

TE OHU KAIMOANA



2016/17 Annual Plan and Budget

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Karakia

Ko Rangi
Ko Papa
Ka puta ko Rongo
Ko Tane Mahuta
Ko Tangaroa
Ko Tumatauenga
Ko Haumietiketike
Ko Tawhirimatea
Tokona te Rangi ki runga
Ko Papa ki raro
Ka puta te ira tangata ki te whai ao, ki te ao marama
E Rongo, whakairia ake ki runga, Kia Tina! Tina!
Hui e, Taiki e!

Vision

Ka Ora ki Tai – Ka Hua ki Uta: A Bountiful Ocean will Sustain Us.

Te Ohu Kaimoana’s vision statement recognises the importance of Tangaroa as a fundamental element of Maori society. Our relationship with Tangaroa and his domain remains a defining element of Maori identity and economy as handed down from our tupuna.

By the Treaty of Waitangi, the Crown confirmed and guaranteed to the Chiefs, tribes and individual Maori full exclusive and undisturbed possession and te tino rangatiratanga of their fisheries.¹

“Her Majesty the Queen of England confirms and guarantees to the Chiefs and Tribes of New Zealand and to the respective families and individuals thereof the full exclusive and undisturbed possession of their Lands and Estates Forests Fisheries and other properties which they may collectively or individually possess so long as it is their wish and desire to retain the same in their possession; but the Chiefs of the United Tribes and the individual Chiefs, yield to Her Majesty the exclusive right of Pre-emption over such lands as the proprietors thereof may be disposed to alienate at such prices as may be agreed upon between the respective Proprietors and persons appointed by Her Majesty to treat with them in that behalf.”²

This guarantee was reaffirmed following the landmark 1992 Crown-Maori fisheries settlement and enabling Treaty of Waitangi (Fisheries Claims) Settlement Act 1992 which was enacted:

- “(a) to give effect to the settlement of claims relating to Maori fishing rights; and
- (b) to make better provision for Maori non-commercial traditional and customary fishing rights and interests; and

¹ Preamble to the 1992 Fisheries Deed of Settlement.

² Article 2 of the Treaty of Waitangi - English Version

- (c) to make better provision for Maori participation in the management and conservation of New Zealand's fisheries."³

Our collective vision of *Ka ora ki tai – ka hua ki uta* therefore speaks to the enduring Maori aspiration to exercise tino rangatiratanga over our resources in order to give the fullest expression to our unique way of life.

To give life to this vision Te Ohu Kaimoana is tasked with advancing “the interests of iwi individually and collectively, primarily in the development of fisheries, fishing, and fisheries-related activities in order to –

- a) Ultimately benefit the members of iwi and Maori generally; and
- b) Further the agreements made in the Deed of Settlement; and
- c) Assist the Crown to discharge its obligations under the Deed of Settlement and the Treaty of Waitangi; and
- d) Contribute to the achievement of an enduring settlement of the claims and grievances referred to in the Deed of Settlement.”⁴

Strategic Outlook

In 2011 Te Ohu Kaimoana established a 5-year strategic plan setting out its strategic priorities to 2016 which included the following:

- Completion of asset transfer to MIOs;
- Governing the Group;
- Formalise and manage the relationships within the Te Ohu Group;
- Working with Iwi (MIOs, IAOs and AHCs) to protect and enhance their rights; and facilitating an effective voice within industry and in government.

Over this past 5-year period Te Ohu Kaimoana has worked with iwi to substantially complete the allocation process with more than 95% of assets now in iwi hands. The organisation will further assist the remaining two Iwi to work through the mandating process if they so choose and facilitate 5 coastal agreements to be completed or further progressed through the resolution processes during FY16/17.

We expect that might leave only 2% of Fisheries Settlement assets at Te Ohu Kaimoana by the end of the 2016/17 year and this near-completion of the fisheries asset allocation process signals achievement of a significant priority of Te Ohu Kaimoana. This is to be celebrated.

Current Context

The 2015 statutory Independent Review and subsequent Iwi Working Group review of Te Ohu Kai Moana funding models have set a general direction for Te Ohu Kaimoana which will be further clarified during FY16/17.

Iwi voiced their unanimous support for the continuation of Te Ohu Kaimoana at a Special General Meeting dated 4 June 2015. This hui resolved that Te Ohu Kai Moana Trust/Te Ohu Kai Moana Trustee Limited be significantly restructured and work on priorities agreed by iwi to protect and enhance the settlements including undertaking advocacy and policy advice for iwi.

³ Treaty of Waitangi (Fisheries Claims) Settlement Act 1992

⁴ Section 32, Maori Fisheries Act, 2004.

Notwithstanding this support, there was also a clear message that Te Ohu Kaimoana must perform its activities in a more efficient and financially prudent manner. This was demonstrated by a second Iwi Working Group process established in April 2016 to facilitate development of independent advice on the implications of future funding models in anticipation of a possible distribution of the accumulated funds held by Te Ohu Kaimoana.

In August 2016 Mandated Iwi Organisations unanimously resolved that Te Ohu Kaimoana undertake immediately a review of its operational structure and activities in line with the Reviewers' report to establish the level of putea required to fund future operations and thus determine if there was a surplus available for distribution.

Short Term Outlook

Te Ohu Kaimoana faces a period of continued uncertainty in which it must continue defending Maori fisheries rights from encroachment and complete its primary asset allocation functions while simultaneously looking to redefine and restructure itself for the future.

This provides an exciting opportunity for the organisation which retains the potential to become a critical institution for the protection and advancement of Maori rights and kaitiakitanga-based advocate for marine and environmental policy. However, this will only be achieved if it can retain and grow the confidence and support of its owners – iwi Maori.

Appropriate communication and engagement with Mandated Iwi Organisations and other influential Maori bodies will therefore be critical.

This is occurring at a time when the commercial fishing industry is coming under increasing pressure from both the recreational and environmental lobbyists and a potential weakening of support from Government and public (including Maori). In many ways it appears that the fishing industry is at a crossroads.

Maori Treaty rights face increasing challenges from non-governmental environmental organisations and lobby groups seeking to influence environmental policy which has potential to cut across fishing rights.

The Kermadec Ocean Sanctuary Bill and impending Marine Protected Areas legislation (including Recreational Fishing Parks) represent significant steps by the Crown as do actions by Local Authorities to redefine marine policy in a way which has the potential to negatively impact on Maori fisheries rights.

In an environment of increasingly polarised positions between industry and the environmental lobby on what constitutes 'sustainability', a sensible voice capable of providing leadership is required. This presents Maori, through Te Ohu Kaimoana, with the opportunity to present a more balanced alternative.

Key Strategies and Outcomes FY16/17

The key strategies and work streams identified for FY16/17 are:

- Develop a guiding Maori Fisheries Strategy and associated 3-year Te Ohu Kaimoana strategic plan for endorsement by Mandated Iwi Organisations in March 2017;
- Complete the organisational and structural review in line with the 3-year Te Ohu Kaimoana strategic plan and IWG SGM resolutions in March 2017;

- Revise Te Ohu Kaimoana communications strategy by March 2017;
- Work with Ministry of Primary Industry officials to ensure legislative changes endorsed by iwi are reflected in final changes to the Maori Fisheries Act by September 2017 – including providing draft amendments to the Maori Fisheries Act by end of December 2016 and proposed changes to effect resolution of Te Putea Whakatupu matters by March 2017;
- Complete the final allocation of remaining Iwi assets as far as possible by 30 September 2017;
- Deliver policy advisory services to Iwi focused on International, National, Regional and Local issues with a priority focus on Kermadec Ocean Sanctuary Bill, Marine Protected Areas Bill including Recreational Fishing Parks and associated proposals to remove access to fishing grounds, and the operational review of the Fisheries Act and associated implementation proposals.

FY16/17 Budget

Income

In FY16/17 Te Ohu Kaimoana is expected to generate total income of \$7m (FY15/16: \$6,444,732) from its various range of sources.

Income	Budget FY16/17	Budget FY15/16
Portfolio Income	3,902,800	4,642,891
ACE Income	693,335	575,011
Takutai Funding from MPI	552,386	635,137
Maori Fisheries Conference	135,000	100,000
Subsidiary Cost Recoveries	211,444	278,893
Moana New Zealand Ltd Dividend*	1,155,000	-
Maori Authority Tax Credits	245,000	212,800
Other Income	130,253	-
Total Income	7,025,218	6,444,732

*Note – FY15/16 Income did not include Moana New Zealand Ltd (AFL) dividend as it had been equity accounted in the previous financial year, treated on a cash received basis for FY16/17.

Expenses

Te Ohu Kaimoana will have expenses of \$4.9m for the year (FY15/16: \$5.6m) in the following key areas:

Expenses	Budget FY16/17	Budget FY15/16
Travel and Expenses	273,904	451,404
Consultants – Legal**	235,000	-
Consultants - Other	591,729	1,177,469
Directors Fees	423,750	430,500
Te Kawai Taumata Fees/Travel	16,900	32,000
Scholarships	130,000	130,000
Sponsorships/Koha	22,500	47,290

Quota Related Fees and Levies	369,750	265,611
National and Regional Hui	178,499	265,611
External Reporting and Communication	95,360	78,446
Administration	87,904	91,648
HR Costs**	2,088,504	-
Facilities Costs**	432,029	2,727,887
Total Expenses	4,945,831	5,594,575

**Note – FY15/16 expenses consolidated legal and other consultants and HR and facilities costs.

Capital Expenditure

Management has provisioned capital expenditure of \$250,000 to enable the relocation of the Te Ohu Kaimoana office at the expiry of the current lease term in Q4 FY16/17. Unless significant cost reductions can be found in our present premises Management will seek more cost effective office space.

Assumptions

Key assumptions used in constructing the budget are:

- Investment Income expectation is 5% based on the SIPO level of 4.5% plus estimated CPI of 0.5%. Only 4% of the average available funds under management over the last 3 years is available for operational spending.
- ACE Income based on current holdings, although coastline agreements may require allocations and transfer of assets during the year which may have an impact on the overhead recoveries from the ACE rounds.
- AFL dividend from 2016 profits has been recorded in the budget when it is scheduled to be received in December 2016. This better aligns with the expected cash flows rather than equity accounting AFL's profit as we have previously done.
- The Maori Fisheries Conference will go ahead and will break even at worst.
- Included in other income is \$96k being administration costs recovered from the ACE dispute funds we hold on trust. It is probable that a significant amount may be distributed in the FY17 year as agreements are achieved, particularly in the far North. The timing of the subsequent distributions may reduce this recovery.
- Allocation of human resources expenditure and office overheads are based on the assigned number of FTEs to each particular work focus cost centre. As salaries and related costs are the major expense for the organisation any changes to the assigned FTEs have a significant impact on the final costs for each cost centre.
- Scholarships expenses have been retained at similar levels to FY16 with all direct costs for the Global Fisheries Scholarship being recovered from the trust funds held. Westport Deep Sea fishing school scholarships continue to receive a 50% contribution from Te Putea Whakatupu.
- External reporting includes the Hui-a-Tau, annual reports and iKarere.

2016/17 Goals

Goal 1: Identify the resources Te Ohu Kaimoana needs to address iwi fisheries priorities

Objective 1: develop a Maori Fisheries Strategy by 1 April 2017

- Develop a Maori Fisheries Strategy to identify what iwi want from their fisheries (commercial and non-commercial) over the next ten years. The strategy will provide the context for iwi to decide what types of activities they wish Te Ohu Kaimoana to focus on in particular fisheries, and regions.
- A final plan will be developed for Iwi endorsement by the 2017 Hui-a-Tau.
- The process will be supported by a reference group and wider engagement with iwi.

Objective 2: develop a three-year strategic plan by 1 April 2017

- A three-year strategic plan for Te Ohu Kaimoana, developed by the end of 2017, will be guided by the Maori Fisheries Strategy.
- The process will be supported by a reference group (as above) and engagement with iwi.
- The resources Te Ohu Kaimoana needs to deliver what iwi want will be identified through these processes and an appropriate organisational structure will be confirmed by the end of March (for implementation during the remainder of the FY16/17 financial year).

Goal 2: Implement the resolutions passed by iwi in response to the 2015 review

Objective 1: Ensure legislative changes endorsed by iwi are reflected in final changes to the Maori Fisheries Act during 2016 - 17

- Engage with government officials to ensure amendments reflect iwi resolutions
- Engagement will be supported by legal expertise and ongoing engagement with iwi (including reporting at the Hui a Tau)

Objective 2: Resolve the director appointment process for Te Putea Whakatupu by March 2017

- Support urban Maori organisations to agree on the process for appointing directors to Te Putea Whakatupu before the 2017 Hui a Tau
- Deliver additional legislative changes to government if required by iwi
- The process will be supported by external resources to facilitate agreement, as well as legal support to draft any agreements.

Objective 3: Ensure related statutory documents are consistent with iwi requirements and legislative amendments during 2016 - 17

- Draft amendments to the constitutions and trust deeds of each entity as required
- Support each entity to draft amendments to Corporate Governance Codes

Goal 3: Allocate settlement assets

A: Fisheries

Objective 1: Assist iwi gain/retain MIO status and transfer population based assets where relevant by 30 September 2017

- Work with Ngati Tama to help them gain MIO status by March 2017
- Assist iwi to transition their PSGE to a new MIO where required

Objective 2: To allocate and transfer remaining settlement assets

- Assist iwi to resolve coastline claims on remaining settlement assets. The process will be supported by facilitation services and other consultants (survey).
- To assist iwi to reach allocation agreements on eel quota or determine allocation under s 148 of the Act.

Objective 3: facilitate agreements using statutory processes under the Act (s 181 and 182) where required.

- The process will be supported by facilitation services and external legal advice where required
- Applications to the MLC may be required to achieve settlements for a number of outstanding disputes.

Objective 4: Make ACE available to iwi who have not received their settlement assets

- Manage October 2016 and April 2017 ACE rounds (internal resources)
- Sell ACE on behalf of iwi in dispute over coastline allocations and hold proceeds in dispute under s152.

Objective 5: Allocate and transfer funds on trust

- Review funds held on trust and status of disputes. Where possible facilitate agreements between parties and distribute funds (internal resources)

Objective 6: MIO and Te Ohu Kaimoana compliance with the requirements of the Maori Fisheries Act

- Ensure MIO comply with the Maori Fisheries Act and any subsequent amendments or decisions of the Court with respect to the interpretation of the provisions of the Act.

B: Aquaculture

Objective 1: facilitate new space agreements and agreement on allocation of those assets for

- The Northland region including iwi use of the dispute resolution processes for allocation (including possible Maori Land Court processes) by September 2017
- The Canterbury region by having the relevant iwi agree to a process for the Regional Agreement by the end of June 2017
- The Marlborough region by iwi, including use of the dispute resolution processes if necessary, for allocation by the end of September (including possible Maori Land Court processes)
- Southland by facilitating agreement on a work programme between Ngai Tahu and the Crown by end of June

Objective 2: Gain Agreement with the Crown on a proposal that fairly meets the remaining pre-commencement obligations

- Facilitate agreement of Northland and Wellington Iwi to settle using a suitable method by end of March 2017

Objective 3: facilitate allocation agreements for pre-commencement assets for

- The Northland region including iwi use of the dispute resolution processes for allocation (including possible Maori Land Court processes) by September 2017
- The Bay of Plenty region for those assets that can apply to the coastline associated with the IAOs by end of September (this includes drafting policy for the situation where one iwi prevents progress on allocation to all others in the region and seeking legislative amendments to the Maori Commercial Aquaculture Claims Settlement Act to have similar measures to those that can be applied under the MFA)
- Wellington by July 2017
- The Marlborough region by iwi including use of the dispute resolution processes for allocation by the end of September (including possible Maori Land Court processes)

Objective 4: Assist iwi to agree representative space in approved Tasman region Aquaculture Management Areas and reach allocation agreements with one another.

- Gain agreement with applicants on 20% representative space in each AMA
- Assist Te Tau Ihu to agree on allocation of the space

Objective 5: Provide input into review of the Minister's New Space plan

- Develop with Crown a reforecast of expected new space for all species in each region to 2035, and promote amendment of forecasts and additional monitoring and collection of data to assist valuation, if necessary.

Objective 6: Assist iwi organisations become IAOs

- Assist iwi to transition their PSGE to a new IAO where required.

Objective 7: Meet other statutory requirements

- monitor and update the iwi aquaculture register
- maintain and update the Takutai website

Goal 4: Protect Fisheries and Aquaculture

A: Fisheries

Objective 1: Protect Maori fishing rights including access to marine space

- Kermadec Sanctuary
- SeaChange, Hauraki Gulf
- Marine Protected Areas policy
- Recreational Fishing Parks
- Marlborough Sounds Environment Plan
- Proposed Area 2 closure to commercial fishing (includes strategy of retaining access and net trials)
- Input into management of potential fisheries interaction with Maui Dolphins
- Second applications under EEZ Act (Trans-Tasman Resources and Chatham Rock Phosphate)

Objective 2: Promote sound fisheries management consistent with kaitiakitanga

- Fisheries Act Review

- Review of cost recovery framework
- Participate in Deepwater Group, FINZ and other sector representative entities
- Participate in National Rock Lobster Management Group and other national fisheries management bodies.
- Provide advice to iwi on science, technical matters and management options (through involvement in science working groups and sustainability rounds)

Objective 3: Provide support to iwi and kaitiaki to manage their interests in customary non-commercial fishing

- Help iwi and kaitiaki improve information about customary fishing, including through smarter reporting regulations for customary fishing
- Maintain the pataka system and IkaNET.

Note: A number of matters that Te Ohu Kaimoana currently works on will be reviewed as part of the Maori Fisheries Strategy, including:

- Defining the Maori view of “sustainability”
- Te Ohu Kaimoana’s future role in industry and fisheries management bodies will be considered as part of the Maori Fisheries Strategy
- How best to support iwi and kaitiaki to manage and protect customary fishing.

B: Aquaculture

Objective 1: Protect the interests of iwi in aquaculture by collaborating with iwi, the aquaculture industry and government to identify and address any threats to aquaculture

- Participate as a director and support an iwi director on Aquaculture New Zealand
- Participate in the Chief Executives Council “think-tank” to address issues of coordination and resolution of impediments to aquaculture
- Participate as a member of the Reference Group to promote improved National Direction for aquaculture, so there is more certainty for and faster resolution of issues affecting re-consenting of existing aquaculture and approval of new space across all regions, as these affect iwi interests individually and collectively in aquaculture
- Support an iwi aquaculture “think-tank” to address key policy and operational issues in aquaculture for iwi, where agreed.

Goal 5: Support Maori to develop skills and leadership in the fishing industry

Objective 1: provide scholarships for training at the Westport Deepsea Fishing School

- Support up to 10 individuals to attend the school during 2016 – 17
- Achieve 50% cost contribution from Te Putea Whakatapu towards the programme

Objective 2: provide support to the Global Fisheries Scholarship for 2016 – 17

- Support the successful recipient to take up their scholarship with Nissui in Japan
- Consider and if appropriate facilitate the transfer of the responsibility for recruiting and supporting a scholar to Moana New Zealand Ltd.

Goal 6: Provide governance, oversight and resources to enable the organisation to operate effectively

A: Governance of settlement entities

- Set clear priorities so the organisation can achieve its objectives (note link to longer terms strategic planning in Goal 1).
- Review director fees using external expertise
- Meet statutory obligations under the Act in relation to Moana, Te Wai Maori and Te Putea Whakatapu
- Ensure processes are in place to mitigate risk that Te Ohu may be exposed to.

B: Relationship building and reporting

- Provide regular updates to iwi and other stakeholders on the work of Te Ohu Kaimoana and subsidiaries
- Build and maintain effective relationships with iwi and other stakeholders (link to strategy exercise)
- Promote good relationships through industry and government
- Promote Te Ohu Kaimoana as a source of expert advice and information
- Comply with reporting responsibilities outlined within the Act by publishing an annual plan and annual report within appropriate timeframes
- Host a successful Hui a Tau and Maori Fisheries Conference.

C: Investment and portfolio management

- Target return for the portfolio is 4.5% plus CPI after all management fees but not including advisor fees.
- Annual drawdowns for operational expenditure are targeted to be no more than an average of 4% of the previous 3 years of the total portfolio investment fund attributable to Te Ohu.
- Complete transition to the diversified portfolio agreed under the Statement of Investment Objectives and Policies (SIPO) and review SIPO to ensure it continues to be appropriate for the organisation's requirements and the investment climate.
- Short term funds are managed to maximise returns, within acceptable risk parameters, for the period they are held.
- Manage available cash flows to meet the needs of the organisation.

D: Corporate Resources and infrastructure

- Complete the organizational and structural review in line with the 3-year Te Ohu Kaimoana strategic plan and the IWG SGM resolutions in parallel by end of March 2017;
- Provide the resources and the environment to enable the organisation to meet the goals and objectives that have been agreed.
- Provide a safe work environment that meets legal obligations including the new Health & Safety Act.
- Put in place a process to cover the succession planning of particular at-risk roles and skill sets

- Complete a review of human resource policies and procedures and implement any recommendations.
- Negotiate a lease for premises that are appropriate for the size and operations of the organisation to commence 1 October 2017
- Undertake reviews of contracts with suppliers to ensure supplies are economic and appropriate.