

## SECOND QUARTER REPORT – JAN TO MAR 2018

### EXECUTIVE SUMMARY

---

This is Te Ohu Kaimoana's second quarterly (Q2) report to iwi against the 2017/18 Annual Plan and covers the period 1 January 2018 to 31 March 2018. The key strategies and work streams identified for the year are:

1. Maintaining and growing positive relationships with iwi and key stakeholders;
2. Reorganising Te Ohu Kaimoana capacity for the future;
3. Developing and responding to initiatives to protect and enhance Māori fisheries rights; and
4. Completing statutory duties.

As with our first quarterly report, this report has been developed to give more regular insight into the work the organisation undertakes on behalf of Mandated Iwi Organisations. We welcome your feedback on the structure and content of our reporting.

For the second quarter of the 2017/18 year, Te Ohu Kaimoana delivered its services within budget of the 2017/18 annual plan at a cost of \$1,212,016 against a budget of \$1,456,997 – a \$244,981 positive variance.

#### **2018 Māori Fisheries Conference**

An important highlight for the second quarter of the 2017/18 year was the Māori Fisheries Conference themed around *Tangaroa-ā-mua: Future Māori Fisheries* held at the Novotel Hotel in late March. As a lead in to the conference, a half day workshop was held with a dual focus around aquaculture and improving environmental performance of capture fisheries. The conference was followed by the annual hui-ā-tau. Both the workshops and the conference were fully subscribed, and there was a good attendance by iwi at the hui-ā-tau.

The conference provided a great opportunity for iwi to come together and celebrate the progress that has been made on their behalf since the Deed of Settlement was entered into. It also provided a great networking opportunity and Te Ohu Kaimoana has followed up with a survey of participants to assess what went well and what could be improved for this annual event to further stimulate engagement and to continue to deliver value for our stakeholders.

The Minister of Fisheries addressed the conference and noted that the Treaty Settlement had increased the certainty of the QMS and together this had transformed regional Maori into major economic players in the fisheries business. He recognised the unique role that iwi has as the Treaty Partner and the special role that Te Ohu Kaimoana has in ensuring the Deed of Settlement is maintained. He made it clear that he will not put the Treaty Settlement at risk and clearly stated his expectations that there needs to be meaningful engagement with iwi from MPI. He stated his intention for that iwi input to come before important decisions are made and for the papers that get to his desk to have "iwi in them". He outlined the Government's plans for a stand-alone fisheries business unit within MPI and noted he was prepared to revisit that if the new arrangements did not work.

#### **Upcoming focus on fish stock reviews**

Our work during the second quarter included participation in the review of TACs and management controls for key fish stocks. Our resources were focussed on two reviews – CRA 2 (which was facing

sustainability challenges) and Southern Bluefin Tuna (where the benefits of a slight rebuild were available for allocation as a one-off for the current year).

We experienced contrasting support for the joint aspirations of our Board and the Minister of Fisheries to design and implement a partnership approach to fisheries management. To support this partnership it was envisaged that Te Ohu Kaimoana (as the agent for mandated iwi organisations) would work collaboratively with MPI - the agency tasked with implementing the Fisheries Act 1996 in a way that is consistent with the Deed of Settlement. In the case of the CRA 2, the role of Te Ohu Kaimoana was set out in the advice. However, in the case of southern bluefin tuna (STN 1), Te Ohu Kaimoana had no opportunity to assist MPI to meet its Treaty Settlement obligations beyond providing a submission, and we were set out in the advice as only being representative of Maori commercial interests.

For the third and fourth quarters, it is apparent that we will be working on a number of key fishstock reviews, including CRA 2 (determining the fine scale management controls required to manage the recreational fishery at 36 t), STN 1 (varying of the TAC to reflect the increase in the allocation to NZ), SNA 7 (revisiting the allocation within the TAC to the recreational sector now that recreational catch estimates have been confirmed), and TAR 1,2,3 (to address historical overfishing and initiate a rebuild). Each of these fisheries are complex, and our staff will need to work closely with the iwi who interact with these fisheries.

## FINANCIAL PERFORMANCE AGAINST PLAN

The following table summarises each area of work identified in the 2017/18 annual plan. The table compares actual to budgeted expenses for the quarter as well as the year to date.

**TABLE ONE**

Summary of Annual Plan FY 2018 Goals and Objectives	QUARTER TWO			YEAR TO DATE		
	Actual	Budget	Variance	Actual	Budget	Variance
Areas						
Fisheries Allocation	76,428	111,975	35,547	145,948	223,950	78,002
Fisheries Policy	68,811	132,846	64,035	104,896	265,692	160,796
Aquaculture Allocation	126,768	106,023	(20,745)	213,915	212,091	(1,824)
Aquaculture Policy	20,821	29,967	9,146	38,227	59,934	21,707
Māori Fisheries Act Review	5,809	20,502	14,693	8,199	41,004	32,805
Governance Services	101,566	86,585	(14,981)	201,098	218,559	17,461
Management Services/Relationships	264,015	315,031	51,016	483,592	517,200	33,608
HR & Infrastructure costs	547,797	654,067	106,270	1,025,454	1,124,594	99,140
<b>TOTAL</b>	<b>1,212,016</b>	<b>1,456,997</b>	<b>244,981</b>	<b>2,221,330</b>	<b>2,663,025</b>	<b>441,695</b>

### Comments on YTD variances:

- Fisheries allocation – mediation is likely to occur from May to the end of September which will reduce this variance.
- Fisheries policy – explained later in the report, engagement with MPI on certain policy issues have been limited.

- HR & Infrastructure costs – due to staff development and training. This will reduce over time.

## OPERATIONAL PERFORMANCE AGAINST ANNUAL PLAN

---

The following tables summarise what Te Ohu Kaimoana have been working on during the quarter in each of the highlighted areas.

### FISHERIES

#### ALLOCATION

**Objective 1: Assist iwi gain/retain MIO status and transfer population-based assets where relevant by 30 September 2018:**

- Continued discussions with Ngāti Tama (Taranaki) on seeking MIO status to complete final allocations.

**Objective 2: To allocate and transfer remaining settlement assets:**

- Assisted iwi in Wellington and the Manawatū to resolve coastline disputes and finalise respective claims to the coastline. This work is ongoing.

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

- We received an application to determine a coastline dispute in accordance with section 181 of the Maori Fisheries Act 2004. We have declined to determine the dispute but began working with the iwi involved to facilitate resolution of the dispute ahead of referring the matter to the Māori Land Court for determination. This work is ongoing.

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

- Pānui 1 for the April 2018 ACE Round was circulated to all iwi participating in the round.

**Objective 5: Allocate and transfer funds on trust:**

- An ongoing piece of work is the continuous review of funds held on trust and the status of disputes. It was not possible to facilitate agreements between iwi during Q2.

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

- We continue to be engaged with two MIOs for which issues of compliance with the requirements of the Maori Fisheries Act 2004 have arisen. We are involved in different processes with each iwi to resolve these compliance issues.

### POLICY

**Objective 1: Develop and respond to initiatives to protect and enhance Māori fisheries rights:**

- The CRA 2, CRA 4, CRA 7 and CRA 8 sustainability reviews for 1 April 2018 were a key focus.
  - In relation to the CRA 2 fishery, the stock assessment results identified a need to reduce catches to halt the further decline in CPUE, and to move stock populations to an intermediate target of 40% Spawning Stock Biomass. In acknowledgement of the large reduction in catch that is needed to ensure the future sustainability of the fishery, we submitted that the CRA 2 TACC be reduced from 200 t to 120 t, and that the recreational allowance be reduced from 140 t to 34 t. The key rationale behind this approach was that the fishery was in trouble and the catch of both the commercial and recreational fishery needed to be reduced. We advised

the Minister that the customary allowance should be retained at 16 tonnes, and that it was a matter for kaitiaki to decide how much of that could be authorised as customary take.

- The Minister decided to reduce TAC for CRA 2 to a level below the two options he was given in the advice from MPI in recognition of the low level of stock biomass and to increase the rate of rebuild. This translated to a TACC reduction from 200 t to 80 t, and the recreational allowance was set at 34 t. In announcing the decision, the Minister acknowledged an obligation to manage the recreational catch to the new level for the duration of the rebuild. This will require additional (and perhaps novel) regulatory controls to be introduced by 1 October.
- For CRA areas 4, 7 and 8 we supported following the respective management procedures, which saw an increase in the TACC for CRA areas 4 and 8, and a decrease in CRA 7.
- We submitted on MPI's proposal to conduct an in-season review of the TAC for Southern Bluefin Tuna (STN 1).
  - This fishery had previously had a TAC set and then subsequently varied – and the recreational allowance had been both set and varied (upwards). Our policy position is that the Treaty Settlement did not envisage an ongoing reallocation of available yield to the recreational sector and that once a recreational allowance has been set, the Minister is obliged to manage the sector within that allowance, unless there is a need to reduce catch (as was the case in CRA 2). Our submission argued that any future increase to the TAC should go directly to the TACC. Our position was reinforced by iwi who had witnessed the dumping of these valuable tuna following capture and weighing, within the recently developed eastern Bay of Plenty sports and charter boat fishery.
  - The MPI advice included an option that reflected our position, as well as one that allocated additional yield to the recreational allowance for the current year. In particular we submitted against MPI's proposal to increase the recreational allowance from 8 to 20 tonne. Our position was that rather than increase the recreational allowance, the Minister should put in place measures to constrain the recreational catch to the allowance. Failure to do that would have the effect of undermining the TAC and bringing into question as to why a TAC even needed to be set. MPI however, recommended an allowance that was even higher than what was consulted on. The Minister did not heed MPI advice and decided to increase the recreational allowance from 12 t to 20 t for the 2017/18 year.
- There was minimal activity over the introduction of an Integrated Electronic Monitoring and Reporting System (IEMRS), other than an Implementation and Advisory Group meeting being held in early April. Both the Minister and MPI have indicated that the work on introducing electronic reporting will continue in the short term, while the proposal for cameras on all boats needs more time to work through. Te Ohu Kaimoana continues to advocate for an orderly development of policy and operational decisions. This requires resolving policy issues related to TACC settings, landings, disposals, and an altered penalty regime. This is a point that is being reiterated by the wider fishing industry, but one which receives little attention by MPI. The lack of clarity and transparency over both problem definition and the outcomes being sought continues to be a source of tension for all those interacting with MPI over this issue.
- Engagement over other policy initiatives coming out of "Future of our Fisheries (FooF)" has been limited over the second quarter. It appears that the Minister of Fisheries favours building on the earlier feedback to FooF proposals and has signalled intentions to replace this initiative with a review of NZs fisheries management system. However further details as to what this may involve are not yet available.

- To protect and enhance iwi settlement interests, Te Ohu Kaimoana staff continue to participate in a range of industry and government forums and processes operated by: Seafood New Zealand; Deepwater Group (DWG); National Rock Lobster Management Group (NRLMG); Fisheries Inshore New Zealand (FINZ); the Hawkes Bay joint committee; MPI forums for Highly Migratory Species (HMS); science working groups; Sustainable Seas (led by MBIE); and, the Commercial Fisheries Forum (CFF) - where all seafood Sector Representative Entities (SREs) meet to enhance collaboration across the commercial sector.

***Objective 2: Management of customary fishers:***

- Our work on how the Customary Fisheries Framework is operating across the country was will resume in Q3 ahead of proposed engagement with MIOs in Q4.
- We commenced a review of the IkaNet system to assess whether the system is achieving its stated aim of enhancing the capability of kaitiaki and iwi to manage their fisheries resources and exercise their customary non-commercial fishing rights. As part of this review, we are developing options for an update of the system.
- We await MPI's decision on the rohe moana applications lodged by lower North Island and top of the South Island iwi. If approved, the applications will form a key part in establishing multiple iwi deepwater pātaka systems.
- Support was provided to Taranaki iwi and Ngāti Whātua for their respective pātaka systems.
- We continued to assist iwi to develop a tuna management strategy for the Rangitaiki River catchment. Iwi who hold mana whenua over the Rangataiki have agreed to establish a group to champion the development and implementation of strategies aimed at improving tuna stocks in the Rangitaiki River catchment. Te Ohu Kaimoana will provide facilitation, technical, and secretarial supports to the group. The group will place itself under the Rangitaiki River Forum through integration into the Ngahekenga Nui o Te Tuna committee that has developed the "Nga Hekenga Nui o Te Tuna Plan." That plan will be updated to better reflect iwi customary fishing aspirations. Once those aspirations have been documented, other uses of the fishery will be incorporated. The work will tie in closely with Wai Māori and the overall approach adopted for the Rangitaiki will have application to other river catchment systems.

***Objective 3: Protect Māori fishing rights from access threats:***

- Following a request by the Patuharakeke Te Iwi Māori Trust Board (endorsed by Ngāti Whātua), we submitted against an application by New Zealand Refining Ltd to dredge 3.7 million m<sup>3</sup> of silt material from the Whangarei harbour as part of their port operations.
- We have commissioned a project to analyse the impact of Marine Protected Areas establishment and the allocation of access for recreational and sports fishing interests on the Deed of Settlement. This is a significant piece of work and will be led by an internationally renowned economist who is experienced with working with indigenous people. The work will highlight that NZ is considered to be a world leader in fisheries management under rights-based system and examine the role that both the QMS and the customary frameworks play in that. It will also explore the threats to this system (and therefore to the Settlement) from an international push for an expansion of MPAs in order to achieve their version of ecosystem-based management. This action is in despite of the fact that the arrangements are currently in place in NZ to account for ecosystem-based management.

## AQUACULTURE

### ALLOCATION

**Objective 1: Facilitate allocation agreements for pre-commencement assets; and**

**Objective 3: Facilitate new space agreements and agreement on allocation of those assets:**

- We initiated separate discussions with both Northland and Bay of Plenty iwi aquaculture organisations about allocation of the aquaculture settlement assets we hold on their behalf. We also consulted with these iwi about the amendments we are proposing be made to the Maori Commercial Aquaculture Settlement Act 2004, as these amendments will likely be necessary to enable allocation to occur.
- We continued to engage with Wellington region iwi about the assets currently held on their behalf.
- We continued to work with Ngāi Tahu, Ngāti Toa and Rangitāne to resolve allocation of aquaculture settlement assets for both the Marlborough and Canterbury regions. As at 31 March, the representatives of each of the three IAOs had undertaken to seek approval from their boards on an arrangement that will allow for allocation and transfer of assets to all Marlborough and Canterbury iwi. We are confident that agreement will be able to be reached and are looking to transfer the assets to all the IAOs by or soon after 30 June.
- In order to enable MPI officials to continue their search to identify suitable settlement space in the Southland region, the Minister granted an extension to the legislative timeframe for the Southland new space settlement. We will continue to assist Ngāi Tahu and the Crown where appropriate.

**Objective 2: Assist iwi to agree representative space in each of the Tasman region Aquaculture Management Areas subzones with the applicants for those subzones and reach allocation agreements between all iwi of the region by 31 December 2017:**

- In December 2017 we received the authorisations for the representative space in each of the AMA subzones. Since then, we have been working with iwi to establish nine jointly and equally owned companies to hold and manage the settlement assets. A number of IAOs have now approved the resolutions but it may take until late May to have all Tasman IAOs consider and approve the structure. In the meantime, we are continuing to work on behalf of iwi with the subzone applicants and Tasman District Council to progress the coastal permit (resource consent) applications for the space.

**Objective 4: Assist iwi and the Crown to agree the value and form of additional new space settlement assets where applicable:**

- We continue to work with Marlborough iwi to coordinate a response to the proposal to have the Minister use powers under section 360 of the Resource Management Act 1991 to change the Marlborough Resource Management Plan and create new salmon space in the Marlborough Sounds. This would be required to enable the relocation of certain New Zealand King Salmon salmon farm sites. If the proposal to relocate salmon farms is approved, it will create a significant further settlement obligation on the Crown with the Marlborough IAOs able to decide the form of assets that would satisfy that obligation.

**Objective 5: Amendments to the Maori Commercial Aquaculture Claims Settlement Act 2004:**

- In December 2017 we commenced consultation with iwi on our proposal to amend the Maori Commercial Aquaculture Claims Settlement Act 2004. Since then we have consulted directly with iwi in Bay of Plenty and Northland, as the proposed amendments will likely be necessary to enable allocation to occur in those regions. We also began consultation with iwi katoa more

generally at our workshop prior to the Māori Fisheries Conference on 27 March 2018. We intend to formally propose the amendment to MPI in May 2018.

**Objective 6: Provide input into review of the Minister's New Space plan:**

- The Minister commenced the review of the New Space plan in late December 2017. As a precursor to individual engagement with iwi later this year, we invited MPI to provide an overview of the review at our workshop held on 27 March 2018. We will work with MPI and iwi through this process.

## POLICY

**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:**

- Te Ohu Kaimoana continues to participate and support Harry Mikaere as an iwi director on Aquaculture New Zealand.
- Through the period we have continued to participate in the National Direction for aquaculture working group to develop National Environmental Standards (NES). Beginning in Q3, we will be facilitating meetings between IAOs and MPI on specific NES issues.

## MAORI FISHERIES ACT 2004 REVIEW IMPLEMENTATION

Te Ohu Kaimoana's proposed draft amendments to the Maori Fisheries Act 2004 were provided to the previous Minister for Primary Industries.

MPI is completing its first briefing to the new Minister on the proposed amendments. We have met with MPI to clarify questions they had about the rationale for change.

## GOVERNANCE SERVICES

The annual report for 2016/17 was published and distributed within the required timeframe. The Te Ohu Kaimoana Group (Te Ohu Kaimoana, Te Wai Māori, Te Pūtea Whakatupu and Moana NZ) presented the 2016/17 annual report to MIOs at our hui-ā-tau on 29 March.

The minimum target return for our investment portfolio is 4.5% plus CPI after all management fees but not including advisor fees. We are on track to achieve this target, although our investment advisors – Cambridge Associates – have noted there is more volatility in the portfolio.

## MANAGEMENT SERVICES & RELATIONSHIPS

The workshop and Māori Fisheries Conference were held on 28 and 29 March. Surveys have been sent to all registered attendees to gauge the success of these events.

## HR & INFRASTRUCTURE

The fit out of our new offices at 158 The Terrace, Wellington is nearly complete although we are still waiting to reach a final settlement with our insurance company.

### *Comings and Goings*

**Simon Karipa** (Ngāti Apa, Te Atihaunui a Pāpārangī, Ngāti Hauti) recently resigned as our General Counsel to take up the position of General Manager for Ngāti Apa ki te Rā Tō Trust in Te Tau Ihu.

Simon's last day with us was 30 April. Simon has been employed by Te Ohu Kaimoana twice, first joining the organisation in 2005, and he has contributed a significant amount towards the growth and development of Te Ohu Kaimoana and the Maori Fisheries Settlement generally. We thank him for his contribution and look forward to working with him in his new role at Ngāti Apa ki te Rā Tō Trust.

**Peter Whittington** finished as a part-time contractor with us on 29 March, bringing to a close a 25-year involvement with the organisation. We are very thankful that Peter agreed to stay with us as a contractor after finishing as an employee in September 2017, as his continued presence helped to ensure a smooth transition to our new operating structure. We wish Peter the very best.

**Monique Holmes** (Ngāti Toa Rangatira, Te Ātiawa) completed her summer internship with us on 13 March. Monique is now back at Victoria University, working towards the completion of her Masters in Marine Biology. We wish Monique well in her studies and hope to work with her again in the future.