practice in New Zealand; and
 - > fairly reflect the Ministry's:
 - financial position as at 30 June 2011;
 - financial performance and cash flows for the year ended on that date;
 - expenses and capital expenditure incurred against each appropriation administered by the Ministry and each class of outputs included in each output expense appropriation for the year ended 30 June 2011; and
 - unappropriated expenses and capital expenditure for the year ended 30 June 2011.
- > the non-financial performance information of the Ministry on pages 31 to 42 and 10 to 22:
 - > complies with generally accepted accounting practice in New Zealand; and
 - > fairly reflects the Ministry's service performance and outcomes for the year ended 30 June 2011, including for each class of outputs:

- its service performance compared with the forecasts in the statement of forecast service performance at the start of the financial year; and
 - its actual revenue and output expenses compared with the forecasts in the statement of forecast service performance at the start of the financial year.
- > the schedules of non-departmental activities of the Ministry on pages 72 to 79 fairly reflect:
- > the assets, liabilities, contingencies, commitments and trust monies as at 30 June 2011 managed by the Ministry on behalf of the Crown; and
 - > the revenues, expenses, expenditure and capital expenditure against appropriations and unappropriated expenditure and capital expenditure for the year ended on that date managed by the Ministry on behalf of the Crown.

Emphasis of matter – the financial statements are appropriately prepared on a disestablishment basis

Without modifying our opinion, we considered the accounting policy on page 48, about the financial statements being prepared on a disestablishment basis. The Ministry of Fisheries was disestablished as at 1 July 2011 and its assets and liabilities were transferred to the Ministry of Agriculture and Forestry. We consider the basis of preparation of the financial statements and related disclosures to be appropriate to the Ministry of Fisheries' circumstances.

Our audit was completed on 30 September 2011. This 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 our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements, the non-financial performance information and the schedules of non-departmental activities are free from material misstatement.

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

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements, the non-financial performance information and the schedules of non-departmental activities. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, the non-financial performance information and the schedules of non-departmental activities, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Ministry's preparation of the financial statements, the non-financial performance information and the schedules of non-departmental activities that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Ministry's internal control.

An audit also involves evaluating:

- > the appropriateness of accounting policies used and whether they have been consistently applied;
- > the reasonableness of the significant accounting estimates and judgements made by the Chief Executive;
- > the appropriateness of the reported non-financial performance information within the Ministry's framework for reporting performance;
- > the adequacy of all disclosures in the financial statements, the non-financial performance information and the schedules of non-departmental activities; and
- > the overall presentation of the financial statements, the non-financial performance information and the schedules of non-departmental activities.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, the non-financial performance information and the schedules of non-departmental activities. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Chief Executive

The Chief Executive is responsible for preparing:

- > financial statements and non-financial performance information that:
 - > comply with generally accepted accounting practice in New Zealand;
 - > fairly reflect the Ministry's financial position, financial performance, cash flows, expenses and capital expenditure incurred against each appropriation and its unappropriated expenses and capital expenditure; and
 - > fairly reflect its service performance and outcomes; and
- > schedules of non-departmental activities, in accordance with the Treasury Instructions 2011 that fairly reflect those activities managed by the Ministry on behalf of the Crown.

The Chief Executive is also responsible for such internal control as is determined is necessary to enable the preparation of financial statements, and non-financial performance information and schedules of non-departmental activities that are free from material misstatement, whether due to fraud or error.

The Chief Executive's responsibilities arise from the Public Finance Act 1989.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements, the non-financial performance information and the schedules of non-departmental activities and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and the Public Finance Act 1989.

Independence

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

In addition to the audit we have carried out an assignment to provide technical guidance on the development of the Ministry's performance framework. Other than the audit and this assignment, we have no relationship with or interests in the Ministry.



Stuart Mutch
Ernst & Young

On behalf of the Auditor-General
Wellington, New Zealand

Service Performance

OUTPUT CLASS – DEVELOPMENT OF FISHERIES POLICY

Scope of Appropriation

The scope of this appropriation is limited to advice on the development of policies, standards and guidelines relating to the sustainable and efficient utilisation of New Zealand's fisheries, promotion of New Zealand's interests in an international context and the provision of Ministerial servicing.

Revenue and Output Expenses

Performance Indicator	Mains	Supplementary	2010/11 Actual	2009/10 Actual
Total appropriation	9 050	10 282	10 140	8 549
Revenue from Crown	8 981	10 213	10 065	8 459
Revenue from Other	69	69	75	79

Description of Activities

The Ministry provides policy advice to the Minister on issues relating to fisheries and aquaculture. This covers the:

- > impact of changes in economic and environmental conditions on the fisheries and aquaculture sector and potential opportunities these changes present;
- > progress of the sector in implementing Fisheries 2030, particularly the overarching goal of “New Zealanders maximising benefits from the use of fisheries within environmental limits”;
- > delivery of the Crown's obligations to Māori for fisheries and aquaculture;
- > effective and efficient management of fisheries and aquaculture resources; and
- > impact of the International Fisheries Strategy on positive engagement of fisheries and aquaculture, particularly in the Pacific region.

Performance Information

Performance Indicator	Performance Standard	2010/11 Actual	2009/10 Actual	Comments
Outcome 2 Maximise Future Benefits				
Provide advice on aquaculture reform to enable the introduction of the aquaculture reform bill in 2010.	Advice provided such that a Bill is able to be introduced in 2010.	Achieved.	New measure.	Aquaculture reform bill was introduced November 2010 and passed 16 August 2011.
Work programme of regulations to be reviewed (based on the scan of regulations due to be completed by 30 June 2010) to be provided to the Minister by August 2010 within prescribed timeframes.	100% of work delivered as per the programme.	Achieved.	New measure.	The Minister has signed off the Annual Regulatory Plan and it was submitted to the Ministers of Finance and Regulatory Reform on time.

Performance Indicator	Performance Standard	2010/11 Actual	2009/10 Actual	Comments
Fisheries governance at a national and sub-regional level is improved through the capacity-building initiatives with Pacific Island countries.	Feedback provided by Pacific countries and NZAID (now MFAT IDG) indicates a satisfaction rating of at least 90%.	Pacific Islands Ministers have expressed to the New Zealand Minister of Fisheries and Aquaculture their satisfaction in the progress of the Fisheries capability initiatives. MFAT IDG has expressed satisfaction at progress in building capacity, noting the difficulty in recruiting people into relevant positions in a timely manner.	New measure.	Achieved. Minister interviewed as part of NZIER process. The assessment process does not lend itself to a qualitative rating.
Quarterly assessment of international engagement outcomes against set criteria to ensure that they maintain or advance New Zealand's interest.	At least 70% yes rating.	100%	New measure.	Achieved. More detail provided in Variances/Issues of Note below.
Outcome 3 Manage the Impacts of Fishing on the Aquatic Environment				
Standards progressed as per agreed work programme, including: ⁹				
> Seabird Standard completed	By 30 June 2011	Not achieved.	New measure.	Consultation on the draft Seabird Policy papers was completed in June 2011. As a result of issues raised by submitters the draft policy is being revised and will be further discussed with stakeholders.
> Benthic Impact Standard completed	By 30 June 2011	Not achieved.	New measure.	Work on the proposed Benthic Impact Standard has been set aside. The Minister of Fisheries has agreed for the Ministry and industry to work jointly on a review of Benthic Protection Areas in 2013.
Outcome 4 Delivery of Obligations to Māori				
Provide input and support related to achieving the Government's fisheries goals in relation to Treaty settlements. Continue to develop the framework for effective delivery of obligations to Māori.	Input provided in accordance with Ministry of Justice timeframes.	The Ministry has issued 12 fisheries protocols and 1 fisheries accord to date.	New measure.	Achieved. The Ministry's inputs are dependent on the work programme of the Office of Treaty Settlements (OTS) in the Ministry of Justice. OTS has had delays in completing some settlements. The Ministry's inputs are adjusted regularly to ensure that we effectively support the Government's settlement programme.

⁹ Delivery on the Research Standard is reported on under Outcome 5: Trusted and Effective Fisheries Management.

Performance Indicator	Performance Standard	2010/11 Actual	2009/10 Actual	Comments
		The Ministry is currently involved in negotiations with another 38 groups. Iwi/Forum Fisheries Plan framework completed.		Ongoing BAU to monitor, review and develop as necessary mechanisms to more effectively deliver obligations.
Outcome 5 Trusted and Effective Fisheries Management				
Standards progressed as per agreed work programme, including: > research standard completed.	By 30 June 2011	April 2011	New measure.	Achieved. The Research and Science Information Standard for New Zealand Fisheries was completed on 23 March 2011 and endorsed by the Minister of Fisheries on 13 April 2011.
Improvement in the quality of policy advice papers demonstrated through independent assessment (current baseline 6.4/10).	Improvement when compared with the 2009/10 rating (target of 7/10 by 2014).	7.4/10	New measure – baseline of 6.4/10 was set in NZIER review in 09/10.	Achieved. Review undertaken by NZIER in April 2011.
Responses to Parliamentary questions delivered error free/on time.	100%	98%	100%	Not achieved.
Responses to Ministerial correspondence delivered error free.	100%	100%	99%	Achieved.
Responses to Ministerial correspondence delivered within 15 days.	95%	90%	98%	Not achieved. The majority of late responses were outside of the timeline by one to two days. Business units did not complete draft replies within the prescribed timeframes. Turnover of key support staff may also have contributed. Increased follow up, communications and training by the Ministerial team is in place to reduce the number of late responses in future.
Active participation in the work of the Natural Resources Sector Network.	Develop joint discussion paper on marine issues for the NRS by November 2010.	Joint discussion paper on marine issues considered by the NRS chief executives in August 2010.	New measure.	Achieved. The Ministry also led aquaculture reforms; and supported the Fresh Start for Fresh Water programme, Phase Two reforms to the Resource Management Act 1991 (RMA), the New Zealand Coastal Policy statement, and development of legislation to regulate activities in the EEZ.

Explanation of Variances/Issues of Note

International Engagement

The success of international engagements was assessed against the Ministry's negotiating mandate (agreed objectives) as approved by Minister(s) in 2010/11. There were six international engagements with 28 objectives that required a Ministerial mandate:

- > Commission for the Conservation of Antarctic Marine Living Resources (Annual Commission meeting);
- > Commission for the Conservation of Southern Bluefin Tuna (Annual Commission meeting);
- > Western and Central Pacific Fisheries Commission (Annual Commission meeting);
- > South Pacific Regional Fisheries Management Organisation (Preparatory conference II);
- > Food and Agriculture Organization of the UN Committee on Fisheries;
- > Food and Agriculture Organization on the UN Technical Consultations on Flag State Performance.

The success of whether the 28 objectives were met was determined through analysis of reporting cables, meeting reports and known outcomes from the meetings.

■ OUTPUT CLASS – IMPLEMENTATION OF NEW ZEALAND FISHERIES POLICIES

Scope of appropriation

This multi-class output is composed of three outputs that contribute to the management of the sustainable use of New Zealand's fisheries. These outputs are:

- > **Aquaculture** – this output class is limited to implementing, supporting and monitoring the aquaculture strategy.
- > **Fisheries enforcement and monitoring** – this output class is limited to informing, assisting, directing and enforcing adherence to New Zealand fisheries laws.
- > **Operational advice on sustainability and management controls in fisheries** – this output class is limited to operational advice to the Minister on sustainability and management controls for New Zealand's fisheries.

Revenue and output expenses

Performance Indicators	Mains	Supplementary	2010/11 Actual	2009/10 Actual
Total appropriation	94 372	85 227	79 287	83 833
Revenue from Crown	91 788	82 488	76 730	83 871
Revenue from Other	2 584	2 739	2 621	2 830

Description of activities

This is the operational phase in the fisheries policy development and implementation cycle.

Aquaculture

Cabinet agreed in 2010 to the development of a National Aquaculture Strategy and Action Plan. The plan will guide the Government's overall investment in aquaculture and be an important step towards unlocking the potential economic growth of the aquaculture sector.

Fisheries enforcement and monitoring

The *Field Operations Service Delivery* model is an engagement and decision-making escalation process that aligns the seriousness of the enforcement response with the seriousness of the fisheries offence. The model assists the Ministry to achieve compliance with fisheries rules to maintain the integrity of the QMS. It also provides assurance that the information informing fisheries decisions is reliable and maintains a level playing field for all stakeholders by:

- > establishing a risk-based model to prioritise and allocate compliance resources;
- > collecting and analysing fisheries information for input into fisheries management decisions;
- > making effective use of the Honorary Fishery Officer (HFO) network; and
- > making effective use of media to maintain community support.

Operational Advice on Sustainability and Management Controls in Fisheries

The Ministry manages fisheries and aquaculture in accordance with the roles and responsibilities outlined in its legislation (see page 4). Key priorities for fisheries management in New Zealand include environmental sustainability, economic viability and the inclusion of stakeholders in decision-making processes.

Fisheries regulations set out the management measures in place for a specific fishing year and are generally divided by species (or group of species) and fishing area. Fisheries regulations may include:

- > opening and closing dates for the fishing year;
- > quota management allocations;
- > total allowable catch limits; and
- > fisheries plans.

All fisheries are to be managed from July 2011 through multi-year fish plans covering the five fisheries for which the Ministry has responsibility.

Performance Information

Performance Indicator	Performance Standard	2010/11 Actual	2009/10 Actual	Comments
Aquaculture				
Outcome 2 Maximise Future Benefits				
Develop the national aquaculture action plan.	Completed by 30 June 2011.	The national aquaculture action plan was not completed.	New measure.	Not achieved. Variance discussed in detail section below this table.
Outcome 3 Manage the Impacts of Fishing on the Aquatic Environment				
Total observer coverage days delivered.	7866 +/- 10%	6 906	New measure.	Not achieved. Variance discussed in detail section below this table.

Performance Indicator	Performance Standard	2010/11 Actual	2009/10 Actual	Comments
Observed instances where adverse fishing practices* are reported. * Discarding, non-reporting of quota bycatch, processing of undersized fish, recording issues, incorrect species identification, mealing issues and using incorrect conversion factors.	<15%	25%	New measure.	Not achieved. New Zealand vessels performed near target for this measure. However, there was a poorer performance by foreign charter vessels. The Ministry is working with fishing operators to address this. It is also expected that the Ministerial Inquiry will help identify options for improvement.
Outcome 4 Delivery of Obligations to Māori				
All settlement statutory obligations are being met.	All legislative obligations are met.	All legislative obligations were met.	New measure.	Achieved.
The Trustee is delivering on all its obligations both in terms of funding and performance of the statutory role.	As determined by quarterly and annual reports.	The Trustee delivered on all its obligations.	New measure.	Achieved. Discussed in more detail below table.
Fisheries Enforcement and Monitoring				
Outcome 5 Trusted and Effective Fisheries Management				
Prosecutions – prima facie case established for all prosecutions taken by the Ministry of Fisheries.	100%	100%	100%	Achieved.
The conduct of a prosecution results in an adverse finding against the Ministry.	Nil	Nil	New measure.	Achieved.
Number of complaints upheld against Field Operations relating to undertaking their activities.	Nil	Nil	New measure.	Achieved.
Number of commercial operations commenced.	25	39	17	Achieved. (Commercial Operations are distinct from day-to-day operational activities; in effect defined by a number of factors such as scope, management requirements and resourcing.)
Delivery of commercial vessel inspections.	Number of vessel inspections delivered each year according to Annual Operational Plans with a +/-10% variance.	1556 commercial vessel inspections of the planned 1500 were completed.	New measure.	Achieved.
Breaches found in commercial vessel inspections.	<225 in 1500 (<15%) inspections.	242 in 1556 (15.6%) inspections.	221 in 1471 (15%) inspections.	Not achieved. Exceeds standard by only 0.6%.

Performance Indicator	Performance Standard	2010/11 Actual	2009/10 Actual	Comments
Delivery of Licensed Fish Receiver inspections.	Number of Licensed Fish Receiver inspections delivered each year according to Annual Operational Plans with a +/-10% variance.	372 Licensed Fish Receiver inspections of the planned 200 were completed.	New measure.	Achieved. "Over-performance" as a result of needing to inspect "spontaneously" in response to intelligence gleaned from forensic analysis of returned forms, etc.
Breaches found in Licensed Fish Receiver inspections.	<30 in 200 (15%) inspections.	49 in 372 (13.0%) inspections.	New measure.	Achieved.
Breaches found in non-commercial vessel, vehicle and person inspections.	<3750 in 25 000 (15%) inspections.	1715 in 35 570 (5%) inspections.	1840 in 30 667 (6%) inspections.	Achieved. The Ministry has significantly exceeded the number of inspections, largely as a result of the increase in Honorary Fishery Officers. This has significantly improved the Ministry's capacity to monitor and manage recreational fishing activity. The Ministry has also adjusted its observed non-commercial compliance target to be a maximum of 5%.
Compliance Information Sheets released to commercial fishers.	10	8	New measure.	Not achieved. This measure is variable in nature as the development and publication of Compliance Information Sheets is on a needs-arising basis.
Stakeholder and public education activities delivered (e.g., school visits, public lectures, attendance at local events).	3000	4335	4986	Achieved. This measure is variable in nature as it is in part dependent on events and invitations.
Delivery of observer days consistent with the Ministry's Fisheries Plans (and associated Annual Operational Plans), and third party requirements.	At least 90% of required days are delivered.	84%	New measure.	Not achieved. Variance discussed in detail section below this table.
Cost-efficiency of delivering observer days.	To be within \$450 per day for deepwater fisheries.	\$605 per day for deepwater fisheries.	New measure.	Not achieved. Variance discussed in detail section below this table.

Operational Advice on Sustainability and Management Controls in Fisheries

Outcome 1 Maximise Current Benefits

Advice on sustainability and regulatory measures clearly covers the balancing of use, sustainability and environmental considerations, and contains robust analysis.	Advice meets the conditions of use set out in the Development of Fisheries Policy Advice output expense.	Advice for 1 October 2010 and 1 April 2011 sustainability rounds, and on regulatory measures, met quality standards.	New measure.	Achieved.
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Performance Indicator	Performance Standard	2010/11 Actual	2009/10 Actual	Comments
Advice on spatial management measures (e.g., marine reserves, mātaītai reserves, marine protected areas) clearly covers the balancing of use and environmental considerations, and contains robust analysis.	Advice meets the conditions of use set out in the Development of Fisheries Policy Advice output expense.	Advice on spatial management measures met quality standards.	New measure.	Achieved.
Outcome 2 Maximise Future Benefits				
The number of stocks of known status is increasing.	>117	123	New measure.	Achieved.
The 10 Year Research Programme plan for deepwater fisheries is implemented.	Research plan made operational by 30 June 2011.	Achieved.	New measure.	Long-term contracts to deliver 10 year research plan for deepwater fisheries are in place.
Catch reporting systems for amateur charter vessels implemented.	Systems operational by 30 June 2011.	Achieved.	New measure.	
Improved mechanisms for estimating amateur catch levels developed.	Mechanisms developed by 30 June 2011.	Achieved.	New measure.	An integrated amateur catch estimation methodology has been approved by the Minister.
Quota is allocated for new species coming into the quota management system.	New species are approved for introduction by 1 April or 1 October each year as required.	Quota successfully allocated for Patagonian toothfish and bladder kelp stocks 1 October.	New measure.	Achieved.
Outcome 4 Delivery of Obligations to Māori				
Iwi Fisheries Plans – 80% coverage of New Zealand by June 2014.	Finalise framework. Delivery of up to 10 integrated Iwi Fisheries Plans by 30 June 2011.	Framework has been developed. Two forum fisheries plans have been developed, one with the nine South Island iwi and one with the two Chatham Islands iwi/imi. At 30 June the respective iwi/imi were going through internal signing off processes prior to submitting to the Ministry.	New measure.	Achieved. Discussed in more detail in the section below this table.

Performance Indicator	Performance Standard	2010/11 Actual	2009/10 Actual	Comments
<i>Outcome 5 Trusted and Effective Fisheries Management</i>				
National Fisheries Plans and Annual Operational Plans fully developed in time to drive services from 1 July 2011, and judged to be effective in prioritising services.	Five Fisheries Plans and Annual Operational Plans to be developed by 30 June 2011.	Five Fisheries Plans and Annual Operational Plans were developed by 30 June 2011.	New measure.	Achieved.
All statutory requirements (public notifications and consultation timeframes) related to decisions on fisheries management measures are met.	100% delivery	100% delivery	New measure.	Achieved.

Explanation of Variances/Issues of Note

Aquaculture Strategy and Action Plan

The National Aquaculture Strategy and Action Plan is now on target to be completed for Cabinet approval in early 2012. The strategy is required to provide consistency, clear guidance and a unified programme of action for aquaculture development, and to ensure that national and regional economic benefits of aquaculture are considered in decision-making processes. This is particularly important given the significant efforts that have gone into reform and the need to ensure that the momentum generated by those reforms is maintained.

The delay has been caused by the need to complete the strategy after the aquaculture legislative reforms have been passed (legislation passed 16 August). Issues associated with the delay are being actively managed.

Monitoring Delivery of Trustee (TOKM) Obligations

The Trustee (Te Ohu Kaimoana Trustee Limited) has submitted its quarterly report for the third quarter ending 30 June 2011. The Ministry has since met with the Trustee to discuss the quarterly report and begun a process for agreeing the Trustee's funding for 2011/12. Consistent with the Funding Agreement, a 2011/12 business plan is requested from the Trustee. The Ministry planned to meet again with the Trustee to discuss funding matters by the end of August.

The Trustee has also supported iwi in the development and implementation of a new settlement mechanism to deliver the new space obligation. The Trustee continues to support iwi in negotiating regional agreements to complete pre-commencement space settlements in the remaining regions.

Observer Programme

Observer Coverage

The total number of observer coverage days delivered was significantly below the performance standard (by 12 percent). This was the result of a higher than anticipated requirement to cover Foreign Charter Vessels due to their risk classification. This resulted in having fewer observers available for other requirements. There was also a delay in the implementation of the Department of Conservation/Ministry of Fisheries Inshore Plan due to renegotiations with industry. Originally signed off by Ministers in July/August 2010, the renegotiations meant the revised plan was not signed off until 12 February 2011. By this date, some fisheries had already finished their season and therefore coverage was not able to be delivered.

Alignment with Fisheries Plans

The Ministry has introduced its new approach to National Fisheries Planning over the past 18 months. Completed Fisheries Plans have started to come on stream in recent months and, as such, have only been able to indirectly influence planning of observer coverage in this transition period. However, 82 percent of the observer days delivered were consistent with the Ministry's Fisheries Plans (and associated Annual Operational Plans) and third party requirements.

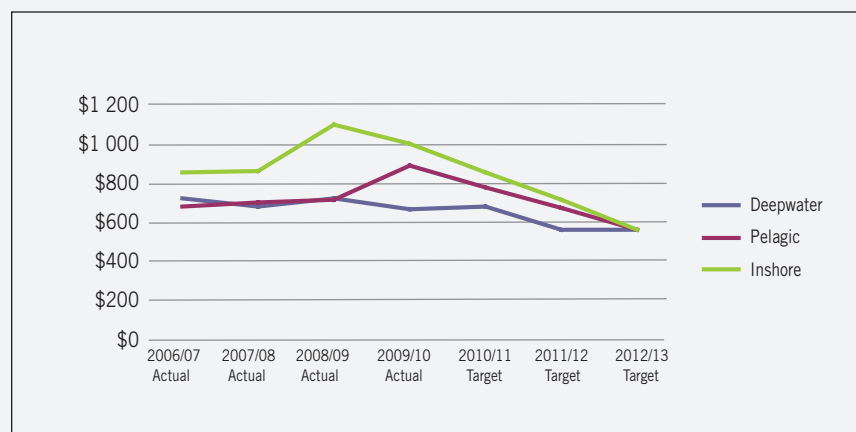


Figure 16: Cost per day by fisheries sector.

It is anticipated that, as the Fisheries Plans become embedded over the next 18 months, this figure will increase to 85 percent by the end of the 2011/12 financial year and consistently achieve the 90 percent performance standard of required days by 2012/13.

Cost Efficiency

The cost of Observer Services provision varies between fisheries. For example, in the inshore fishery, dispersed ports and greater weather dependency, which creates non-sea observer days and higher accommodation costs, means costs are higher than those for middle-depth and deepwater fisheries.

As part of the recently concluded Observer Services Review Project, the Ministry and industry have agreed a target maximum cost for observers of \$450 per day for deepwater fisheries.

The Ministry is now on target for achieving this performance standard in 2011/12.

Iwi Fisheries Plans

The final Iwi Fisheries Plan framework was completed in 2010/11. It modified the approach to delivering Iwi Fisheries Plans that was originally anticipated by the Performance Standard set for 2011 (according to which up to 10 integrated Iwi Fisheries Plans would be developed by 30 June 2011).

The focus is now more on first establishing Iwi Forum Fisheries Plans, bringing together a number of iwi/hapū to identify their commercial and non-commercial objectives and actions at Fishery Management Area (FMA) level. The Iwi Forum Fisheries Plans will also double as individual Iwi Fisheries Plans unless an iwi identifies otherwise.

The Ministry believes that this approach will be more effective for delivering the Crown's obligations for input and participation and be better positioned to successfully meet the 2014 target of 80 percent coverage of New Zealand by June 2014.

■ OUTPUT CLASS – SOUTH PACIFIC REGIONAL FISHERIES MANAGEMENT ORGANISATION INTERIM SECRETARIAT

Scope of appropriation

This appropriation is limited to administrative support for the Interim Secretariat of the South Pacific Regional Fisheries Management Organisation (SPRFMO).

Revenue and output expenses

Performance Indicators	Mains	Supplementary	2010/11 Actual	2009/10 Actual
Total appropriation	272	447	366	327
Revenue from Crown	83	148	149	236
Revenue from Other	189	299	159	148

Description of activities

New Zealand hosts the Interim Secretariat of SPRFMO. The Interim Secretariat provides support for the Preparatory Conference that oversees the work to establish the SPRFMO Commission.

The SPRFMO closes a management gap in respect of the non-highly migratory fish stocks of the high seas of the South Pacific Ocean. It enables South Pacific coastal and fishing states to develop binding international fisheries conservation and management measures. This improves sustainability and security of resource access (including for our own fishers) and contributes to enhanced regional stability and security in the region.

Its main activities are the receipt, compilation, storage and dissemination (where appropriate) of data; the receipt, storage and dissemination of reports and documents submitted by the participants; providing assistance to the relevant host in organising Preparatory Conference meetings and meetings of subsidiary bodies; and the management of the SPRFMO website content.

Performance Information

Performance Indicator	Performance Standard	2010/11 Actual	2009/10 Actual	Comments
Outcome 2 Maximise Future Benefits				
Collection and management of data received from member states.	100%	100%	100%	Achieved.
Oversight of New Zealand's financial contribution to the Interim Secretariat of the South Pacific Regional Fisheries Management Organisation (SPRFMO) Commission.	Expenditure and contribution reviewed through: <ul style="list-style-type: none"> > quarterly review; > SPRFMO's Interim Secretariat financial report to the Commission's preparation conference. 	Quarterly reviews and Secretariat financial report to the Commission's preparation conference demonstrate expenditure within and according to budget.	New measure.	Achieved.