

NEW ZEALAND SEAFOOD INDUSTRY COUNCIL LTD
ANNUAL REVIEW 2005–2006



CHAIRMAN'S REVIEW



DAVID SHARP

The difficult economic conditions for our industry have continued in the 2005-06 financial year. Despite almost all banking economists predicting a substantial fall in the New Zealand dollar, rates have remained at challenging levels for export industries. The exchange rates have been coupled with higher and well-documented energy costs. As an industry, we have needed to adjust our activities in order to survive economically, causing considerable pain in many areas, including some significant job losses. This has occurred during another year of rising government compliance costs, and with little evidence in Wellington of a bureaucracy focused on delivering cost-efficient services.

BENTHIC PROTECTION AREAS

In early 2006 industry companies involved in deep-water fishing announced a proposal to close off BPAs (Benthic Protection Areas) to bottom trawl fishing, which would constitute the largest total closure to bottom trawl fishing within an EEZ (Exclusive Economic Zone) ever undertaken in the world. This industry initiative equates to a closure of 31 percent of our EEZ and demonstrates industry recognition of the need to protect the bio-diversity of a largely pristine and untouched benthic environment.

While the closures will limit opportunities for exploratory fishing, our aim is to protect these areas for generations to come and for the benefit of the marine environment. Potential future income will be lost, but

important bio-diversity in benthic environment areas will be protected from ever being impacted by bottom trawl fishing.

We hope that people recognise the vision behind this initiative. Many have heard about bottom trawl fishing, but few are aware that only seven percent of the EEZ deeper than 200 metres has ever been bottom trawled. We have support from those that recognise this proposal is about protecting bio-diversity and we await a response from the Government.

COMMODITY LEVY

The seafood industry's commodity levy, used to fund SeaFIC's generic work and used by a number of CSOs (Commercial Stakeholder Organisations) to fund their projects, has received a strong endorsement from industry. A postal ballot of all aquaculture, fishing quota, and commercial fishing permit rights owners was conducted in August and we achieved 82 percent support by the simple proportion of votes in favour and against. The value of rights represented by each vote was also calculated and we received 96 percent support. This is an excellent result for SeaFIC and affirmation of the support we have from industry. An application to extend the Levy Order by five years through to March 2013 has been forwarded to the Minister of Fisheries for consideration by Cabinet and approval by the Governor General in February 2007.

AQUACULTURE

During the year the aquaculture sector released its 'New Zealand Aquaculture Strategy', a 10-point plan towards the industry's goal of achieving a value of \$1 billion by 2025. The strategy is a welcome development and will provide a strong foundation for growing the sector. As part of the strategy, a new sector organisation, Aquaculture NZ Ltd, has been established and Mike Burrell appointed Chief Executive.

The SeaFIC Board wholeheartedly supports this initiative and has provided financial and staffing assistance to support the transition. The strategy has received support from the government, which has announced \$2.9 million of additional funding to assist the strategy's implementation. We look forward to working alongside Mike and his team.

COMMUNICATIONS

We continue to face criticism from anti-fishing lobby groups and SeaFIC's communication's team has implemented a consumer campaign to help all New Zealanders understand and appreciate the social, cultural, economic and health value of our industry to New Zealand. Encouragingly, research with Auckland-based consumer focus groups showed that consumer attitudes to the industry are mildly benevolent, with the industry seen to be a no-nonsense Kiwi industry that "just gets on and does it". The campaign will continue to build on these themes.

The SeaFIC Board's investment in communications has also resulted in increasingly factual and balanced reports on our industry through the media this year. Our fieldtrip for media and officials was effective, and resulting articles from media in attendance showed an increased understanding and awareness of issues affecting our industry.

SHARED FISHERIES DISCUSSION PAPER

After the end of our 2005-06 financial year, the government released the MFish's (Ministry of Fisheries) Shared Fisheries discussion paper. This is a most disappointing policy document. The paper, as written, threatens both property rights and the Quota Management System – it certainly provides an inadequate basis for an informed debate about such an important issue for New Zealand.

We believe enhancing and extending the current rights-based framework of the Quota Management System provides a better basis for creating some cer-



tainty in our shared fisheries. Managing for continued and improved sustainability is an imperative. SeaFIC will be making an extensive submission on the discussion paper and will devote considerable resources in 2007 to ensure our views are heard and understood by all political parties. We urge all shareholders to respond to the discussion paper. Submissions close on 28th February 2007.

FINANCIAL

The company had a satisfactory year financially, and finished the year with a surplus of income over expenditure of \$1,084,696. The budget provided for a deficit of \$86,674. Of the surplus, \$941,664 is directly attributable to the Seafood Industry Training Organisation. During the year SeaFIC was able to distribute an amount of \$503,502 back to levy payers by way of refund.

SEAFIC FINANCIAL SUMMARY TO 30 SEPTEMBER 2006

INCOME	NZD		EXPENDITURE	NZD	
SeaFIC Levy Income	3,225,712	42%	Funded by Levy	3,429,970	52%
Government Training Funding	2,945,371	38%	Funded by Government	2,124,040	32%
Science Fee for Service	696,486	9%	Other Sources (Science Recovery Conference Income)	1,057,683	16%
Other Income (Interest Rentals Conference)	828,820	11%			
	<u>7,696,389</u>			<u>6,611,693</u>	
			OPERATING SURPLUS	1,084,696	

SUBSIDIARIES

COMMERCIAL FISHERIES SERVICES LTD (FISHSERVE)

FishServe concluded the 2005-06 year with a further credit of \$500,000 back to industry levy payers, which was a result of additional service improvements and the consequential reduction in staff numbers. At the end of the year FishServe employed 52 staff – an overall reduction of 40% since October 2001. FishServe's cost to the industry has fallen by a similar margin. The Board, chaired by Chris Horton, together with management and staff under Chief Executive Lesley Campbell, continue to focus on providing cost-effective services to our industry and this will be an ongoing focus.

FishServe delivered both contracted and devolved services in accordance with the provisions of the Act, and the standards and specifications of MFish. Furthermore, the respect and trust that MFish has in the performance of FishServe was further demonstrated by contracting FishServe to manage the operation of Aquaculture registers. During the 2005-06 period there have been no material breaches of standards and specifications, and the few minor incidents which have occurred, have been quickly remedied in conjunction with MFish.

The project to upgrade systems to a .Net environment was completed under budget and without disruption to the provision of services. This investment in maintaining current technology will ensure that FishServe is well positioned to continue to make process improvements, and take advantage of new technology opportunities in the future. In addition, improvements to the FishServe website have been made and further electronic services have become available online, includ-

ing applications for permits and registration of vessels. Other highlights include:

- the re-appointment of SeaFIC as ASDO (Approved Service Delivery Organisation) and the subsequent delegation of all services by the ASDO to FishServe until October 2013;
- FishServe's subsidiary company FINnz met its annual objective to break even, contributing \$400,000 in charge back revenue to FishServe.
- internal restructuring to down-size FishServe's senior management team
- implementation of the ACE (Annual Catch Entitlement) trading website www.fishstock.co.nz that provides for online ACE auctions
- expansion of services to include management and operation of aquaculture registers; and
- introduction of a new accounting system for the management of Crown Accounts Receivable functions.

Web-based services continue to be well supported and we have seen increased uptake of electronic services by the seafood industry, with over 2100 clients registered for EDT. Electronic submission of MHR (Monthly Harvest Return) and LFRR (Licensed Fish Receiver Return) reports via the FishServe website has however remained largely static at around 50%. Additional strategies are being investigated to see how uptake of this electronic option can be enhanced.

Capitalising on the opportunity for the industry to capture and submit Catch Effort forms electronically has remained elusive, however indications from MFish towards the end of the year were that they would reconsider options in this area once more, and this will be a key focus in 2006-07.

During the 2006-07 financial year, FishServe plans to develop and implement electronic services for the

NZ EXPORTS TO TOP 10 COUNTRIES TO 30 SEPTEMBER 2006

COUNTRY	VALUE (NZD)	COUNTRY	VALUE (NZD)
United States	\$ 213,879,482	Spain	\$ 81,166,978
Australia	\$ 206,685,287	Korea	\$ 69,934,236
Hong Kong	\$ 163,365,103	Germany	\$ 43,853,408
Japan	\$ 137,478,417	France	\$ 33,973,895
China	\$ 123,915,118	Singapore	\$ 24,126,733

remainder of its services, enhance existing services, and provide additional opportunities for our clients to interact with us electronically. Key areas that will be explored include:

- Catch Effort Electronic Data Transfer
- Online quota transfers
- Online Automatic Location Communicator
- Using texting technology

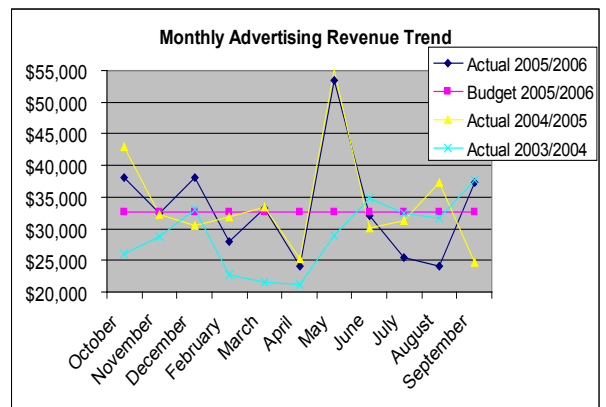
Intelligent scanning technology will be employed to minimise the handling of paper forms and reduce the need for data entry at FishServe.

The lease held by FishServe for Feltex House in Wellington is due to expire in September 2007 and as we start the 2006-07 year options are being explored to address FishServe's future accommodation needs.

The 2006 financial results showed an accounting loss of \$946,285. This was the result of a small loss from normal operations, the \$500,000 credit mentioned above and a provision of \$148,000 for the write down of the existing Fisheries Management software. Both of these entries were taken as charges in the Statement of Financial Position.

NEW ZEALAND SEAFOOD MAGAZINE LTD

NZ Seafood Magazine Ltd publishes the Seafood New Zealand magazine on a monthly basis. It remains an effective tool to communicate with the broader seafood industry and other interested parties. The magazine has a wide audience with varying interests, and the editorial team endeavours to provide a mix of articles and columns which will be of interest to this diverse audience. Hence, the magazine has a mixture of technical, human interest, general industry, and stories reflecting policy issues.



On the commercial side, the magazine continues to operate at a break-even level. This past year the magazine made an operating loss of \$11,872, which is underwritten by the NZ Seafood Industry Council. The magazine's revenue consists predominantly of advertising sales and the purchase of magazines by SeaFIC for its levy payers.

The advertising market has been extremely tight over the past two years due to a combination of factors but predominantly the difficult economic conditions faced by the industry. While the budgeted advertising revenue was achieved, the outcome represented little growth in the advertising sales on the previous financial year. The accompanying graph shows the fluctuation in advertising revenue. The fact that the magazine met its advertising budget is a good result in the circumstances. It was achieved by innovative marketing ideas implemented by the Advertising Manager. The goal to maximise advertising revenue can come into conflict with the editorial policy which seeks to provide a range of articles which are of interest to a wide and diverse audience.

The magazine's management is always interested in any feedback on the magazine. It represents a significant industry investment, and we need to ensure that it achieves its designated purpose.

SEAFOOD INNOVATIONS LTD

The company has approved a number of new research projects this year, building on its existing portfolio. The total value of projects approved for funding to 30 September 2006 stands at \$10.4 million. A number of these projects extend over two or three years, which is a positive sign of an increasingly strategic view of research and development being taken by participating industry members. As the potential for SIL (Seafood Innovations Ltd) to assist industry be-

comes more widely known, it is pleasing to see that a wider group of industry players, both small and large are being encouraged to talk to SIL about support for their R&D (Research and Development) initiatives. The nature of projects funded to date varies considerably and includes;

- finding out more about the fundamental makeup of animals we harvest
- new breeding, farming, harvesting and handling systems
- storage technologies for improved product quality
- technologies for processing automation
- investigation of high value extracts

This variety of projects, covering both wild catch and aquaculture fisheries, illustrates the diversity areas within which SIL can assist seafood companies with their R&D. It also emphasises that adding value through R&D, a key part of SIL’s mission, can be achieved at all stages of the value chain – including growing/harvesting, further processing post-harvest and transport, storage and packaging technologies.

SIL has also commenced work with SeaFIC on developing an industry R&D strategy. The initial aim is to identify what research has been undertaken, key opportunities for industry growth and confirm what knowledge gaps are potentially preventing the industry from capitalising on opportunities. From this an R&D programme will be developed for industry consideration. Rather than being a high level strategy this activity will build on previous strategy work by SeaFIC and others within the industry to develop a more specific set of priorities for targeted research.

The company’s objectives continue to be about increasing the seafood industry’s focus on research and to encourage innovative means of improving the

returns through adding value to existing and new marine resources. The funding for this research is sourced from industry and research providers, and matched by funding from the Foundation for Research, Science and Technology. At 30 September 2006 the company had a surplus of \$288,902 which was partly reflective of timing issues with start times of the contracts awarded, and also indicative of the potential to fund even more research in the 2006-07 year.

OUTLOOK

The SeaFIC Board is aware of, and sympathetic to the difficulties being faced by many of our industry companies and individuals. We are committed to operating efficiently in your interests. We recognise the continuing need to educate New Zealanders of the importance of our industry. While some progress has been made, much remains to be done. I wish to thank all members of the SeaFIC Board for their contribution during the year in review. On behalf of the Board I also wish to thank Owen Symmans and all the management and staff of SeaFIC and our subsidiaries for their efforts on our behalf during the year. Thank you.



David Sharp
Chairman
New Zealand Seafood Industry Council Ltd

NZ TOP FISH EXPORT SPECIES TO 30 SEPTEMBER 2006

SPECIES	VALUE (NZD)	SPECIES	VALUE (NZD)
Mussels	\$ 173,568,717	Paua/Abalone	\$ 52,055,275
Hoki	\$ 157,139,920	Mackerel	\$ 48,577,372
Rock Lobster	\$ 128,639,497	Ling	\$ 43,705,276
Squid	\$ 122,741,987	Salmon	\$ 38,600,688
Orange Roughy	\$ 85,520,775	Hake	\$ 36,938,862

CHIEF EXECUTIVE'S COMMENT



OWEN SYMMANS

The 2005-06 year has been an extremely challenging year for the industry and despite the professionalism and high quality of outputs, progress has been frustrating. One of the major contributing factors is that government demonstrates a perception that the industry cannot be trusted. The seabird and foreign crew issues have reinforced this belief. Another government perception is that industry can easily absorb increases of a few million dollars in user charges as it is generating export receipts of \$1.3 billion. Progress will continue to be very difficult while these convictions remain, and changing them is a challenge in itself.

The adoption of the 'New Zealand Aquaculture Strategy', an initiative of the New Zealand Aquaculture Council, with funding contributions from SeaFIC and the Ministry of Economic Development, has been a major step forward for the sector. We have put considerable effort into communications to assist the successful implementation of the strategy and enable the

sector to reach its potential. SeaFIC remains concerned that the Aquaculture Law Reform has not yet provided any tangible benefits. The law reform assigned the task of identifying Aquaculture Management Areas where aquaculture development can be located to regional councils, which has proved frustrating. It is equally exasperating that there is still no progress on new water space allocation.

Nonetheless, the future for aquaculture is looking up. The government is due to make its formal response to the strategy in 2007. The leadership of the aquaculture sector must be complimented for their drive and commitment to progress the strategy from planning to application. SeaFIC looks forward to working constructively with the newly formed NZ Aquaculture Ltd.

Businesses need certainty for ongoing investment. In the seafood industry, this certainty has been provided by a solid property rights regime. The effective implementation of the Aquaculture Law Reform will provide greater certainty for marine farming. The Quota Management System is recognised internationally as one of the most successful fishery management tools for ensuring sustainability for the long-term. Yet in New Zealand the system is under constant attack from groups who either do not understand the imperatives of business or are keen to close down the commercial fishery.

Some recent government statements seriously threaten the Quota Management System. The protection of property rights will continue to be a major focus for SeaFIC.

SeaFIC has made communications a priority, and the result has been greater general recognition of the importance of the seafood industry. An important part of this has been building relationships with key media and it is pleasing to see a higher, more credible and balanced public profile for the industry.

THE QUOTA MANAGEMENT SYSTEM IS RECOGNISED INTERNATIONALLY AS ONE OF THE MOST SUCCESSFUL FISHERY MANAGEMENT TOOLS FOR ENSURING SUSTAINABILITY FOR THE LONG-TERM.



Keeping the industry well informed and up-to-date is equally important. Seafood New Zealand magazine continues to be a vehicle for this, complemented by an email news service to industry. We have also continued the levy payer newsletter this year, providing significant information directly to levy payers. We recognise the importance of effective communications and will continue our efforts to ensure the views of industry are clearly and effectively articulated.

Following is a brief overview of activities SeaFIC has carried out on your behalf during the last year.

TRADE AND INFORMATION

MULTILATERAL TRADE REFORM

The WTO's (World Trade Organisation) so-called Doha Development Round of trade negotiations has gone into recess with the continued failure to reach consensus on the three "pillars" of negotiation – market access liberalisation for non-agricultural goods, including fish products; market access liberalisation for agriculture goods; and reduction in subsidies supporting agriculture. There is an outside chance that the negotiations could restart in early 2007, but if that fails too, then the negotiations could remain stalled until early 2009.

SeaFIC has continued to work closely with New Zealand's trade negotiators to try to extract an ambitious outcome in the WTO that will benefit our trade in fish and fish products. But with the WTO round stalled, attention must refocus on making progress in regional and bilateral agreements

BILATERAL TRADE

There has been an ambitious programme of negotiations for new Free Trade Agreements. The most significant negotiation is with China, and fish stands to be a winner from tariff liberalisation. The China negotiation is complex and will take more time to reach a conclusion

Nonetheless, non-tariff barriers are growing in a number of key markets. Notably, the drive for country of origin labelling has become a source of added compliance cost for customers in key markets, particularly in the USA and Australia, where seafood has been particularly identified ahead of other competing protein products.

The tariff quotas granting tariff free or reduced tariff market access by the EU for certain fish products, including hoki and squid, reduce market access costs by close to \$10 million dollars annually. They were exhausted well before the end of the 2006 year. This policy will be renewed for 2007 to 2010.

INTERNATIONAL FISHERIES ISSUES

New Zealand, Australia and Chile are the sponsors of a new negotiation to develop a regional fisheries management agreement for the non-tuna fish stocks in the Southern Pacific Ocean. SeaFIC and other industry stakeholders were involved in the first negotiation meeting in Wellington in February 2006, which gained support for the development of a new regional agreement among more than twenty countries. The second round of negotiations was held in Hobart, Australia in November 2006. While good progress was made developing the agreement document, a proposal for implementing interim measures to control and limit expansion in fishing effort during the period of the negotiation was blocked by several distant water fishing nations led by the European Community.

Environmental NGOs have continued actively promoting a proposal that the United Nations declare a moratorium on bottom trawl fishing in the high seas – and some NGOs are committed to a global moratorium on trawling in all fisheries by 2010. SeaFIC has been active with the New Zealand government and internationally to demonstrate that while many of our key fisheries are to be utilised, some environmental impact of trawling is unavoidable – but sustainable – and therefore a moratorium on trawling would be ineffectual. We have promoted the role of regional fisheries agreements as the appropriate way to manage high seas fisheries and control the impacts of fishing on the environment.



EXTENSIVE TECHNICAL INPUT AND OPERATIONAL MANAGEMENT ADVICE WAS PROVIDED IN SUPPORT OF VARIOUS DISCUSSIONS WITH AND SUBMISSIONS TO MINISTRY OF FISHERIES AND THE DEPARTMENT OF CONSERVATION.

The CCSBT (Convention for the Conservation of Southern Bluefin Tuna) has had to address allegations of significant over-catch over an extended timeframe by both the Japanese and Australian industries. The CCSBT Commission meeting in 2006 agreed to reduce the TAC (Total Allowable Catch), with most of the cut being borne by Japan in recognition of its need to redress earlier over-catch.

INTERNATIONAL COOPERATION

SeaFIC has maintained its active involvement in the work of ICFA (International Coalition of Fisheries Associations). Under its umbrella, SeaFIC participated in international discussions in the United Nations to improve fisheries governance. Owen Symmans (CEO, SeaFIC) and Vaughan Wilkinson (Sanford Ltd) represented SeaFIC at ICFA's annual meeting in November 2006.



SCIENCE

SUPPORTING CSOS

SeaFIC provided substantial support for a wide range of stakeholder activities in 2005-06. Extensive technical input and operational management advice was provided to CSOs in support of various discussions with and submissions to MFish and DOC (Department of Conservation). Areas covered included protected species, TAC adjustments, regulatory changes, fishery certification, fishery planning and research planning.

RESEARCH PLANNING

SeaFIC continued to take a central role in the annual research planning processes led by MFish and DOC. We were involved in the majority of MFish Research Planning Groups throughout the year, having an influence on medium term research planning and on the nature and extent of projects selected for consideration by the Research Coordinating Committee.

In conjunction with CSOs, SeaFIC prepared a substantial submission on MFish research, and the proposed research projects. We also managed industry input into proposed cost restrictions for cost recovered research projects.

FISH STOCK SUSTAINABILITY

SeaFIC engagement in all MFish working groups throughout the year was ongoing, taking an active role in many assessments, report writing and influencing the form and content of the final plenary reports. Our underlying aim remained unchanged; to ensure that, to the greatest extent possible, MFish processes and working group outcomes are fair and objective, and provide a sound basis for fishery management decisions. SeaFIC was fully engaged in subsequent management discussions regarding sustainability measures.

ENVIRONMENTAL CONSIDERATIONS

SeaFIC has an active role in initiatives to implement practical seabird and marine mammal by-catch mitigation, as well as in DOC and MFish processes concerning protected species. We have provided technical support and advice to CSOs on a range of protected species matters and made substantial input to a range of consultations and submissions.

POLICY

PROTECTING PROPERTY RIGHTS IS HIGH PRIORITY

Incomplete property rights frameworks remain a challenge for the industry. Major government policy initiatives that could provide greater certainty for marine resource users have been subject to ongoing delays – for example, the Oceans Policy and key elements of the Marine Protected Areas Policy. Against this background, SeaFIC continues to look for opportunities to improve the security of property rights.

Initiatives in 2006 included developing an agreed industry position on allocating shared fisheries and liaising with the recreational sector to look for ways of improving the management of shared fisheries. SeaFIC joined two precedent-setting Maori Land Court cases to ensure that the industry's interests are protected when applications for customary rights orders are made under the Foreshore and Seabed Act. Through discussions with MFish, we have also successfully addressed a number of industry concerns about the implementation of mataitai reserves.

FACILITATING INDUSTRY DEVELOPMENT

It is encouraging to see ongoing government support for seafood industry development initiatives. A highlight has been the successful completion of the Aquaculture Sector Strategy. Implementing the Strategy will require changes in the way the industry organises itself and its relationship with government.

Other industry development initiatives of note this year have been the completion of most of the Tools for Collective Action pilot projects, and input to the government's Food and Beverage Taskforce.

FOCUS ON IMPROVING GOVERNMENT SERVICE DELIVERY

One of the industry's biggest concerns is to ensure that government services funded through cost recovery levies are driven by agreed fisheries management outcomes, and are delivered in a way that provides good value for money. SeaFIC continues to work with MFish and other agencies in pursuit of this objective. The delivery of MFish observer services and research services has been our focus this year. While some progress has been made, this remains a priority work area for SeaFIC.

INITIATIVES IN 2006 INCLUDED DEVELOPING AN AGREED INDUSTRY POSITION ON ALLOCATING SHARED FISHERIES AND LIASING WITH THE RECREATIONAL SECTOR TO LOOK FOR WAYS OF IMPROVING THE MANAGEMENT OF SHARED FISHERIES.

IMPLEMENTING LEGISLATION

Implementation of the new legal framework for aquaculture continues – albeit more slowly than the industry would like. SeaFIC has participated in the implementation process by leading the development of industry policy on bonds and coastal occupation charges. The industry succeeded in generating a climate of confusion that has resulted in regional councils withdrawing their proposals for coastal occupation charges. We also joined declaratory judgement proceedings to clarify whether marine farms are subject to rates, and provided legal advice to assist the aquaculture sector with issues such as biosecurity responses and ownership of biotoxin data.

Implementation of fisheries legislation has been mixed this year. While there has been progress in some areas (for example, MFish consultation on the recommendations of the Joint Working Group on Deemed Values), other essential reforms have been subject to further delays, including the review of cost recovery rules and the development of standards for fisheries management. In spite of uncertainty around industry roles in fisheries plans, SeaFIC continues to work with



CSOs on various industry fishery management initiatives, including providing advice and support for the development of fisheries plans, where appropriate.

REPRESENTING INDUSTRY

SeaFIC continues to provide input to routine government consultation processes on behalf of the industry, including MFish's business planning, cost recovery, regulatory, and sustainability processes, the Conservation Services Programme, and ACC levies. This year we also submitted on – among other things – more new QMS species, carton weight proposals, new ACC risk categories, and reviews of deemed value policies and amateur fishing regulations.

Environmental issues remain high on the agenda, with issues that cross between fisheries legislation and conservation legislation requiring particular attention. SeaFIC submitted on a draft sealion population management plan, the review of the Seabird NPOA (National Plan of Action to Reduce the Incidental Catch of Seabirds in New Zealand Fisheries), and proposals to protect the great white shark.

In a quiet year for new legislation, we submitted on the Maori Purposes Bill, which tidies up legislation relating to the aquaculture and fisheries settlements.

COMMUNICATIONS

The industry communications strategy has a key objective to promote the industry and New Zealand seafood as sustainable, as well as the benefits New Zealand seafood provides to New Zealanders' health, economy and society. The 'New Zealand Seafood. The greatest meal on Earth.' campaign was launched to

assist in re-connecting Kiwis with our industry and to combat the inaccurate claims from industry detractors. Point of sale material and a consumer website are part of the campaign (www.greatestmeal.co.nz) and feature sections on how to choose, handle, prepare, store and cook seafood as well as health and nutrition information, and seafood characteristics.

Information about the industry, to raise awareness and help consumers value the industry, is woven into all aspects of the campaign.

By focusing on raising awareness and increasing understanding about the industry, the marine resource and the principles of sustainable development to consumers, this in turn will impact politicians who influence and decide policies that affect the future of the industry. This, coupled with our communications strategy, will help industry to strengthen its position by building and maintaining public opinion over the long term.

Major strands of our communications strategy include media and event management, and relationship building. In the 2005-06 year, SeaFIC organised a one-day fieldtrip incorporating aquaculture, processing and vessel operations and provided an experiential briefing for senior government officials and advisers, and members of the media. This was an opportunity for decision-makers and media to have a 'hands-on' day with the seafood industry in Nelson and the Marlborough Sounds and provided industry with relationship building opportunities. Numerous articles resulted from the fieldtrip and this has led to further articles by writers with a greater understanding of the issues and knowledge of contacts within the industry.

SeaFIC provided important media and event management for 'Kingfish Go Wild', 'Poaching is Theft', SITO/NZKS Aquaculture Diving Graduation and the Kahawai Challenge projects. Numerous media releases and responses were provided on many issues throughout the year and it is pleasing to see increasingly positive, factual and balanced reports on our industry by the media as a result.

Advice and assistance with communications was also provided to industry organisations and members throughout the year.

While our capacity to manage communications has increased significantly over the last year, the challenges confronting the industry have equally grown. SeaFIC



communications will continue to be an important part of our strategies for issues as far-ranging as the Shared Fisheries paper, proposed changes to the Fisheries Act, BPAs, public and political lobbying, seafood and health issues, environmental issues, and many other topics.

TRAINING

The Seafood Industry Training Organisation's work is funded primarily by the Tertiary Education Commission with crucial support of industry participants who contribute towards training activities. Training volumes have continued to grow over 2006. This has necessitated employing some additional staff. Barbara Johnsen resigned in September 2006 as General Manager and has been replaced by Martyn Baker, who has had extensive industry training experience.

MODERATION AND QUALITY

SITO has now appointed a dedicated moderation and quality systems manager, enhancing the focus on quality of training. Moderation workshops held throughout the year have fostered good practice assessment through networking and discussion. All 14 active training providers were visited as part of a moderation process to evaluate the quality of assessment.

The SITO Quality Manual has been documented and posted on the SITO website and the SITO Accreditation and Moderation Action Plan (setting out quality standards for training delivery and assessment) extensively reviewed in consultation with clients. Both of these activities demonstrate a commitment to improving

stakeholder relations, transparency in operation and ensuring quality practices are applied in all our dealings.

SITO, along with five other Industry Training Organisations, has participated in the 'Descriptor Bank' project. The project, funded by TEC, was designed to help ITOs describe the workplace literacy that trainees need to successfully participate in industry training and achieve NQF Level 1–3 unit standards, primarily in manufacturing and processing.

FISHING AND VESSEL OPERATIONS

The vessel operations sector has been heavily involved in the development, implementation and ongoing support of the FishSAFE programme. The programme, designed to raise safety standards and promote best practice amongst the inshore fishing fleet, has had encouraging uptake since commencing.

A new course for paua diver certification has been developed in partnership with industry to fill a need in the workplace. Strong relationships exist with Maritime New Zealand and communication is continuing over the structure of statutory tickets to make them more user-friendly.

MAORI

SITO has continued to expand its capacity to build and recognise Maori capability. A National Certificate in Seafood Maori (Customary Fishing Management) was developed for training of Tangata Kaitiaki/Tiaki and Tangata Whenua. New standards are under development concerning ACE Fishing and Trading and statutory responsibilities of Mandated Iwi Organisation and Asset Holding Company Director's, in terms of the Maori Fisheries Act 2004.

AQUACULTURE

The aquaculture sector strategy has highlighted the importance of investment in training and education, and the ability of the sector to attract and retain a skilled workforce. A project was completed to assist small to medium sized aquaculture companies in the development of resources and implementation of SOPs (Standard Operating Procedures) and related training programmes. The objectives of the project were to integrate SOPs and HM (Hazard Management) into daily operations on the farm and tailor training to the SOPs and HM.

Information resources were revised to clarify and dis-

COMPARISON OF TRAINING STATISTICS TO 30 SEPTEMBER 2006

	2004	2005	2006
Number of employers with trainees	345	419	418
Number of trainees	2456	2941	3666
Qualifications achieved	188	123	178
Training at Level 4 and above	34.3%	40%	30.4%

tinguish between mandatory legislative requirements, approved codes of practice and other qualifications designed by industry as recognition of excellent work practices.

SEAFOOD PROCESSING AND RETAIL

As part of the 'Competitive Manufacturing Initiative', SITO is collaborating with a collective of manufacturing ITOs to introduce unit standards and qualifications designed to enhance productivity through a process of continuous improvement and waste reduction. Other industries have achieved outstanding improvements in productivity through adopting Competitive (Lean) Manufacturing processes and the programme offers exciting possibilities for the seafood industry. Competitive Manufacturing unit standards, qualifications and learning resources are now available to the seafood industry.

In cooperation with Sealord and the Seafood Processing Advisory Group, SITO has completed a project to comprehensively describe the roles and skills required in a processing operation and link these to unit standard outcomes. This information can now be used by seafood companies to complete position or role descriptions and identify training to progress employees through career pathways. In response to the need for role specific qualifications, unit standards have also been developed for quality assurance, cleaning and packing staff.

Retail training has increased substantially over 2006. This included a programme for Progressive Enterprises, with Seafood Bar personnel achieving an NZQA level

2 National Certificate in Seafood Retailing. This has already reaped benefits in terms of sales volume in participating outlets. Going forward there is a challenge to encourage and inform the wider retail and wholesale sector of the opportunities and rewards of training.

CONCLUSION

I wish to thank the SeaFIC Board for their contribution and support during the year, with their guidance and experience yet again proving invaluable. My sincere thanks also to all the Commercial Stakeholder Organisations and other industry participants, who have provided support and assistance with SeaFIC's work throughout the year. And lastly, to my team, thank you for your efforts. At times, this year has been extremely trying and your commitment to the industry and your work has been unflinching.



Owen Symmans
Chief Executive
New Zealand Seafood Industry Council Ltd





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