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The Office of the Auditor General's study of the management of fish resources

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The Ministry of Fisheries

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1 INTRODUCTION

The prime objective of the fisheries administration is to implement a fisheries and aquaculture policy that promotes increased value adding in a profitable and sustainable fishing and aquaculture industry. This will create a foundation for viable communities, employment and development along the coast of Norway. The Storting has emphasised that the fishing industry is important in many communities along the entire coast from north to south, and believes that this must form the basis on which policy instruments are designed. It is a goal of the resource management to facilitate a sustainable exploitation of resources. This is a precondition for attaining the other goals of the fisheries sector. Resource control is a useful instrument and a fundamental precondition for achieving the aim of profitable and sustainable management of the resources.

The fish stocks are important national and international natural resources for whose optimal management Norway has co-responsibility. Preservation of the natural and environmental assets and maintenance of the potential for income and employment are central considerations that must be safeguarded.

The Ministry of Fisheries' budget is relatively small, while the industry that it regulates is of great economic significance. The fishing and aquaculture industry is Norway's second largest export industry after oil and gas, with an export value of NOK 28.7 billion in 2002.

The objective of the Office of the Auditor General's study was to assess whether management of the fishery resources is in accordance with the goal of protecting the framework conditions for a sustainable and profitable fishing industry. Four main issues were studied:

- The extent to which the resource management is in accordance with the goal of ensuring sustainable fish stocks and a lasting high return from the resources
- The extent to which the Administration's use of instruments promotes the goals of a profitable, geographically diverse and varied fishing fleet
- The extent to which the authorities' monitoring activities have helped achieve the goal of a more effective resource management
- The extent to which the Ministry has observed the requirements in the Financial Management Regulation for the Central Government concerning definition of targets and performance requirements and obtaining reports about achieved results and effects, in the areas of resource management, distribution of resources and resource control

The audit criteria were presented to the Ministry of Fisheries when the study was started. The Ministry suggested several changes in the audit criteria. Most of these changes have been accepted and incorporated. In a letter dated 31 March 2004, the draft study report was presented to the Ministry of Fisheries for review and comment, and in a letter dated 28 April

2004, the Ministry made a statement about the report. The comments received were considered and where appropriate incorporated into the report, if they were relevant to the audit questions and the study in general. The Ministry's comments have been reproduced in section 3 below. The study report is enclosed as a printed appendix.

2 SUMMARY OF THE STUDY

The Office of the Auditor General's study was carried out by means of document analysis, interviews, a questionnaire survey and statistical analysis. The study of the resource management was based on analysis of reports and estimates from the International Council for Exploration of the Sea (ICES)¹ and the Institute of Marine Research, of exploitation strategies from the Norwegian Directorate of Fisheries and on minutes of discussions from the Ministry of Fisheries. The study of capacity reduction and distribution of resources is based on analysis of statistics from the Directorate of Fisheries about the capacity, structure and geographical distribution of the fishing fleet. As part of the study, developments in the technical capacity of the deep-sea fishing fleet were examined using external consultants. To shed light on the extent to which risk assessments are a central part of the monitoring work, and whether the assessments are documented, a questionnaire survey was carried out at the Directorate of Fisheries' head office and at nine regional offices, and also at the Norwegian Coast Guard and the six fish sales organisations.

2.1 Resource management

The study is based on the assumption that the management of fishery resources uses scientific recommendations as its starting point when weighing the various different considerations against one another. A comparison of the quotas with the biological recommendations from the International Council for Exploration of the Sea (ICES) for the six most commercially important breeds of fish gives a mixed picture. For cod, haddock and saithe, the quotas were set higher than the biological recommendations concerning maximum harvest throughout the entire or most of the period 1998–2003. For cod, the quotas were considerably larger than the recommended levels at times, between 27 % and 255 %. The quotas for saithe, which Norway sets alone, corresponded to the Norwegian Directorate of Fisheries' recommendations, but were larger than ICES' recommendations. For capelin, the quotas remained within the recommended limits throughout the entire period. The quotas for mackerel and Norwegian spring-spawning herring were smaller or the same as the recommendations in some years and larger in other years.

The estimates from ICES indicate that all the six fish stocks² encompassed by the study are in a biologically sustainable condition. The spawning stocks are above the minimum biomass levels linked to stock collapse or poor recruitment. Sustainable management also entails that the annual harvest from the stock ought not to exceed the growth, since over time this will weaken the stock. This study shows that the stocks of Norwegian Arctic cod and haddock have had periods where the spawning stock was significantly reduced for several years running, which would suggest that the harvest had exceeded a long-term sustainable level for these two stocks. The situation for saithe, mackerel and herring is more positive and stable.

¹ The International Council for Exploration of the Sea.

² Norwegian Arctic cod, Norwegian Arctic haddock, saithe north of 62° N, Norwegian spring-spawning herring, mackerel and capelin.

For three of the six stocks, the quota decisions, which are either negotiated decisions made by Norway in consultation with other countries (Norwegian Arctic cod and haddock) or decisions made by Norway alone (Norwegian Arctic saithe), were above the biologically recommended maximum harvest throughout the entire or most of the period covered by the study. This increases the risk of the stocks not being sufficiently rebuilt. It can also increase the vulnerability of the stocks in relation to natural fluctuations in the spawning stock.

It is also assumed in the audit that the fisheries administration must take into account scientific uncertainty and unpredictable natural fluctuations in stock sizes when deciding the total quotas, so that there is a reasonable certainty that the stock size will remain above a sustainable level. Although the quota decisions for several stocks were above the biologically recommended maximum harvest at the time the decision was made, subsequent calculations of stock sizes have shown that the six stocks have been above the precautionary safety limits. The most important exception was Norwegian Arctic cod, where the spawning stock was below the precautionary safety limit in the period 1998–2001. It is also an objective that the advisory function and the administration take into consideration the fact that stocks affect one another, and that decisions must therefore be based on multi-stock analyses. This target was seldom met. For four of the six stocks (cod, herring, saithe and mackerel), the advisory function and the administration did not consider how the stocks affected one another.

Binding international collaboration plays a decisive role in the ability to manage the resources in a sustainable manner and monitor the total harvest of fish. This study shows that the Norwegian administration largely observed the provisions in the UN convention about developing and participating in international management regimes. Binding collaboration has been established, with joint management strategies and a mutually agreed allocation key for three of the six stocks encompassed by the study (Norwegian Arctic cod, haddock and capelin). For the other two stocks (Norwegian spring-spawning herring and mackerel), the parties have agreed on the management strategy, but there is no fixed allocation key so allocation is negotiated from year to year.

It is an objective to facilitate lasting high returns from the resources. This study shows that the fisheries administration did not give priority to work on updated analyses that included the relationship between biological and economic factors and that could indicate which level of exploitation would give the greatest economic profit. For three of the six stocks (haddock, mackerel and capelin), there were no updated calculations of the optimum level of exploitation. For two of the stocks (cod and saithe), levels of exploitation were calculated in the study period, but the quota decisions were not based on them. For Norwegian spring-spawning herring, a range was indicated for the assumed optimum level of exploitation, and in recent years the quota decisions were within this range.

This study shows that there is no clear relationship between catch size and first-hand revenues for Norwegian fishermen. When it sets the quotas, the Ministry of Fisheries assumes that the goal of good returns will be achieved through large volumes. Nevertheless, the quotas are decided without analysing how the set quantity will affect the financial profits of the industry. It is therefore difficult to assess the degree to which the goal of good returns is being met.

2.2 Capacity reduction and distribution of resources

Although it has been a goal for many years to reduce the capacity of the fishing fleet, this study shows that capacity has in fact increased. In the period 1990–2002, the number of

vessels in the coastal fishing fleet³ (that takes part in the restricted fishing for cod, haddock and saithe north of 62° N) decreased by 24 %. At the same time, technical capacity increased by 30 %⁴. This study shows that the number of vessels in the deep-sea fishing fleet⁵ decreased by 29 % in the period 1988–2003, while the technical capacity increased by 72 %.

Although quotas have been introduced to limit catches, vessel owners have nevertheless chosen to increase their catch capacity. This might indicate that the optimum investment level for the individual vessel owner does not correspond to the optimum level for the fishing fleet as a whole. It appears that the policy instruments used to reduce the number of vessels and limit the expansion of vessels have not been sufficient or have been practised in such a way that the goal of reducing capacity has not been achieved. The findings may indicate that the Ministry of Fisheries attached too much importance to the number of vessels in its efforts to reduce capacity, compared with other factors that affect capacity. The Ministry of Fisheries stated that the regulations have been worded in such a way that fishermen must be economical, rational actors, building vessels according to their own earnings potential. It can be queried whether the policy instruments and the regulations take sufficient account of the discrepancy between individual and societal profitability.

The Norwegian fishing industry is dominated by small and medium-sized units. It is a goal to maintain and promote a varied structure within the fishing industry. Although the number of vessels in the coastal fishing fleet and the deep-sea fishing fleet decreased in the period 1990–2002, the relative distribution remained stable. The deep-sea fishing fleet constituted 2–3 % of the entire fleet in the study period. There has been a tendency towards larger length classes in both the coastal and the deep-sea fishing fleet, and this might indicate that the vessel groups are becoming more homogeneous.

The allocation of the national quotas between the various different length and gear classes is the most important policy instrument in the work of maintaining the varied fleet structure. This study shows that the proportional distribution of the catch between the coastal fishing fleet and the deep-sea fishing fleet was relatively stable in the period 1990–2002. The deep-sea fishing fleet is responsible for a little under 80 % of the total catch, and the coastal fishing fleet slightly over 20 %. The total catch increased by 72 % in the same period.

Report no. 51 to the Storting (1997–98) refers to the fact that it is a central objective of Norwegian fishing policy to increase profitability and value-adding in the industry and thus ensure viable communities and employment along the coast. In Recommendation no. 93 to the Storting (1998–99), the Standing Committee on Business and Industry stressed that “the fishing industry is important in many communities along the coast from north to south, and (the committee) believes that this must be taken into account when designing policy instruments”.

A variety of different instruments are used to promote the objective of geographical dispersion along the entire coast. The quotas and catches of the fleets that are registered in the different counties are largely the result of the composition of the fleets, because the total quotas are distributed according to vessel length and gear class, not according to county. In the current system, it is therefore through access restrictions that the objective of geographical dispersion can be safeguarded.

³ The coastal fishing fleet consist of vessels under 28 metres long.

⁴ Technical capacity is calculated on the basis of the number of vessels, their size, engine power and fishing gear.

⁵ Vessels over 28 metres long.

This study reveals a complex picture of the developments as regards geographical dispersion. It seems that the design and implementation of the instruments has benefited the coastal districts to varying degrees. Møre og Romsdal and Hordaland are the two counties where the largest catches were caught in the period 1990–2002. In both counties, in 2002 total catches were registered of 750 000–800 000 tonnes. This is followed by Nordland with 400 000 tonnes. The other counties had total catches of between 100 000 and 200 000 tonnes. In respect of the developments in catch sizes in the period, again it is Hordaland, Møre og Romsdal and Nordland that saw the greatest increases in catch size. 75 % of the total increase in the annual catch came from vessels from these three counties, while 17 % came from Finnmark and Troms. The same three counties also dominate in terms of level of and increase in catch value in the period 1990–2002.

In several contexts, the regulations for participation in the fisheries refer to “regional considerations”, but the Ministry of Fisheries has rarely defined in concrete terms what this phrase is supposed to mean in the different schemes. For example, the Norwegian Directorate of Fisheries has interpreted the objects clause of the Participation Act to mean that access to fisheries shall primarily be granted regardless of where the fisherman comes from or where the boat is registered. On this basis, it can be queried whether the Ministry has clarified the premises for the fisheries administration’s application of the regulations sufficiently in this area. Furthermore, it can be queried whether the consequences of the regulations’ application for the geographical dispersion of the fishing fleet ought not to have been examined.

2.3 Resource control

The study is based on the assumption that the Directorate of Fisheries ought to adhere to a systematic process for identifying, analysing, prioritising and handling risk linked to resource control. This study shows that the Directorate did not develop any joint overall risk criteria ensuring that the various different control authorities share a common frame of reference in their assessment and management of risk. The Directorate generally carries out risk analysis as an oral, informal process in the form of contact on the top management level in the sector. The various phases of the process lack written documentation, structure and system. The Directorate of Fisheries has no fixed procedures for the extent to which, and if so how, detected risk shall be dealt with.

For all control authorities, systematic risk assessments must be regarded as an important tool for attaining the goals of efficiency and effectiveness. This task is particularly important for the central administration of the Directorate of Fisheries, since the Directorate is charged with giving advice to and co-ordinating the regional offices and the other supervisory bodies. The Directorate of Fisheries has compiled an extensive manual for the individual inspection activities, but this cannot replace the need for systematic plans and measures on a superior level to co-ordinate the different inspection activities in a wider context.

The control authorities were not able to present overviews demonstrating the relationship between identified risk, priorities and distribution of resources. It can be queried whether the Directorate’s risk assessments provide an adequate basis on which to make decisions regarding prioritisation of inspection activities and channelling resources in accordance with the goal of effective resource control. Pressing tasks in the day-to-day operations also entail a different distribution of the resources than the risk assessments would suggest.

The Directorate stated that it possesses a lot of information that it is not able to use in its control work. It can be queried whether the lack of structure and system in the risk assessments prevents efficient exploitation of the potential inherent in all the information and expertise that the Directorate possesses.

Each year, the sales organisations confiscate considerable sums of money in connection with quota overruns and other violations. In 2001, confiscated catches came to a value of NOK 76 million, and the figures rose sharply during the study period. Confiscated funds accrue to the sales organisations and can be spent on resource control. The Ministry cannot account for what happens to the seized funds if they are not spent in accordance with the objectives and time limits laid down by the regulations.

The fish sales organisations have a statutory duty to report to the Ministry on the size of the funds they have confiscated and how these funds have been spent. Only one of the six sales organisations submitted such reports each year in the period 1998–2002, while three of the sales organisations had not submitted reports in any of these years. It can be queried whether the Ministry's follow-up of the sales organisations' reporting duty and application of the confiscated funds is sufficient. On 3 May 2001, the Minister informed the Storting that the sales organisations would be ordered to spend the confiscated funds exclusively on strengthening their resource control. This statement was followed up in connection with the Ministry of Fisheries' collection of measures to improve its resource control presented in Proposition no. 1 to the Storting (the Fiscal Budget) (2001–2002), where the Storting was informed that the sales organisations were to be ordered to use the confiscated funds to improve their inspection activities. As of December 2003, this order had still not been implemented.

2.4 Management of subordinate agencies

The study is based on the assumption that in its management of subordinate agencies, the Ministry sets and, as far as possible, further defines the objectives for the activities using performance requirements. Performance requirements shall be concrete to ensure that it is possible to report on attainment of goals and assess any instances of non-compliance. This study shows that the performance requirements found in the management documents are of a qualitative nature and contain few concrete target figures. It also shows that the Ministry of Fisheries and the Directorate of Fisheries rarely use performance indicators.

This study reveals that the reporting from the Ministry of Fisheries' subordinate agencies tends to focus more on giving descriptions of which activities had been carried out than on the results and attainment of targets. There are therefore grounds for asking whether the Ministry ought not to attach greater importance to further defining the objectives in its management documents through performance requirements, at the same time setting clear requirements that the reporting shall contain assessments of the results and attainment of targets, as is presupposed in the Appropriations Regulations.

The Ministry is responsible for evaluating whether the goals of the agency's activities are being met. This study shows that the Ministry of Fisheries had not evaluated the regulations and various different schemes to any great extent. No systematic and documented evaluations had been carried out of the resource control. With regard to the distribution of resources, no systematic analyses had been undertaken to ascertain whether the regulations and other regulatory measures functioned as intended. Nor had the Ministry evaluated the capacity-

reducing schemes for the fishing fleet. The Ministry thus possessed little documented and systematised knowledge about the impact of central instruments intended to contribute to sustainable management of the fishery resources. It can therefore be queried whether the Ministry ought not to strengthen its management information through more systematic use of evaluations as a supplement to the empirical knowledge found in the fisheries management.

3 THE MINISTRY OF FISHERIES' COMMENTS

In a letter dated 28 April, the Ministry of Fisheries made a statement regarding the Office of the Auditor General's report.

3.1 General comments

The Ministry finds that the study report generally provides a good description and analysis of the Norwegian fisheries management, although it is, in the Ministry's opinion, somewhat narrow in relation to the fisheries administration complex as a whole. The Ministry nevertheless finds that, within these delimitations, the report generally gives accurate descriptions and relevant assessments of central aspects of the management of fishery resources, and that the report may be given the status of an important work tool for the fisheries administration in the future. The Ministry recognises the necessity of delimiting the study, but would point to the risk of overlooking important and relevant topics by doing so, and believes that the report must be read with the limitations this entails.

The analysis describes how Norway shares its most important resources with other nations, but, in the Ministry's opinion, attaches too little importance to the consequences, challenges and balances this entails for Norway in terms of its opportunities for setting, carrying out and monitoring mutually agreed management decisions. As an example, the Ministry would note that the main supervision challenge in the Barents Sea in recent years has been detecting and establishing measures to counteract inadequate monitoring of cargo transfers from Russian fishing vessels. Other examples are the collaboration processes vis-à-vis the EU and Russia to achieve a harmonisation of the rules for reporting, conversion factors and weighing. Ideally, in the Ministry's opinion, the study report ought also to have examined how other countries with which we share the resources exercise their supervision of the fishery resources.

The Ministry finds that the part of the report that deals with resource management ought to a greater extent to have discussed management measures intended to improve the exploitation pattern. Technical regulatory measures and an active policy concerning the exploitation pattern and dumping of fish are central elements in Norway's resource management. The Ministry also refers to the collaboration on the supervision of joint stocks between Norway and its neighbours.

The management of fishery resources is a discipline that has mostly developed in the wake of the 1977 extension of the exclusive economic zone to 200 nautical miles. This has been a period of sudden development where many problems have been resolved for good or at least temporarily, but where ever new challenges appear and will continue to appear in the future. The Office of the Auditor General's study is retrospective and does not really do justice to the dynamic to which the management system is constantly exposed. The Ministry believes that a more comparative analysis of the resource management in selected countries would have illuminated these kinds of problems better.

In the Ministry's opinion, it is understandable that the Office of the Auditor General has chosen to delimit the study to the seaward side and the administrative activities aimed at the practical aspects of fishing. However, according to the Ministry, the picture drawn is incomplete when the landward side and the structure of the processing sector are excluded, especially since the report attaches such great importance to economic value adding.

The Ministry would refer to the introductory discussion in the report of materiality and risk in the management of the fisheries and considers it a valid observation that the fisheries administration has few resources compared with other administrative areas, despite the fact that it regulates the nation's second largest export industry after oil and gas.

The Ministry would like to point out that the use of terminology within oceanography and fisheries management is often rather imprecise. Even the Office of the Auditor General's report might have benefited from a more stringent use of the word "management". As the Ministry interprets it, management means controlling and regulating the human activities. Through management of the human activities, it is possible to affect the development of a fish stock, but it is not possible to manage the stock, species or ecosystem as such.

3.2 Resource management

In an assessment of the extent to which Norway can be said to have exercised sustainable management of a stock of fish, a line must be drawn between stocks that Norway manages alone and stocks that Norway manages in collaboration with one or several other countries. The Ministry holds that the assessment part of the report does not attach sufficient importance to the fact that fisheries management and determination of the total quotas is largely the result of international negotiations about common stocks that Norway shares with other states. The quota levels that Norway helps decide are not necessarily in accordance with the Norwegian mandate or political objectives, but are the outcome of negotiations with other nations. If an overall assessment has suggested that the proposed agreement is a better alternative than no agreement at all, then Norway nevertheless enters into the agreement.

The Ministry refers to the fact that the study of the resource management is limited to the six most important stocks for the Norwegian fishing industry. In the Ministry's opinion, it must be concluded that the management of these resources has been relatively successful. The resources have yielded good returns in the audited period, and for all six stocks (apart from capelin), the spawning stocks are now judged to be well within the safe biological limits. However, if we look at other stocks than the six economically most important stocks, there are still a number of examples of stocks that are not in a similar good condition. In this context, the Ministry would make reference to demersal stocks in the North Sea and coastal cod, anglerfish, redfish, ling and tusk. There are considerable challenges here for Norwegian and international management of these species in the years to come.

With regard to the report's conclusion that the quotas for cod have at times been well above the recommended levels, the Ministry would like to add that the principles for the biological advisory function varied during the study period. In the Ministry's opinion, this explains a large part of the difference of 255 % between the set quota and the recommended quota for cod in 2000.

In terms of the goal of good, long-term profits, the Ministry would refer to the fact that the optimum level of exploitation has been calculated for three of the stocks: Norwegian Arctic cod, Norwegian Arctic saithe and Norwegian spring-spawning herring. The Ministry would

also refer to the fact that quotas will deviate from the optimum level of exploitation, because the quotas are a result of international negotiations where the different countries also have different approaches to balancing short-term and long-term priorities. The exploitation strategies for Norwegian Arctic cod and Norwegian spring-spawning herring have taken account of the fact that increasing catch sizes can lead to falling prices and that reduced quotas can trigger a rise in prices that yields the same or greater revenues as higher quotas.

3.3 Capacity reduction and distribution of resources

The Ministry would particularly like to draw attention to the Office of the Auditor General's description and assessments of the various schemes and measures linked to catch capacity, which point to a considerable and lasting increase in the technical capacity of the Norwegian fishing fleet. The Ministry refers to the fact that it has been a political objective to give greater freedom to the individual actor in terms of adapting his operating equipment. As a result of technological developments, which mean greater catch efficiency for each individual operating unit, technical capacity has increased, despite the fact that the number of operating units has been reduced by schemes introduced by the authorities.

In its comments on the report, the Ministry of Fisheries would also refer to the discrepancy between individual profitability and socio-economic profitability and would suggest that a resource tax might be an effective means of achieving a capacity-adapted fleet.

In the Ministry's opinion, there is a loss of important nuances regarding the distribution of resources and trends therein, both between fleet groups and between regions, because the report has not distinguished between pelagic and demersal fish. Since the study treats all the stocks together, the effect of the distribution is lost, which takes account of the fact that the different stocks have developed differently in the period of comparison, and conclusions are drawn despite important elements not having been illuminated.

With regard to the geographical distribution of catches and catch value, the Ministry would like to point out that the catch rights for the various different species are not evenly shared between the counties. Changes in catch size and catch value in the different counties will therefore reflect changes in the quota levels for the different species. This affects the comparisons between 1990 and 2002 done in the report. In 1990, the cod quota was low, which was particularly felt in the northernmost counties, while relatively large amounts of herring and blue whiting were fished in the period, especially noticeable in Hordaland's catch and value share.

The Ministry finds that the tables showing the distribution of the increase in the total catch and total value have limited value in the context of an audit, because the entire allocation system is based on an allocation of quota shares for the different stocks according to vessel groups, where the shares are only affected by the size of the total quota in exceptional cases and then only marginally. The distribution of the total catch value between the north of Norway and the south of Norway has remained unchanged in the period from 1990 to 2002.

3.4 Resource control

The Ministry of Fisheries accepts that there is inadequate written documentation in its work on resource control, but states in its response to the Office of the Auditor General that up to now this has been a deliberate prioritisation on the Ministry's part, in the light of available resources.

In its response, the Ministry points out that the Office of the Auditor General's study has a strong focus on risk-based control work. In the Ministry's opinion, the auditor focus on the lack of formality and written documentation in the control work in such a dominant way that other aspects of the resource control are not adequately illuminated. It is important for the fisheries administration to point out that risk assessment and risk planning have been performed, although there is not the desired scope of written documentation of these activities. The Ministry would like to add that resource control is exercised in line with this kind of thinking and believes that the fisheries administration has good insight into the risks that exist in the control area. In the Ministry's opinion, the ongoing dialogue between the supervisory bodies about how to deal with individual cases and topics, and the prioritisation of a close collaboration with the police, prosecution authorities, customs and excise, and the revenue service, have made important contributions to improving the possibilities for managing risk. The Ministry finds that the fisheries administration as a whole has had a smooth, efficient and flexible system for following up and managing risk, even though it has not to date had systems that ensure systematic documentation of the management so that it can be evaluated retrospectively.

In mid-2003, the Norwegian Directorate of Fisheries started a project with the aim of designing a system that could document the risk assessments. This project is currently being wound up, and the Ministry is planning to start using the system in 2005.

In its letter, the Ministry of Fisheries stated that in 2002, some 18 fulltime equivalents more were made available for tasks linked to resource control and quality control in the Directorate than in 2001. The positions were created in order to carry out tasks related to pure resource control. The Ministry stated that in the period 2001–2003, there was a particular need to increase the efforts in the quality area in connection with implementation of the EU regulations and the establishment of the new Norwegian Food Safety Authority. According to the Ministry, the result was roughly similar growth in the areas of resource control and quality control from 2001 to 2002, with approximately nine new fulltime equivalents in each area. The Ministry believes that the overall control resources have been used with a high degree of flexibility between the two areas of activity, and that throughout the entire period there has been good correspondence between actual use of resources in the two areas and the priorities defined in Proposition no. 1 to the Storting and the annual letters of allocation.

3.5 Management of subordinate agencies

The Ministry of Fisheries holds that the study provides a good, clear presentation of the status of the Ministry of Fisheries' and the Directorate of Fisheries' work related to objectives, performance requirements, reporting and evaluation. The Ministry thinks that the lack of performance indicators is primarily due to complex political objectives that make it difficult to formulate good indicators to which concrete performance requirements can be linked. The Ministry would point to this factor as being the most important cause of the lack of performance indicators in the projects to define objectives carried out under the direction of the Ministry of Fisheries.

The Ministry refers to the fact that it has encouraged the subordinate agencies to suggest concrete performance targets and indicators, and that this has also been discussed in the management dialogues, for example at meetings with the subordinate agencies. However, the Ministry has noted that this has not led to the desired results.

The Ministry of Fisheries agrees with the study result that there is inadequate use of performance indicators, and that in some cases, there is no direct relation between the reporting and the individual targets and objectives. The Ministry also agrees with the study findings, that much of the reporting refers to activities that are supposed to help achieve the goals, as opposed to indicating the degree to which the targets have been met. The Ministry refers to the fact that this problem has received attention in the management dialogue and the preparation of Proposition no. 1 to the Storting (the Ministry's budget proposal) in recent years. Developments have been positive, but the Ministry of Fisheries agrees that there is still plenty of room for improvement.

The Ministry states that the greatest challenge with regard to management by objectives in the area of resource management is whether it is possible to define measurement criteria that differentiate between policy and science. The Ministry would like to point out that the study used indicators that do not differentiate between these factors.

This study indicates a lack of systematic, documented evaluations in the fisheries administration. The Ministry agrees that these kinds of evaluations are important as a supplement to available empirical knowledge. At the same time, the Ministry also holds that it is important not to underestimate the importance of empirical knowledge in the fisheries administration.

3.6 Interaction between the topics

The Ministry points out that it is easy to regard questions concerning resource management, distribution of resources, capacity reduction and resource control as separate topics, and that they are treated as such in the Office of the Auditor General's study, but that in reality, they are closely connected. The Ministry refers to the fact that this is clearly demonstrated in assessments of, for example, issues related to excess capacity in the Norwegian fishing fleet. Experts agree that increased value adding in the fisheries necessitates major reductions in capacity, while achievement of other political objectives for the fisheries, such as employment and viable coastal communities, make it difficult to implement these kinds of reductions. Excess capacity also leads to the fisheries administration facing a latent pressure to increase the catch quotas beyond levels that would be rational in the long term, and allocation problems are exacerbated because there is a greater need for quotas than there would have been with a lower catch capacity. This results in a highly detailed regulatory system, which also requires considerable resources for satisfactory monitoring. Excess capacity also leads to ever more stocks coming under pressure and needing to be subject to stricter regulation.

Similarly, the management of resources will have consequences for other areas. If the quotas fluctuate considerably from year to year, this might generate capacity in good years that further amplifies the excess capacity in the fleet. The interaction between the various different areas is therefore a crucial issue and must be ascribed importance when drawing up fisheries policy for the future. The Ministry refers to the fact that the key to realising the industry's potential for value adding – and at the same time contributing to a reasonable and sustainable resource management, simpler regulations and thereby good control – lies primarily in reducing capacity.

The Ministry of Fisheries has noted that the tasks and challenges of the fisheries administration have become more complex in recent years. Increased pressure on the resources because of growing catch capacity increases the fisheries administration's tasks related to regulation of participation and fishing and its control activities. Moreover, the

recently adopted guidelines linked to biological diversity and environmental issues in general entail new requirements for the fisheries administration.

The Ministry finds that the study did not take sufficient account of or examine how the obvious conflicts between the goals defined in fisheries policy have served to restrict the freedom of action in the management of fishery resources. Balancing priorities between the different objectives entails a considerable and persistent challenge for the fisheries administration. The fisheries administration must therefore adopt a broad sustainability perspective where biological, economic and social objectives are included in the definition of sustainability.

4 THE OFFICE OF THE AUDITOR GENERAL'S OBSERVATIONS

The purpose of the Office of the Auditor General's study was to assess whether the management of fishery resources was in agreement with the goal of safeguarding the framework conditions for a sustainable and profitable fishing industry. In carrying out the study, it was necessary to make certain delimitations on the basis of the objective, audit questions, audit criteria and data available for the study. The study of the resource management therefore focused on the six most commercially important stocks. The study looked at the overall exploitation of resources that is done when setting the total quotas, as this is regarded as being decisive for stock developments, while regulations aimed at exploitation patterns, such as use of gear and seasonal regulations, were not considered.

In order to gain an impression of the overall results achieved by the access and harvesting restrictions for the distribution of fishery resources between fleet groups and counties, the study looked at figures for the total catch in light of the Storting's statement that the fishing industry is important in many communities along the entire coast of Norway. Since the design of instruments is to be based on the assumption of geographical distribution of resources, in the Office of the Auditor General's opinion the catch figures that distinguish between demersal fish and pelagic fish are less relevant to the questions encompassed by the study.

The Office of the Auditor General accepts that the management of fishery resources is a broad policy complex, and that the quotas that are set are often a result of international negotiations. Factors other than those that are discussed in the study could have been assessed to give a more comprehensive description of the area. The Office of the Auditor General nevertheless believes that the study discusses and reveals material factors in the management of the fishery resources.

The Office of the Auditor General agrees that fishing is just one of several factors that affect the development of a stock. Natural fluctuations are another factor. The fisheries administration cannot therefore directly affect the stock as such. The Office of the Auditor General would nevertheless like to emphasise that the principle of the precautionary approach entails that the fisheries administration must also take into account unpredictable natural fluctuations when deciding quotas (cf. Report no. 51 to the Storting [1997–98]). This kind of interpretation of the management concept means that it is the resource that is to be managed and not the act of fishing in the narrowest sense.

4.1 Resource management

The study of the stock estimates for the six selected stocks indicates that they are in a biologically sustainable condition, and that, with the exception of cod, they have been managed in accordance with the precautionary approach. The Office of the Auditor General has registered that the Ministry of Fisheries believes that the results indicate that the management of these stocks has been relatively successful.

The Office of the Auditor General's study shows that the quota decisions for Norwegian Arctic cod and haddock have systematically been above the recommendations for maximum harvest. The Office of the Auditor General has noted that the Ministry of Fisheries agrees that this increases the risk of stocks not being built up sufficiently, and increases their vulnerability in relation to natural fluctuations in the spawning stock and uncertainty linked to the biological advice. The Office of the Auditor General is aware that there will always be a certain degree of uncertainty linked to the stock estimates. However, the scientific advice is based on the best available information and methods, and the precautionary criterion entails that the fisheries administration must also take into account scientific uncertainty when setting the total quotas.

This study also shows that the quotas that are decided by Norway in collaboration with other countries or alone are above the biologically recommended levels for three of the six stocks in the study for almost all of the study period. The biological advice varies with time. However, in the study, the quota advice for a stock for a given year was compared with the decision made that year. The Office of the Auditor General therefore holds that varying advice in the period alone does not explain large parts of the discrepancy between the recommended levels and the decided levels, as the Ministry suggests.

This study shows that the Ministry of Fisheries has not followed up its own priorities concerning revising the exploitation strategies that indicate the optimal level of exploitation for the most commercially important species of fish each year. The quota decisions that are taken through international negotiations are made without any analyses of how the volumes decided will affect the financial return. Lasting, high financial returns are a central objective of the fishery policy. Several examples show that reduced annual catches of cod, haddock and herring can actually yield higher income from catches, because the unit price rises. The Office of the Auditor General thus finds grounds for questioning why these kinds of bioeconomic analyses are not undertaken more frequently, when it has been found that both biological and commercial sustainability are improved through a lower-level exploitation of the resources.

4.2 Capacity reduction and distribution of resources

The instruments for reducing capacity in the fishing fleet are aimed at reduction of the number of vessels, partly to allow the individual participant greater freedom to adapt his operating equipment to the quota basis. This study shows that the technical capacity of the fishing fleet has increased considerably, even though the number of vessels has decreased. Against this background, the Office of the Auditor General queries whether the instruments being used are appropriate in relation to the objective of reducing capacity in the fishing fleet. The Office of the Auditor General has noted that the Ministry of Fisheries believes that a resource tax might be a suitable instrument with regard to achieving a fleet adapted to the capacity.

One of the goals of the study was to assess the outcome of the regulatory measures as a whole in relation to the geographical dispersion of the total catch and increase in catch. According to the Ministry of Fisheries, the allocation system is based on an allocation of quota shares for the different stocks to different groups of vessels, where the shares are rarely affected by the size of the total quota. The individual vessel groups have a very different geographical distribution. Against this background, there are grounds for questioning whether the allocation system, where the relative distribution is fixed, promotes fulfilment of the goal of geographical dispersion of the total catch along the entire coast.

4.3 Resource control

The Office of the Auditor General has noted that the Ministry of Fisheries acknowledges that there is a lack of written documentation in the fisheries administration's work on risk assessments in the control work. It is therefore positive that the Norwegian Directorate of Fisheries has initiated work to document the risk assessments in the work on resource control.

The Office of the Auditor General would like to comment that the high degree of oral communication and the lack of system in the Directorate's risk assessments make it difficult to document and assess whether the Directorate's resource control is effective and whether the resources are actually being distributed in accordance with the results of the risk assessments.

The Office of the Auditor General notes that the sales organisations have consistently failed to comply with their statutory duty to submit reports annually to the Ministry about confiscated funds. The Office of the Auditor General has also noted that the Ministry was unable to explain what happens to the funds if they are not disbursed in accordance with the objectives and time limits laid down in the regulations. It therefore seems that the Ministry of Fisheries' follow-up of the sales organisations' reporting duty and application of confiscated funds is not sufficient.

The Office of the Auditor General would like to comment that the sales organisations are not obliged to use confiscated funds to improve control activities, as the Storting was informed they would be by the Minister of Fisheries in 2001 and later in connection with presentation of the action package for improved resource control (cf. Proposition no. 1 to the Storting [2001–2002]).

4.4 Management of subordinate agencies

The Office of the Auditor General has registered that the Ministry of Fisheries believes that the study provides a clear, comprehensive presentation of the status of the Ministry of Fisheries' and the Directorate of Fisheries' work in terms of objectives, performance requirements, reporting and evaluation. The Office of the Auditor General has registered that the work on setting performance requirements and indicators has not to date yielded the desired results. The Office of the Auditor General has noted that the Ministry agrees that the use of performance indicators is inadequate and that the degree of attainment of targets is seldom reported as required by the Appropriations Regulations.

This study has revealed that there are insufficient systematic and documented evaluations in the fisheries administration. In light of the fact that maintenance of the fishery resources in the future will depend on sustainable exploitation of resources, the Office of the Auditor General questions the lack of more systematic evaluations of the impact of central policy instruments.

5 THE MINISTRY OF FISHERIES' RESPONSE

The Ministry of Fisheries replied in a letter dated 8 July 2004:

“This is in reference to your letter dated 14 June 2004 concerning the report “The Office of the Auditor General’s study of the management of fishery resources” and the document to the Storting, “Document no. 3:x”.

I am assuming that this report will become an important tool for the fisheries administration in the future, and that the contents of the document can be used as a basis in a historical context. We have therefore found it necessary in some instances to explain certain circumstances in greater detail. Taken out of context, some of the descriptions might give an incorrect or distorted impression of the reality.

I have noted that the Ministry of Fisheries’ comments in the letter dated 28 April 2004 to the Office of the Auditor General have largely been incorporated into the final version of the study report and/or the draft document to the Storting. The Ministry of Fisheries nevertheless has some general comments that we believe ought to be included in subsequent versions of the documents.

By way of an introduction, I would like to reiterate the Ministry’s comments linked to the use of the terms “fisheries management”, “resource management” and “stock management”. It is fundamentally important that the use of terminology and definitions is clear. The Office of the Auditor General seems to accept the interpretation of the management concept as applying to the management, control and regulation of human activities, but nevertheless continues to use the terms “resource management”, “stock management”, etc. throughout. The fisheries administration can have direct and at times considerable influence on a stock through certain measures – but it cannot manage or steer stock developments as such. The precautionary approach is not aimed at unpredicted natural fluctuations, but at the uncertainty in the calculations and prognoses for stocks. The fisheries administration only has a direct influence on stocks through the regulation of and monitoring of fishing – and a certain uncontrolled indirect influence on the other factors, which are governed by natural events that cannot be managed.

I would also like to draw attention to the relationship between setting quotas and the principle of sustainability. The study report does not mention the obligation to adhere to the principle of sustainability. The documents discuss the relationship between the set annual total quota and the biological recommendations issued by marine researchers (ICES). This is an important aspect of assessment, but the draft document and the study report do not seem to communicate the fact that the recommendations from the oceanographers are based on a range of different conditions that can vary over time. Discrepancies in the quotas set compared with the recommendations may thus be completely acceptable in terms of biology and management. In this context, it might also be pertinent to stress that in the annual quota negotiations, Norway is not familiar with the negotiating partner’s mandate, and there can be quite different priorities and different weighting of the long-term and short-term interests, both in Norway and among our partners. In the Ministry of Fisheries’ opinion, a fuller description of these circumstances would have strengthened the report. In this context, I would refer to the Ministry of Fisheries’ comments in the letter dated 28 April 2004 to the Office of the Auditor General, regarding section 3.1.2, table 4, and section 8.1.1, which were not included in the final report from the Office of the Auditor General. The Ministry of Fisheries’ commented on section 8.1.1 in the letter dated 28 April 2004: “The Ministry would

like to add that the principles for the biological advice have varied during the study period. This explains a large part of the difference of 255 % between the decided quota and the recommended quota for cod in 2000.”

In addition, the phrase “outside safe biological limits” can easily be misunderstood to mean that the stock is in biological danger or facing extinction. On the Norwegian side, we have therefore appointed a working group to review and make recommendations for terminology that will minimise the risk of misunderstandings. ICES has recently, partly as a result of suggestions from Norway, changed the phrase to “the spawning stock biomass is at risk of reduced recruitment”. In our opinion, this new terminology provides a more nuanced and correct description of the status of the spawning stock.

In terms of the geographical dispersion of participation rights mentioned in section 2.2 and in the report in section 5.2.2, the Ministry finds it necessary to underline that the legislation provides the necessary authorisations and that they are used in respect of the geographical allocation of licences and special permissions granted on the basis of Section 12 of the Participation Act. However, there is no corresponding ability to take regional considerations into account in connection with allocation of the annual participation rights granted on the basis of Section 21 of the Participation Act.

I believe that in connection with section 5.4.2, which presents the share of catches by county, it is important to underline that the county shares also reflect the changes in the quota levels of the various different stocks. Without these kinds of explanatory comments, it is easy to misinterpret the tables. One of the Ministry’s comments on section 5.4.2 was as follows: “With regard to the geographical dispersion of catches and catch value, the Ministry would like to point out that the catch rights for the various different species are not evenly shared between the counties. Changes in catch size and catch value in the different counties will therefore reflect changes in the quota levels for the different species. This affects the comparisons between 1990 and 2002 done in the report. In 1990, the cod quota was low, which was particularly keenly felt in the northernmost counties, while relatively large amounts of herring and blue whiting were fished in the period, especially noticeable in Hordaland’s catch and value share.”

I also feel the need to comment on the relationship between pelagic fish and demersal fish. As was stated in the Ministry’s letter of 28 April 2004: “There is a loss of important nuances regarding the distribution of resources and trends therein, both between fleet groups and between regions, because the report has not distinguished between pelagic and demersal fish. Since the study treats all the stocks together, the effect of the distribution is lost, which takes account of the fact that the different stocks have developed differently in the period of comparison, and conclusions are drawn despite important elements not having been illuminated.”

With regard to the sales organisations and application of confiscated funds as described in section 6.4 in the report, I have registered that the Ministry of Fisheries’ comments in the third paragraph have been included in section 6.2.3 of the report. I would like to add that returning confiscated funds on the basis of Section 7 of the Act relating to sea-water fisheries, etc. in the form of equalisation of prices and subsidisation of prices or freight may be appropriate in a regulatory context, and that this consideration is particularly pertinent when the fisheries are underregulated in relation to the fixed group quotas.

I would like to comment that this is a system that was introduced by the fisheries administration as a scheme to prevent overfishing of the fixed total quota, at the same time as parts of the value of the overfished quota on a vessel can be divided and returned to the other vessels in the group. The remaining value of the catch will accrue to the sales organisation for use for supervisory activities etc.

The background for this system is that in pelagic fisheries, it is difficult to decide or estimate with certainty how large the catch will be for each cast of the net. If 100 % of the quota were to be shared out, there would be a greater chance that the quota would be overfished, at the same time as there would be greater incentive to dump catches above the quota.

In connection with confiscation of the excess catch pursuant to Section 7 of the Act relating to sea-water fisheries or of unlawful catches pursuant to Section 11 third subsection of the Act relating to sea-water fisheries, compensation shall be provided for the costs of landing, if the excess catch or the unlawful catch was evidently not deliberate. The compensation shall be set at 20 % of the value of the excess catch or unlawful catch. This does not apply, as already explained above, in connection with confiscation of the excess catch of pelagic species pursuant to Section 7 of the Act relating to sea-water fisheries.

The Ministry of Fisheries has now received updated reports from the sales organisations concerning the confiscated funds and their application for the years 1999 to 2003. The review shows that 96.4 % of all the confiscations were done pursuant to Section 7 of the Act relating to sea-water fisheries, confiscation of catches in excess of established quotas. Altogether, the sales organisations have applied 17.9 % of the confiscated funds for control activities, in other words, also some of the funds confiscated pursuant to Section 7 in the same period.

As regards section 8.1.5 of the study report, it is true that the fisheries administration would have liked to invest more resources in the work on bioeconomic analyses. I would nevertheless like to comment that exploitation strategies have been formulated for Norwegian Arctic cod, Norwegian spring-spawning herring, capelin in the Barents Sea and Norwegian Arctic saithe. For cod, saithe and Norwegian spring-spawning herring, calculations have been done to ascertain the optimum level of exploitation. I would also like to add that an annual revision or updating is not necessary, as the assumptions underlying the analyses do not change drastically from year to year. It should also be pointed out that the Norwegian work on exploitation strategies has been used in negotiations about the annual quota agreements. At the same time, it is important to bear in mind that the economic parameters vary from country to country.

As regards the presentation of the Norwegian Directorate of Fisheries' resource control, I acknowledge that there ought to be more written documentation, as was stated in the Ministry of Fisheries' letter dated 28 April 2004. In this context, I would nevertheless like to comment that the Directorate of Fisheries previously found it necessary to give priority to the operative supervision tasks, as opposed to using its limited resources on written reporting and keeping of statistics about activities. However, the Directorate of Fisheries has more recently attached greater importance to developing and improving its routines in this area.

As was stated in the Ministry of Fisheries' comments in the letter dated 28 April 2004, the Ministry of Fisheries generally agrees with the description that the Office of the Auditor General's report provides of the management of subordinate agencies, reporting and

evaluation. The Ministry of Fisheries thus fully concurs that even greater emphasis should be placed on:

- *Development of targets and goals that can more easily be operationalised by means of indicators than is currently the case*
- *Systematisation and documentation of risk assessments, evaluations and empirical knowledge*
- *Better focus on attainment of targets and results than description of activities in the reporting*
- *Better focus on use of evaluations as a supplement to the ongoing empirical knowledge*

The Office of the Auditor General's report will be a useful tool in the Ministry of Fisheries' work to improve our routines and practices in respect of management of subordinate agencies, reporting and evaluation. The greater attention afforded to these areas in recent years has also yielded a positive development in the period since 2001, but the Ministry of Fisheries notes that there is still much room for improvement. There has been greater focus on this in connection with the work on the 2005 budget and Proposition no. 1 to the Storting (2004–05).

At the same time, the Ministry of Fisheries believes that it is important to point out that the fisheries administration, despite the findings and weaknesses presented in the Office of the Auditor General's report, generally does excellent work conscientiously and extremely thoroughly. It is also important that the empirical knowledge in the fisheries administration is not underestimated.

As the Office of the Auditor General has pointed out, the fisheries administration has few resources compared with other administrative areas. In light of this and the growing requirements for precise, efficient and effective management of resources and the industry, I find that the fisheries administration has made good use of the resources available.”

6 THE OFFICE OF THE AUDITOR GENERAL'S STATEMENT

The Office of the Auditor General notes that the report will be a useful tool for the fisheries administration in the future and helpful in the Ministry of Fisheries' work in improving routines and practices with regard to management of subordinate agencies, reporting and evaluation.

The Ministry has pointed out that the recommendations from oceanographers are based on different presuppositions that vary over time, and that differences in the set quota levels compared with the recommendations may therefore be completely acceptable in terms of biological and management considerations. Since the quotas are meant to be based on scientific recommendations (cf. the audit criteria in the report and Proposition no. 1 to the Storting [the Fiscal Budget] 2003–2004), the Office of the Auditor General has assumed that the set quotas can be compared with the recommendations for the period in question. The Office of the Auditor General would also like to comment that concepts such as “fisheries management”, “stock management” and “resource management” are well-established terms that the fisheries administration itself uses, even in parliamentary documents.

The Office of the Auditor General notes that the Ministry of Fisheries has not revised the exploitation strategies that indicate the optimum level of exploitation for the most commercially important species of fish each year. However, the Office of the Auditor General regards it as positive that the Ministry is going to do more work on bioeconomic analyses, and refers to the fact that updated analyses are important to the ability to assess whether the objective of optimum macro-economic and micro-economic profitability is being achieved.

The Ministry of Fisheries claims that an annual updating of the exploitation strategies that indicate the optimum level of exploitation is not necessary, since the presuppositions in the analyses do not change drastically from year to year. The Office of the Auditor General would comment that for almost all of the examined stocks, examples were found of material changes in the prognosis for the spawning stock from one year to the next and would therefore stress the significance of the exploitation strategies being adjusted for changes in the presuppositions.

Throughout the entire 1990s there has been significant overcapacity in the Norwegian fishing fleet (cf. Report no. 58 to the Storting [1991–92] and Report no. 51 to the Storting [1997–98]), and for a long time it has been a goal to reduce the capacity. The policy instruments to this end have mostly been aimed at reducing the number of vessels. The Office of the Auditor General's study reveals there has nevertheless been a considerable and lasting growth in technical capacity, even though the number of vessels has been reduced. This would indicate that the instruments designed to reduce the capacity have not functioned as intended. Overcapacity can lead to pressure to increase quotas above sustainable levels, greater allocation problems and more stocks needing to be subject to stricter regulations and supervision. The Office of the Auditor General has noted that the key to realising the industry's value-adding potential lies in reducing the capacity.

The Office of the Auditor General's study also documents a complex picture of the geographical dispersion of permits, catches and increases in catch sizes. The Office of the Auditor General believes that the study reveals that there are grounds to question whether the allocation system sufficiently promotes the goal of the fishing industry benefiting the entire coast, as laid down by the Standing Committee on Business and Industry in Recommendation no. 93 to the Storting (1998–99). In this connection, the Office of the Auditor General would emphasise that the regional allocation of catch rights is significant for the geographical dispersion of the catch.

The Office of the Auditor General regards it as positive that the Directorate of Fisheries has recently started placing greater emphasis on developing and improving routines in the area of supervision. The Ministry states that written documentation had previously been given low priority, to the advantage of operational control tasks. The Office of the Auditor General believes that systematic and documentable risk assessments are an important tool to help channel limited resources appropriately.

The Office of the Auditor General is assuming that the sales organisations have been ordered to use confiscated funds to improve supervision tasks, as was reported to the Storting in 2001 and later in connection with the collection of measures for better resource control (cf. Proposition no. 1 to the Storting [the Fiscal Budget] 2001–2002). The Office of the Auditor General also assumes that the Ministry of Fisheries follows up the sales organisations' statutory duty to submit reports for the confiscated funds, and that the Ministry will be able to

provide an account of what has happened to the confiscated funds, if they are not used in compliance with the objectives and time limits indicated in the regulations.

The Office of the Auditor General has noted that the Ministry of Fisheries generally agrees with the description that the Office of the Auditor General has provided of the management of subordinate agencies, reporting and evaluation. The Ministry acknowledges that greater importance ought to be attached to developing objectives and targets that can more easily be operationalised using performance indicators than is currently the case. The Ministry also acknowledges that there should be greater focus on the degree of attainment of targets and results in the reporting, and that the instruments ought to be evaluated to a greater extent. The Office of the Auditor General regards it as positive that the Ministry of Fisheries is working to improve routines and practices in this area.

This report will be submitted to the Storting.

Approved at the Office of the Auditor General's meeting, 25 August 2004.

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