



TE OHU KAIMOANA




A photograph of a woman with dark hair, wearing a purple and white checkered shirt, smiling warmly at a baby. The baby is wearing a yellow shirt and is being held by the woman. The background is blurred, suggesting an outdoor setting. The image is framed by a blue border at the top and bottom.

Protecting Maori fisheries assets for future generations



TE OHU KAIMOANA

A stylized graphic consisting of three horizontal, wavy lines in a dark blue color, positioned below the text 'KAIMOANA'.

A young child with dark hair is sitting in a field of tall, yellow-green grass. The child is wearing a blue and green long-sleeved shirt and blue pants. They are looking towards the right side of the frame. The background is a blurred natural setting with more grass and some trees. The overall scene is bright and sunny.

Tiakina nga rawa
hi ika, a tatou
kaimoana mo nga
uri whakaheke



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CHAIRMAN'S STATEMENT





SHANE JONES
CHAIRMAN

It gives me great pleasure to present this first half-year report of Te Ohu Kaimoana.

As chairman, I find it an honour to be able to assist iwi economic development through our work at Te Ohu Kaimoana.

With the resolution of allocation issues and the passing last year of the Maori Fisheries Act, we have put behind us a prolonged period of disagreement and stagnation and, I believe, are now entering a period of unity and growth.

We are all in the real position where iwi will very soon receive the Maori fisheries assets that are likely to become a significant driver for further economic development and growth.

The fishing industry has never been an easy one. Even today, quota reductions, high costs and a rising dollar have seen a rationalisation of the industry over the last few years. The future of the New Zealand economy is less than certain with recent Treasury forecasts predicting a period of lower growth.

We cannot build a future in this industry in isolation of each other. We need to remain united to achieve the best outcomes for us now and in the future. This approach will also enable us to resolve how to allocate the 20 percent of aquaculture space iwi are to receive under the aquaculture settlement.

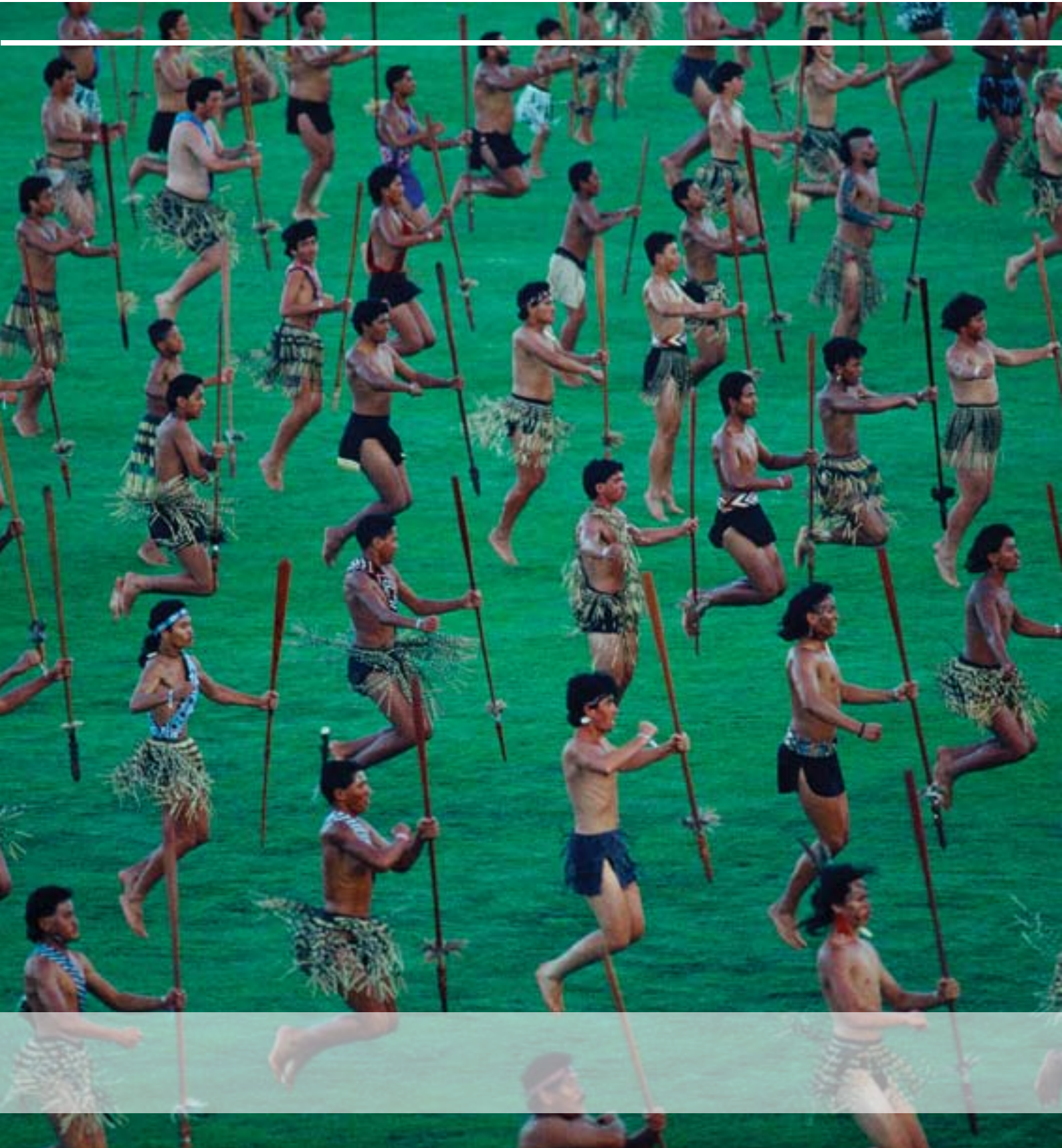
The aquaculture settlement will be to iwi within the rohe of a particular district or regional council, but it will still require unity and co-operation in order for settlement to be resolved in the shortest time possible to take advantage of the growing demand for aquaculture.

My board of directors and I have faith in the team at Te Ohu Kaimoana to deliver real outcomes for iwi that will in turn deliver real economic benefits and therefore real outcomes for all Maori. Te Ohu Kaimoana looks forward to continuing its work.

A handwritten signature in black ink, appearing to read 'Shane Jones', written in a cursive style.

Shane Jones
Chairman

CHIEF EXECUTIVE'S STATEMENT





PETER DOUGLAS
CHIEF EXECUTIVE

This first half-year for Te Ohu Kaimoana has provided us the time to take stock of where we are along the path of iwi economic development as it pertains to the Maori commercial fisheries settlement.

The passing of the Maori Fisheries Act 2004 changed the nature of the work of Te Ohu Kaimoana and has brought about a change in focus. With discussion on how we allocate the assets and benefits of the settlement behind us, Te Ohu Kaimoana must now focus on getting those assets and benefits to you. We have spent the first half-year of our fledgling organisation sharpening the tools for iwi to use to ensure those assets and benefits will be used to the best advantage now and into the future.

Among those tools are templates for draft constitutions and deeds for iwi to implement to reach the threshold under the Act for allocation. These templates are not a one-size-fits-all-approach but provide the basics for good governance and sound management practices that will allow iwi to better manage their assets as well as retain all that it means to be 'iwi'. These templates are designed to be as straightforward as possible and recognise that the circumstances for each iwi are different.

We are confident that our work to build durable iwi registers through the Tuhono service, will help link iwi with the information collected through the service.

We have developed a model which will allow a more conciliatory approach between iwi in the determination of inshore quota shares.

Recently our work has also involved how we are to deal with the allocation of aquaculture space to iwi through the aquaculture settlement act passed last year. Maori are now entitled to 20 percent of the space made available by district or regional councils when they establish aquaculture management areas. We have been working with Government to clarify our role during this first half-year and need to move into areas of discussions with iwi on this issue in the coming months to bring about some useful results in the shortest possible timeframe.

Aquaculture is the fastest growing activity within the fishing industry and Maori must take advantage of that.

I look forward to being of service to all iwi for the rest of the financial year and the coming years as we all build a future in the fishing industry.

In conclusion, I would like to pay tribute to the Commissioners of the Treaty of Waitangi Fisheries Commission, who were replaced by our current Board of Directors, for their hard work in developing the models that have led us to this day.

Naku noa, na

Peter Douglas

REPORT OF TE OHU KAIMOANA
For the 4-month period 29 November 2004 to 31 March 2005

Protecting Maori fisheries assets for future generations



This is the first half yearly report prepared by Te Ohu Kai Moana Trustee Ltd (Te Ohu Kaimoana), in its capacity as trustee of Te Ohu Kai Moana Trust. Te Ohu Kaimoana was established on 26 November 2004 pursuant to the Maori Fisheries Act 2004 (the Act). The inaugural directors appointed by the Minister of Maori Affairs are Shane Jones, Wira Gardiner, Dame Georgina Kirby, Rob McLeod, Rangimarie Parata Takurua, Archie Tairaoa and Koro Wetere.

Since its establishment, Te Ohu Kaimoana has concentrated on moving the settlement process into a new phase – focussing on three primary areas. The first priority has been to develop the systems that will assist iwi to meet the requirements for allocation of the fisheries settlement assets.

Our second focus has been to ensure the work programme transferred from the Commission to Te Ohu Kaimoana, namely protection of settlement assets and enhancing the capacity of iwi and Maori to manage fisheries, was not impeded by the new functions and additional responsibilities.

The third area of focus has been to establish the most appropriate infrastructure and systems to enable Te Ohu Kaimoana to carry out the range of functions and responsibilities outlined in the Act.

Te Ohu Kaimoana's Strategic Plan for the period 2004 – 2010 contains seven objectives. A brief summary of progress against the strategic plan is set out below.

1 Allocation and transfer of assets to iwi

Objective 1 of the Strategic Plan is the key priority for Te Ohu Kaimoana. Te Ohu Kaimoana aims to achieve significant transfers by the end of September 2007, and to have completed transfers for the majority of the Maori Fisheries Settlement assets by the end of September 2010. However for allocation and transfer to occur, a number of preliminary steps must be achieved. Iwi need to have governance and management structures that meet the criteria stipulated in the Act as well as agreements on quota shares (see objective 2). Te Ohu Kaimoana needs to do a number of things including:

- Ensuring that Settlement Quota is clearly identified so that it cannot be transferred out of Maori ownership;
- Establishing processes to register and allocate quota for new species entering the quota management system;
- Ensuring that quota trading, consistent with the Act, is feasible;
- Ensuring "small parcel" processes are operating;
- Ensuring that processes for the exchange of quota are operating; and
- Maintaining a register that records all decisions and outcomes.

During this reporting period, Te Ohu Kaimoana has worked with FishServe to put in place procedures that ensure Settlement Quota is clearly identifiable. The Act required that all Settlement Quota held at the appointed day (29 November 2004) be registered as Settlement Quota within 20 working days after that day. This was achieved and all the quota shares held by Te Ohu Kaimoana and noted in Schedule 1 of the Act are now recorded by FishServe as Settlement Quota.

During the next few months, Te Ohu Kaimoana plans to finalise the procedures that are needed to transfer quota assets, cash and income shares once iwi have met allocation requirements. It is also expected that Te Ohu Kaimoana will develop and circulate for comment the procedures to be used for exchanging quota in accordance with sections 176 and 54.

Te Ohu Kaimoana is also required to classify, in accordance with the provisions of the Act, the stocks for any Settlement Quota transferred to it under Section 44 of the Fisheries Act. This classification applies for allocation and ACE purposes. The classification of all stocks held prior to the commencement of the Act is set down in Schedule 1 of the Act. A number of stocks entered the QMS on 1 October 2004 after the commencement of the Act. These stocks were classified in accordance with the Act and will be gazetted in the next few months. Te Ohu Kaimoana will classify any future stocks entering the QMS using the same procedures.

Until all settlement quota is transferred to iwi, Te Ohu Kaimoana is required to continue to operate ACE rounds in a cost-effective manner and ensure that efficient trusteeship processes are operating for all assets held, including assets/monies resulting from circumstances in which iwi were unable to agree amongst themselves how to divide the shares of ACE. The ACE rounds involve the transfer of annual harvesting rights to iwi as an interim measure until iwi are ready to receive their settlement assets. Te Ohu Kaimoana intends to ensure that the processes it uses to carry out the transfer of ACE are as consistent as possible with the processes to transfer of settlement assets.

During this reporting period, Te Ohu Kaimoana concluded the October 2004 ACE round, including dealing with disputes, and put in place processes necessary for the April 2005 ACE round. During the next reporting period, Te Ohu will be transferring ACE to iwi for the 1 April round and working on the lead up to the October 2005 ACE round.

2 Iwi readiness

To ensure that iwi meet the legal requirements to receive their settlement assets, Te Ohu Kaimoana must establish processes and systems to measure and document iwi progress towards meeting the requirements of the Act.

Staff have continued to meet with iwi organisations to discuss and progress the process of verifying that iwi constitutional documents and registers meet the requirements of the Act. Te Ohu Kaimoana is working on a structured timetable for working with iwi.

Processes and systems: Te Ohu Kaimoana has finalised its systems and processes for assessing iwi readiness including:

- Constitutional documents of iwi organisations that propose to become Mandated Iwi Organisations (MIOs), Iwi Governance Entities, Joint Mandated Organisations and Asset Holding Companies (AHCs);
- Iwi registers; and
- Quota share agreements.

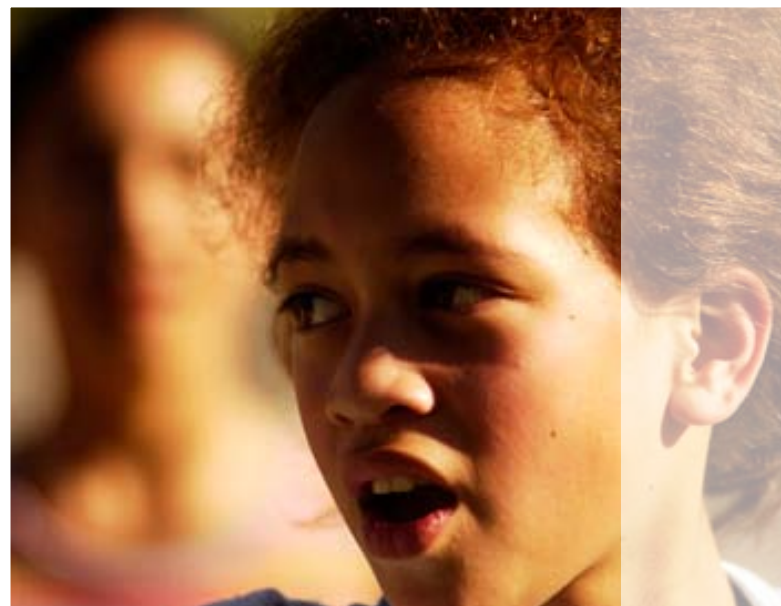
As part of this process, Te Ohu Kaimoana has developed a "road-map" guide that identifies steps iwi should follow to meet the requirements of the Act (see Fig. 1 on page 15).

Constitutional documents: The Act contains a significant number of matters that iwi are required to include in their constitutional documents. To reduce cost and work-load for iwi Te Ohu Kaimoana has developed template constitutions and deeds that meet all the requirements of the Act. Iwi can tailor these templates to suit their own situation. The templates for both the MIO deed and asset holding company constitution have been developed to work together and also to be tax efficient for both organisations. The templates include clauses that can also be used to comply with the requirements of the Maori Commercial Aquaculture Claims Settlement Act. They are being made available to iwi organisations in the normal course of Te Ohu Kaimoana's work, so that the circumstances of individual iwi organisations can be addressed. Te Ohu Kaimoana is

continuing its policy of providing subsidies of up to \$12,500 on a dollar for dollar basis to assist iwi to develop and evaluate their own documents. This subsidy is provided to assist iwi when having their professional advisers check their documents. To minimise costs for iwi, it is recommended that this checking occurs after both staff of Te Ohu Kaimoana and the iwi organisation are satisfied with the completed documents. The subsidy money is only paid after Te Ohu Kaimoana has approved the iwi as a MIO.

Iwi registers: Tuhono, which is jointly funded by Te Ohu Kaimoana and the Government, was established in March 2004 to assist iwi and other Maori organisations to communicate with, and account to, their constituent members. Te Ohu Kaimoana has been working with Tuhono to develop tools, including software applications, to assist iwi with the development of registers to comply with the Act. The software must be able to upload and download information from Tuhono. A number of software options have been assessed and two suppliers have now been approved to provide the software, install it and train the staff of iwi organisations in its use. Te Ohu Kaimoana proposes to provide a subsidy of up to \$5000 for the purchase of software that assists iwi organisations with the use of the register data. The subsidy will become available when iwi purchase the approved software. The payment will only be made after the software provider has installed the software and provided training.

Quota share agreements: Draft template documents have been developed that can be used to record final agreements between MIOs on their respective shares of inshore, deepwater, freshwater and harbour quota. The documents are able to be broken into separate agreements for shares of coastline, freshwater and harbour quota. Te Ohu Kaimoana is also developing draft memoranda of understanding that may be used by iwi organisations to record any agreements they may reach before they are certified as MIOs. Good progress on all these documents has been made and completion is anticipated in the next few months.





3 Growing the assets

To achieve this objective, Te Ohu Kaimoana is required to:

- ensure that the governance of Aotearoa Fisheries Limited (AFL) contributes to growing the value of the Maori fisheries assets,
- oversee AFL's fisheries management activities, and
- manage other assets held by Te Ohu Kaimoana.

Prior to the dissolution of the Commission, AFL was established, as required by the Act, with five directors appointed. The directors are Rob McLeod, Craig Ellison, Matanuku Mahuika, Craig Norgate and Keith Sutton. Chairman of the board is Rob McLeod.

The constitution of AFL provides for the preparation of an annual plan for comment by Te Ohu Kaimoana, describes the reporting requirements to all income shareholders including unaudited half yearly financial statements and the development of a corporate governance code.

The first half yearly report has been prepared covering the four months to 31 March 2005 and will be presented at the Hui a Tau by the Chairman of AFL, Rob McLeod.

The AFL Directors state in their report that the "unaudited net surplus for the four months ended 31 March 2005 was \$7.9m with sales revenues of \$34.5m and an operating cashflow of \$8.0m. This result included a gain of \$1.2m from the sale of surplus land assets and profits from our investment in Sealord Group Limited (Sealord) of \$7.1m.

The first four months of trading have been difficult with the negative impact of currency on the business earnings, the challenges of integrating a diverse group of businesses within AFL and the decline in returns from core fisheries, particularly the tuna fishery.

Total assets as at 31 March 2005 are \$369.9m with net bank debt of \$40.3m. The balance sheet is relatively strong. The company will continue to invest in areas of growth where suitable returns can be achieved."

A full copy of the report will be delivered to all iwi.

4 Protecting and enhancing the value of Maori fisheries

Te Ohu Kaimoana must have input into the development of government policy and fisheries management decisions to ensure that:

- Sustainability of our fisheries assets and the marine environment is assured and consistent with kaitiakitanga;
- The interests of iwi are advanced; and
- The rights secured by Maori under the Fisheries Settlement are retained.

Thus it is essential that Te Ohu Kaimoana:

- Maintains an overview of fisheries issues and activities to sustain the integrity of the settlement;
- Provides advice and represents the views of iwi in response to public policy proposals,
- Conducts fisheries management activities on behalf of iwi, and
- Facilitates the development and operation of a framework for customary fishing rights.

During this reporting period, Te Ohu Kaimoana has responded to a number of government policy initiatives including the reform of aquaculture law and the implementation of the new Maori Commercial Aquaculture Claims Settlement Act; development of a Marine Protected Areas Strategy; issues and options for future management of freshwater fisheries, and the review of Regulation 27. In addition, Te Ohu Kaimoana has continued to maintain input into MFish's annual and strategic planning process, as well as ongoing fisheries operations. A summary of the work in this area is provided below. Note that comment on aquaculture is provided later in this document in a separate report.

Te Ohu Kaimoana notes that work by the Government on the Oceans Policy was not active during this period, however, we anticipate that work will recommence over the next few months. We intend to maintain an involvement in the process as it evolves.

Marine Protected Areas: Te Ohu Kaimoana was involved in discussions with industry and government officials to clarify the implications of the proposed Marine Protected Areas Policy Statement, released by the Government in November 2004. One of our key concerns with any policy to protect biodiversity is that the right tool for the job is chosen, that is, the best method at least cost that protects biodiversity that is at risk from activities. There is potential for particular forms of protection to be utilised (for example permanent prohibitions on harvesting) without being based on an assessment of risk to biodiversity, or on clear management objectives.

Te Ohu Kaimoana made a submission on the draft policy that promoted clear identification of risks to biodiversity and the development of management objectives to manage unacceptable risks that are then implemented through the most appropriate tools. A system for monitoring and review would be necessary to ensure that objectives are being achieved or adjusted in light of new information.

Te Ohu Kaimoana anticipates that the Marine Reserves Bill and the proposed government Strategy for Managing the Environmental Effects of Fishing will form components of the Marine Protected Areas policy in the future. We will continue to participate in all these processes as they develop.

Freshwater: During this reporting period, the Government released a discussion document identifying issues and options for the management of freshwater. Issues raised in the document touched on use (i.e. extraction and discharge) but also the underlying issue of ownership. Te Ohu Kaimoana made a submission that identified the need for the Government to ensure that Maori values in relation to freshwater are protected and provided for, and that improved and consistent provision be made for input into freshwater management at all levels of decision-making. Ultimately, the system for managing freshwater must be consistent with present and future settlements – such as the fisheries settlement, which includes rights to freshwater species. Te Ohu Kaimoana’s focus will be to ensure that water is managed in a manner that supports and sustains those fisheries.

It is anticipated that the Government will continue to develop this initiative as competing demand for freshwater increases and tension between stakeholders over use and access grows. We intend to work with and alongside Te Wai Maori Trust to develop strategies that address this and other freshwater fisheries issues.

Customary regulations: Te Ohu Kaimoana made a submission to MFish on proposed changes to Regulation 27. We restated earlier submissions that priority needed to be given to implementing the customary regulations rather than merely amending Regulation 27. Regulation 27 was only ever meant to be a temporary measure to allow for customary harvest to take place until a comprehensive set of regulations was developed to provide for use and management of fisheries by tangata whenua. In Te Ohu Kaimoana’s view, many of the

problems that are currently being experienced with Regulation 27 will be addressed when the customary regulations are fully implemented. We have recommended to MFish that any further proposals, either for Regulation 27 or the customary regulations should be developed through further consultation with iwi and Te Ohu Kaimoana.

Fisheries closures under the Fisheries Act 1996: Te Ohu Kaimoana commented to MFish on two proposals to extend fisheries closures for inshore fisheries under section 186 A of the Fisheries Act 1996 – one at Hicks Bay and the other on the Coromandel Peninsula. The closures were originally implemented at the request of iwi concerned about the declining availability of fish stocks. In both cases, Te Ohu Kaimoana supported the extensions requested by iwi and recommended that MFish implement local area monitoring to determine if the closures result in improved size and availability of stocks. In addition, Te Ohu Kaimoana re-emphasised the need for improved coordination between agencies to manage the effects of land based activities on the local area fish populations.

Stock strategies: In February 2005, Te Ohu Kaimoana made a submission on proposals developed by MFish to change the way fisheries are to be managed in the future.

MFish’s proposals were based on an approach that would:

- Increase transparency;
- Form the basis for intervention;
- Help clarify roles and responsibilities, and
- Form the basis for monitoring and review of performance.

Te Ohu Kaimoana’s submission emphasised the need for objectives-based management. The submission restated the need for an evaluation of environmental and economic risk to underpin the objectives set for each stock or stock grouping, and for the industry and iwi to participate in the formulation of those objectives. Te Ohu Kaimoana also recommended collaboration between MFish and the industry to get a small number of fisheries management plans underway, as it was the most likely means of identifying the services necessary to implement objectives, including those best placed to deliver them.

It is anticipated that the “Strategy for the Management of Environmental Effects of Fishing”, currently being developed by MFish, will be a key component of the development of these management plans in the future.

MFish is due to make final decisions on the future direction of fisheries management over the next few months.

Cost recovery: Maori control or influence about 40% by volume of all fisheries quota. Given that New Zealand’s system for managing commercial fisheries is based on a cost recovery system (in which quota owners are levied for the costs of services provided by the Ministry of Fisheries and Department of Conservation) Te Ohu Kaimoana believes it is essential to ensure that the services provided are cost effective, that delivery agencies are accountable and that the process of attributing costs is transparent.





During the period under review, MFish signalled its interest in reviewing the cost recovery regime. Te Ohu Kaimoana considers that there should be a review of the cost recovery principles contained in regulations to the Fisheries Act and has agreed to work with MFish and SeaFic on the issue.

Stock assessment working groups: Te Ohu Kaimoana has continued to participate in stock assessment working groups facilitated by MFish, as well as the Research Coordinating Committee, which considers priorities for research for future fishing years. Te Ohu Kaimoana places an emphasis on species that are of economic and cultural significance to Maori, including hoki, paua, rock lobster, orange roughy, eels, kina and cockles.

Industry initiatives: Given the significance of the Maori share of the industry, Te Ohu Kaimoana has an interest in ensuring that the delivery of services by industry organisations is also transparent, accountable and cost-effective. Where it is of economic and/or cultural benefit, Te Ohu Kaimoana participates in industry driven fisheries management initiatives through industry organisations that are funded by member quota holders.

One initiative in which Te Ohu Kaimoana has continued to be actively involved is the reorganisation of the paua industry. Staff have also participated in the National Compliance Working Group, which is endeavouring to deal with the illegal harvest of paua, as well as assisting with the development of a fisheries plan for Paua 7.

Aquatic Environment Working Group (AEWG):

Te Ohu Kaimoana has also participated in the AEWG, facilitated by MFish. During this period, priority has been given by Te Ohu Kaimoana to the management of seabird by-catch as part of the implementation of the National Plan of Action for Seabirds (see below).

National Plan of Action for Seabirds (NPOA):

Te Ohu Kaimoana has continued to participate in the implementation of the NPOA. The NPOA aims to ensure that the industry avoids, remedies or mitigates the adverse effects of fishing on seabirds. It provides industry with an opportunity to achieve this objective by implementing voluntary codes of compliance. Compliance with voluntary codes is an essential part of industry taking responsibility for the effects of fishing on seabird populations. Non-compliance runs the risk that Government will intervene to implement regulations. It would be difficult through regulation to specify the variety of situations faced by vessels in different fisheries and Te Ohu Kaimoana believes that voluntary codes provide a better solution for industry. As part of this work, Te Ohu Kaimoana supports the work of Southern Seabird Solutions, an incorporated trust established to promote the adoption of fishing practices that avoid mortality of Southern Hemisphere birds.



5 Enhancing Iwi and Maori capability

Meeting this objective involves:

- Continuing, as appropriate, the capability development programmes supported by the Charitable Trust established by the Commission;
- Establishing and overseeing the operations of Te Putea Whakatapu Trust and Te Wai Maori Trust, and
- Ensuring that iwi and Maori have practical sources of information about and assistance with capabilities needed to develop iwi, including good governance.

The Charitable Trust Scholarship programme established in 1995 through the Treaty of Waitangi Fisheries Commission has provided over 2000 Maori men and women financial assistance to study in a range of subjects and courses focused on the business and activity of fishing. One of the reasons for the success of the programme has been its support services and networks with the student, tertiary providers, other agencies, iwi and Maori organisations and the fishing industry.

Although Te Ohu Kaimoana is working through the transition process it is committed to ensuring those students that are still being supported will continue to receive financial assistance until the end of their studies. The 2005 programme has students undertaking studies and training in one of the following streams:

- Tertiary-level courses leading to a range of professional and scientific qualifications,
- Management courses leading towards skills and qualifications that will assist in the development of iwi commercial fisheries resources, and
- Technical training courses that develop skills to obtain seafood processing, deep – sea fishing and statutory marine qualifications.

Furthermore as Te Putea Whakatupu Trust establishes its structures and programmes for 2006, it is expected that this will create more opportunities for Maori men and women to continue to enhance their skills.

In 2004 a new website was designed to make information and accessibility to the scholarship programme easier. The "Fishfingers" website is dedicated to informing Maori students about the scholarships available currently through Te Ohu Kaimoana. It not only provides scholarship information but also a range of handy hints and motivational excerpts from students and business people. www.fishfingers.maori.nz is for everyone who is interested in furthering their educational potential. It is expected that this website will be a major component in the promotion of the new programmes that will be on offer from Te Putea Whakatupu Trust in the future.

6 Statutory requirements

The Maori Fisheries Act 2004 requires Te Ohu Kaimoana to carry out a number of tasks, including residual tasks relating to the former Treaty of Waitangi Fisheries Commission.

All assets of the Commission were vested in Te Ohu Kaimoana on 29 November 2004, the appointed day. As described in the Financial Commentary all commercial interests previously held by the Commission including the 50 percent shareholdings in Sealord Group and Prepared Foods Limited and the businesses previously undertaken by Moana Pacific Fisheries Limited, Chatham Processing Limited, Pacific Marine Farms Limited and Prepared Foods Processing Limited were transferred to AFL in accordance with section 75(3) of the Act. Te Ohu Kaimoana, as required by the Act, completed the final report of the Commission for the period from 1 October 2003 to 28 November 2004. The report was delivered to the Minister of Maori Affairs and subsequently tabled in Parliament on Tuesday 14 June 2005.

Te Ohu Kaimoana developed, in accordance with the Act, the trust deed of Te Putea Whakatupu and the constitution of its corporate trustee, Te Putea Whakatupu Trustee Limited. Using the processes and criteria set down in the Act, Te Ohu Kaimoana appointed the inaugural directors of Te Putea Whakatupu Trust Limited. On 8 February 2005, Te Ohu Kaimoana met with the National Urban Maori Authority to discuss the establishment of the Trust and in particular the process for the appointment of directors. Te Ohu Kaimoana undertook a selection process following this meeting which resulted in the appointment of its directors.

Te Ohu Kaimoana also developed the Trust deed of Te Wai Maori Trust and the constitution of its corporate trustee, Te Wai Maori Trustee Limited. Using the processes and criteria set down in the Act, Te Ohu Kaimoana appointed the inaugural directors of Te Wai Maori Trustee Limited.

Reports of Te Putea Whakatupu Trust and Te Wai Maori Trust are included in separate sections later in this report.

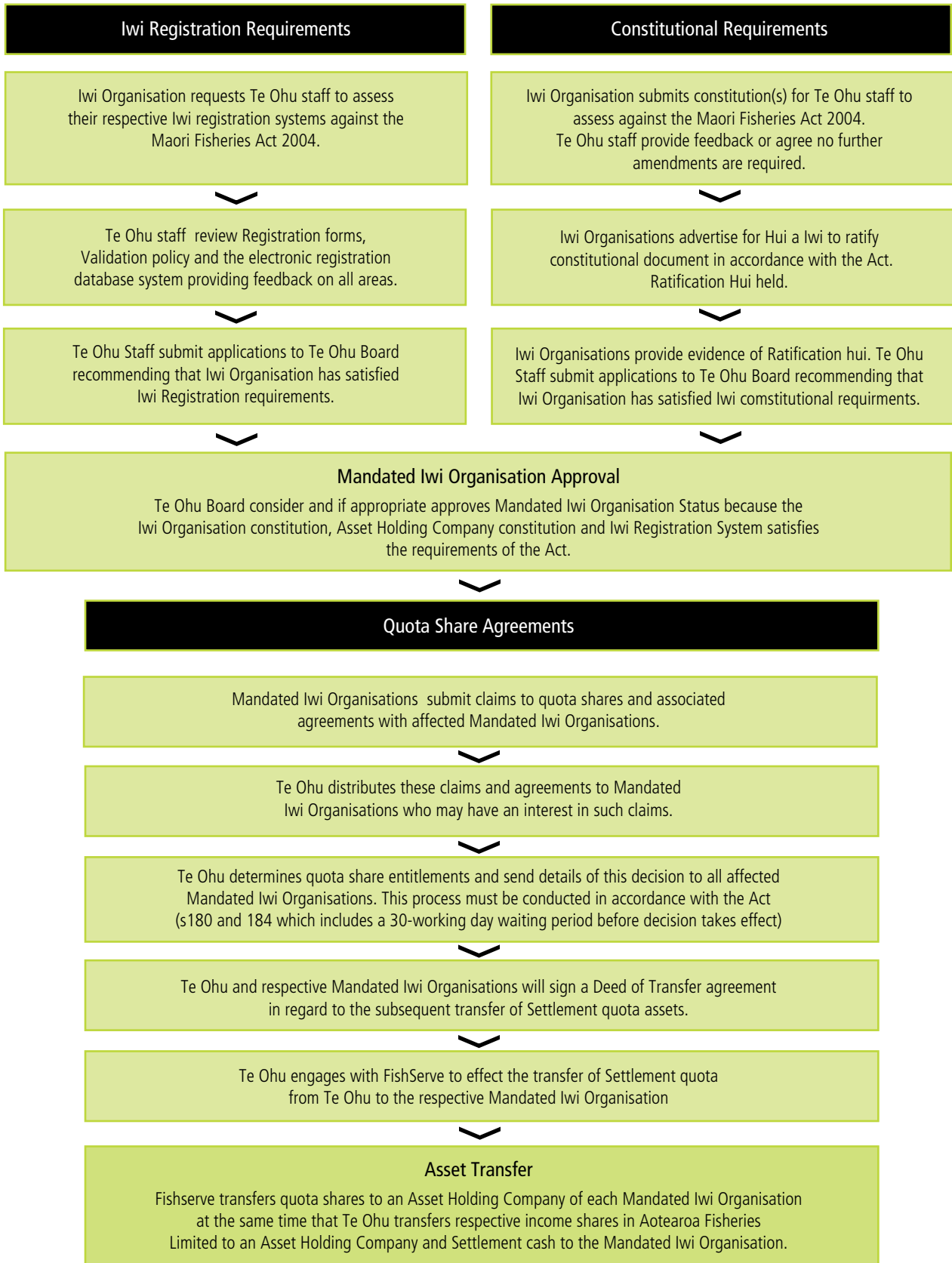
7 Organisational capability and resources

During this period, Te Ohu Kaimoana reconfigured its organisational structure to improve its alignment with the new functions and responsibilities under the Maori Fisheries Act 2004. (Refer to the Te Ohu Kaimoana Organisation Structure diagram on page 25)





ASSET ALLOCATION AND TRANSFER ROAD MAP (Fig. 1)



HALF YEAR FINANCIAL REPORT



Iwi assets
held in trust



This is the first interim financial report prepared by Te Ohu Kai Moana Trustee Limited in its capacity as trustee of Te Ohu Kai Moana Trust (Te Ohu Kaimoana). The report covers the interim results of the trust for the four months ended 31 March 2005, that is from 29 November 2004 being the Appointed Day as defined in the Maori Fisheries Act 2004 (the Act).

The publication of this report follows the intention signalled in He Kawai Amokura, the report on the model for allocation of the Fisheries Settlement Assets delivered to the Minister of Fisheries in May 2003, for the new entities arising from the Act to report on a six monthly basis. The six monthly reports are intended to highlight relevant financial information and associated activities, reflecting the transparent accountability framework within which Te Ohu Kaimoana is operating. The reports demonstrate the willingness of Te Ohu Kaimoana to act in a transparent and accountable manner.

The passing of the Act in September 2004 provided for the allocation and transfer of Maori fisheries assets derived from the 1989 interim settlement and the 1992 "full and final" Sealord deal.

On 29 November, the assets held by the Commission were vested under the Act in Te Ohu Kaimoana and AFL.

Te Ohu Kaimoana will hold the fisheries settlement assets on behalf of the 57 iwi until they meet the mandating requirements prescribed under the Act and sign share agreements regarding quota shares with neighbouring iwi. Once this process is complete, each Mandated Iwi Organisation will receive a mix of quota shares (deepwater, inshore, harbour and freshwater), income shares in AFL and cash. The total assets that iwi will directly receive amount to approximately half the value of the Maori fisheries settlement. The balance is held within AFL and is represented by the income shares Te Ohu Kaimoana holds in that company. This certification and transfer process is expected to take five years and is referred to as the transition period.

AFL is the commercial entity that has amalgamated the commercial interests previously held by the Commission including the 50 percent shareholdings in Sealord Group and Prepared Foods Limited and the businesses previously undertaken by Moana Pacific Fisheries Limited, Chatham Processing Limited, Pacific Marine Farms Limited and Prepared Foods Processing Limited. The investment in AFL is held through a combination of voting shares and income shares. All voting shares will be held by Te Ohu Kaimoana until at least the conclusion of the substantive review that needs to be completed by the end of Year 11. Te Ohu Kaimoana will initially hold all of the AFL income shares but, as noted above, progressively transfer 80% of those shares to iwi after they are mandated and have reached quota share agreements. Te Ohu Kaimoana appoints the five directors of AFL.

The Commission's assets vested in Te Ohu Kaimoana and AFL were required to be transferred from the Commission without any consideration. The assets received by the new entities have therefore been brought into the books at a level that the directors of those entities believe represents fair value to the respective entity.

The Commission historically held a significant level of funds on trust on behalf of iwi arising from ACE round disputes. Prior to the dissolution of the Commission a significant effort was made to resolve outstanding disputes and distribute as much of the funds held as possible. As a result of these efforts, \$4.7m worth of funds held on trust were distributed to iwi prior to 30 September 2004. In some areas disputes have continued to affect the distribution of ACE for the 1 October 2004 and 1 April 2005 ACE rounds resulting in a total of \$730,000 being held in trust at 31 March 2005. Te Ohu Kaimoana is committed to settling ACE disputes in a timely manner and ensuring that any funds on trust are distributed as soon as practically possible to continue the momentum achieved prior to the dissolution of the Commission.

Section 137 of the Maori Fisheries Act 2004 sets out how Te Ohu Kaimoana must transfer the settlement cash it received from the Commission. The table below shows the amounts payable under this section over the five year transition period. The table also includes the \$10m of capital payable to Te Wai Maori Trust after the completion of the five-year transition period. The section and subsection references from the Act are included in the table.

The financial highlights included below is for Te Ohu Kai Moana Trustee Limited acting in its capacity as the trustee for Te Ohu Kaimoana. The half yearly report for AFL is presented as a separate document by the directors of that Company. There is no separate financial commentary for Te Wai Maori Trust or Te Putea Whakatupu Trust as these entities were only created on 2 March 2005, although separate commentaries on their activities have been included later in this report.

As cash and quota is distributed to iwi over the five-year transition period, the income streams arising from the assets available to Te Ohu Kaimoana will diminish significantly. The table below shows an amount available as transition funding for Te Ohu Kaimoana of \$11m. As ACE and interest income diminish through the transition period, Te Ohu Kaimoana will draw from this \$11m to cover its expenditure shortfall.

Money to be Allocated per s137(1):	\$ 000
Te Putea Whakatupu Trust Capital (a)	20,000
Te Wai Maori Trust Capital (b)	10,000
Te Ohu Kaimoana - Capital (c)	5,000
Cash Top Up for Quota Shortfall (d)	8,186
Cash for Minimum Settlement (d)	2,725
Te Ohu Kaimoana - Transition (e)(i)	11,000
Te Putea Whakatupu Trust Transition (e)(ii)	5,000
Te Wai Maori Trust Transition (e)(iii)	2,000
Cash to Iwi (f)	20,719

Money to be Allocated per s103(3):	
Te Wai Maori Trust 2nd Tranche	10,00

Financial Highlights

For the period 29 November 2004 to 31 March 2005 revenue from ACE sales was \$3.6m and interest income from investments was \$2.2m. No ACE income for the fishing year 1 April 2005 to 31 March 2006 has been included in these amounts. Total expenditure for this period was \$3m. It is envisaged that for the period ending 30 September 2005, Te Ohu Kaimoana's income and expenditure will be in a break even position and there will not be a need to draw on any of the transition funding mentioned above for that period. It is anticipated that the transition funding will begin to be consumed during the period ending 30 September 2006.

The capital contributed from the Commission on the appointed day is made up primarily of cash and financial investments, the investment in AFL and quota shares, the latter two of which have been brought on to the books at an assessed fair value. As at 31 March 2005, the value of cash investments stands at \$98.7m and the investment in AFL has a net tangible asset value of \$315m. The value of the quota shares is \$291m which is consistent with the values published in He Kawai Amokura.

As described in the final report of the Commission, the Commissioner of Inland Revenue had agreed that the Commission and its 100% owned subsidiaries were charitable entities for the period from the beginning of the 2001 taxation year until the appointed day being 29 November 2004. This decision created a tax receivable for those qualifying entities for taxation paid during the period from the commencement of the 2001 taxation year to the appointed day.

The Act provides at Section 195 that should "the Commissioner of Inland Revenue grant a refund in respect of taxation paid at any time before the appointed day by the Treaty of Waitangi Fisheries Commission" or any company or subsidiary of a company owned by the Commission, then he must "pay the full amount of the assessed refund (if any) together with any interest payable under Part VII of the Tax Administration Act 1994, to Te Ohu Kai Moana Trustee Limited". Te Ohu Kaimoana does not have the taxation refund receivable on the balance sheet as the methodology for calculating the refunds has yet to be agreed with the Commissioner of Inland Revenue. The amount of the refunds to be paid to Te Ohu Kaimoana arising from the Commissioner of Inland Revenue's decision, is expected to be approximately \$12m.



Tiakina nga rawa
hi ika, a tatou
kaimoana mo nga
uri whakaheke



TE PUTEA WHAKATUPU TRUST

Te Putea Whakatupu Trust (and its corporate trustee) was established on 2 March 2005.

Te Putea will manage trust funds and distribute the income from those funds for educational and training programmes to develop skills, research and other matters to advance Maori capital across fisheries and other sectors. It fulfils an important aspect of the allocation model to distribute Maori fisheries assets as outlined in the Maori Fisheries Act 2004 (the Act).

Te Putea will receive \$20 million in capital from Te Ohu Kaimoana no later than October 2009. It will have an operating budget of up to \$1 million per annum for the next five years until it receives that capital sum.

In distributing its funds, Te Putea must have regard to the extent to which mandated iwi organisations are providing or able to provide for all their members, and the interests of Maori who do not associate with their Iwi, or do not receive benefits from a Mandated Iwi Organisation.

Te Putea is required to prepare an annual plan for its activities during the financial year, which is approved by Te Ohu Kaimoana. The first year's annual plan is currently being prepared. It will set out the programme to develop the trust's distribution policy, as well as its budget and other administrative services.

The Act sets down the length of term for directors as being 4 years. The Board can include only one director from Te Ohu Kaimoana. All directors must be of Maori descent and collectively the Board must be well-versed in tikanga Maori, experience in working with Maori and Maori organisations and have experienced in human resources development, education and training.



DIRECTORS



June Jackson (Chairperson)
Ngati Maniapoto, Ngati Mutunga

June is the Tumuaki of the Manukau Urban Maori Authority (MUMA) in South Auckland and is an outspoken advocate on issues affecting urban Maori.

From 2000-2004, she was a Commissioner on the Treaty of Waitangi Fisheries Commission and has a thorough knowledge of Maori fisheries issues and the existing scholarship programme. She has extensive experience in developing models of self-sufficiency and establishing small business initiatives.



Wira Gardiner
Ngati Awa, Ngati Pikiao, Whakatohea, Te Whanau a Apanui

Wira is the Deputy Chairperson of Te Ohu Kaimoana and the interim-CEO of Te Runanga o Ngati Awa while the tribe works through its Treaty settlement with the Crown.

He has a strong background in governance and management, having held senior government positions, such as National Director of Civil Defence, the Founding Director of the Waitangi Tribunal, founding CEO of the Iwi Transition Agency and the founding CEO of Te Puni Kokiri.

He has had a number of careers including service in the Army and operating his own consultancy company, Gardiner Parata Limited, with his wife Hekia Parata. He holds an MA in War Studies and is the author of three books: Maori Battalion, Return to Sender and The Haka.



Teresa Tepania-Ashton
Ngapuhi, Ngati Kahu ki Whaingaroa, Te Rarawa

Teresa has 12 years experience in corporate banking with CITIBANK. She was responsible for major corporate clients in New Zealand that were focussed on global cash management.

She took a break from banking to raise her children and earned a Graduate Diploma in Maori Business Management before returning to work. She took up a position with HortResearch as the Business development leader for Maori where she helped Maori develop land-based projects looking for accelerated pathways to industry and exporting.

In July 2004, she was appointed as the CEO of Te Runanga a-Iwi o Ngapuhi, which represents the largest number of Maori descendants in the country.

TE WAI MAORI TRUST

Te Wai Maori Trust (and its corporate trustee) was established on March 2, 2005. It is dedicated to advancing Maori interests in freshwater fisheries.

The trust was included within the allocation model for the Maori commercial fisheries assets as a result of negotiations with iwi that have distinct interests in freshwater fish and as a result of court decisions handed down during the process of allocation.

Te Wai Maori will manage funds and distribute the income from those funds to advance Maori interests in freshwater fisheries, and is to receive up to \$2 million in operational funding over the five year transition period before receiving a \$10 million capital injection prior to October 2009. An additional \$10 million will be provided after that date with a minimum amount of \$1 million being received per year.

Te Wai Maori will distribute its income through undertaking or funding research, development and education activities related to Maori interests in freshwater fisheries. It can also promote the protection and enhancement of freshwater fishery habitats, promote the establishment of freshwater fisheries and look at how Maori may be able to achieve a direct or indirect benefit from such fisheries.

Te Wai Maori is required to prepare an annual plan for its activities during the financial year, which is approved by Te Ohu Kaimoana. The first year's annual plan is currently being prepared.

The Maori Fisheries Act 2004 (the Act) sets down the length of term for directors as being four years, and the board can consist of one director from Te Ohu Kaimoana. All directors must be of Maori descent and as a board they collectively must be well-versed in tikanga Maori, experienced in fisheries management, enhancement, and development, as well as having knowledge of the special interest of iwi in freshwater fisheries.





DIRECTORS



Archie Taiaroa (Chairperson)

Ngati Haua, Ngati Kurawhatia, Te Ati Haunui-a-Paparangi, Ngati Tuwharetoa, Ngati Apa, Ngati Maru.

Archie is a Director of Te Ohu Kaimoana and the Chairperson of the Whanganui River Maori Trust Board.

Prior to his appointment to Te Ohu Kaimoana, he was a Commissioner on the Treaty of Waitangi Fisheries Commission.

During his years at the Commission, he led work in customary fisheries including facilitating the Commission's Freshwater Fisheries Sub-Committee.

He is a former Deputy Mayor of Taumarunui and Councillor on the Manawatu-Whanganui Regional Council.



Prue Kapua

Te Arawa

Prue Kapua is a Principal in her legal firm Tamatekapua Law, based in Auckland. She specialises in resource management, Treaty of Waitangi issues, race relations, human rights and medico legal litigation.

She has been involved in some high profile legal cases including representing Maori women affected in the Gisborne Cervical Cancer Inquiry.

She has a thorough understanding of how the public sector works and worked for the Deputy Prime Ministers office (1988-89) and she was the Chief Investigating Officer for the Race Relations Office (1983-88).

She has served as a member of the Environmental Risk Management Authority and is on the board for the Allan Wilson Centre for Molecular Ecology and Evolution.



Morrie Love

Te Atiawa

Morrie has been involved in Maori resource management for many years. From 1993-96, he managed the Maori Secretariat (Maruwhenua) in the Ministry for the Environment where he advocated for Maori interests including the inclusion of the Treaty of Waitangi sections in to the Resource Management Act.

Prior to this, he was involved in regional government water management and taught Engineering at the tertiary level.

He holds a BA (Economics) and a Bachelor of Engineering (Agricultural). He was the Director of the Waitangi Tribunal from 1996-2003 and is currently the Executive Officer for the Wellington Tenth Trust and the Palmerston North Maori Reserves, based in Wellington.

THE MAORI COMMERCIAL AQUACULTURE SETTLEMENT TRUST

The Treaty of Waitangi Fisheries Commission provided input into the reform of aquaculture by making submissions to the Parliamentary Select Committee that considered the draft legislation.

The Commission considered aquaculture to be economically beneficial for the future of Maori in the seafood industry. Thus it gave priority to ensuring that Maori and iwi would be able to participate in fishing and aquaculture. Legislation, which came into force on 1 January 2005, provides that aquaculture is not to be permitted to occur outside specially designated Aquaculture Management Areas (AMAs).

The package of legislation includes the Maori Commercial Aquaculture Claims Settlement Act 2004 (the Aquaculture Act), which provides for Maori to receive 20% of all new aquaculture space, along with the equivalent of 20% of aquaculture space established between 21 September 1992 and 31 December 2004. The Aquaculture Act establishes the Maori Commercial Aquaculture Settlement Trust to receive aquaculture settlement assets and allocate them to iwi, subject to a number of requirements. It provides for Te Ohu Kai Moana Trustee Ltd (Te Ohu) to act as trustee.

The Aquaculture Act sets out the duties of the trustee, which include holding and administering settlement assets pending their allocation to iwi, determining allocation requirements, facilitating steps by iwi organisations to be recognised as Iwi Aquaculture Organisations, as well as to reach agreement on their respective shares of the assets, and transferring settlement assets once all requirements have been met. Additional duties enable the trustee to undertake activities for related or ancillary purposes, such as facilitating and co-ordinating the development of and use of settlement assets and representing the interests of iwi, if agreed. The Aquaculture Act provides that

the reasonable costs and expenses for the trustee in carrying out its core duties under the Aquaculture Act are to be paid out of money appropriated by Parliament. During this reporting period, Te Ohu has worked with MFish as the agency with responsibility for administering that process, to clarify funding arrangements. Te Ohu anticipates that a final agreement will be reached on funding arrangements with the Crown before the middle of this calendar year.

In addition, Te Ohu has worked since January 2005 to clarify the relationship between its role as trustee of the Maori Commercial Aquaculture Settlement Trust and trustee of Te Ohu Kaimoana (being the Trust that holds the assets generated by the Fisheries Settlement). Te Ohu notes that each of the trusts is established by different legislation and by different instruments. For example, Te Ohu Kaimoana is established by a Trust Deed, whereas the Maori Commercial Aquaculture Settlement Trust is established directly by the Maori Commercial Aquaculture Claims Settlement Act 2004, but with little guidance as to how it will operate. As the new trust will also be guided by other legislation such as the Trustee Act, Te Ohu Kaimoana is developing a draft Foundation Document to provide clarity on its legal obligations and the relationship between the two trusts. Te Ohu Kaimoana anticipates that any relevant provisions of the funding agreement with the Crown will be incorporated into the document.

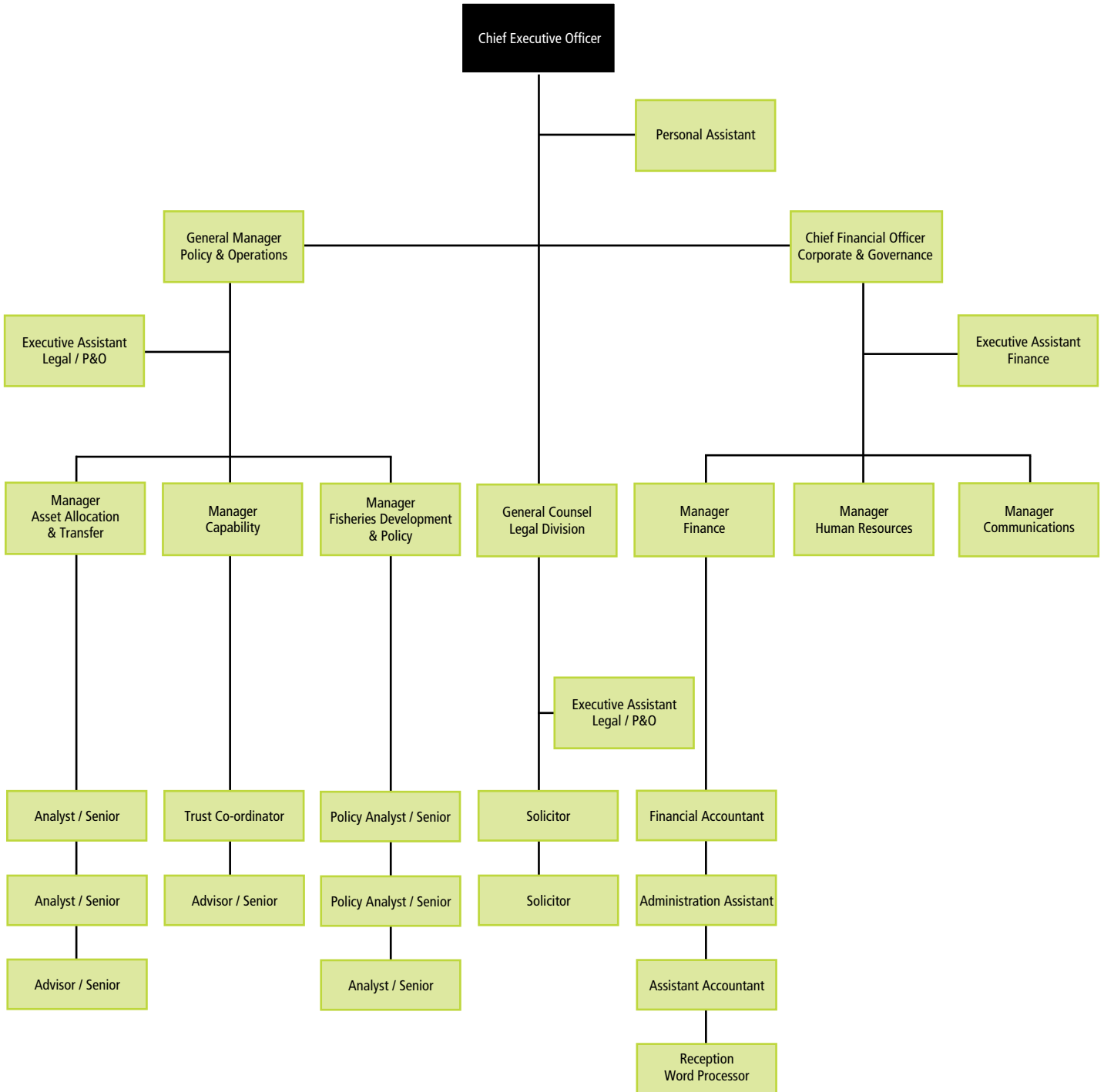
Once our funding arrangements are finalised, we plan to:

- Develop our first annual plan as required by the Aquaculture Act;
- Provide information to Iwi and others on the settlement;
- Work with iwi in each region to identify issues to be addressed, as well as priorities for action;
- Develop protocols for joint work with iwi, as well as other parties as appropriate; and
- Work with regional councils and industry where it will assist iwi to make progress in meeting the requirements of the Aquaculture Act.





TE OHU KAIMOANA ORGANISATION STRUCTURE



TE OHU KAIMOANA DIRECTORS



BOARD OF DIRECTORS

Koro Wetere

Tainui

Wira Gardiner (Deputy Chairman)

Ngati Awa, Ngati Pikiao, Whakatohea, Te Whanau a Apanui

Rangimarie Parata Takurua

Ngai Tahu, Ngati Kahungunu, Ngati Porou

Shane Jones (Chairman)

Ngai Takoto, Te Aupouri

Dame Georgina Kirby

Ngati Kahungunu

Rob McLeod

Ngati Porou

Archie Taiaroa

Ngati Haua, Ngati Kurawhatia, Te Ati Haunui-a-Paparangi,
Ngati Tuwharetoa, Ngati Apa, Ngati Maru

EXECUTIVE MANAGEMENT TEAM

Peter Douglas

Chief Executive Officer
Ngati Maniapoto

Craig Lawson

General Manager - Policy and Operations

Tamarapa Lloyd

General Counsel
Te Arawa, Ngati Tuwharetoa

Peter Whittington

Chief Financial Officer



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