



Department of Conservation

ANNUAL REPORT

For the year ended 30 June 2015



Department of
Conservation
Te Papa Atawhai

Department of Conservation

Te Papa Atawhai

Annual Report

For the year ended 30 June 2015

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Director-General's overview

The Department of Conservation remains firmly focused on growing conservation by working with others and engaging many more New Zealanders in protecting our natural and historic heritage.

Over the 2014/15 year we strengthened important partnerships making a big difference for conservation, such as work with Project Janszoon to restore the Abel Tasman National Park, the 'Living Water' project with Fonterra, and making Great Mercury Island pest free in collaboration with landowners. Our partnership with Air New Zealand has expanded to include marine monitoring and promotion of marine reserves, in addition to ongoing support for the Great Walks and DOC's biodiversity work. We were delighted to open the new Rangihoua Heritage Park in Northland in December, the result of a long-term partnership between the Marsden Cross Trust Board, the Anglican Church, Ngāti Torehina/Ngāpuhi, and DOC.

The year also saw the beginning of exciting new conservation partnerships. Discussions with the dairy industry, NEXT Foundation, and Gareth and Sam Morgan led to the establishment of the Zero Invasive Predators (ZIP) project in 2014 – a jointly-funded initiative looking for innovative ways to completely eradicate predators from large areas of mainland New Zealand. At a local level, we're tackling predators in collaboration with the Hawke's Bay community, as part of a promising new programme called Cape to City; and we have stepped up work with Northland, Auckland and Waikato communities, iwi and councils – as well as partner agencies in central Government – to prevent further spread of the devastating kauri dieback disease.

Over the year DOC has put a particular focus on positioning itself at the heart of a sustainable New Zealand tourism industry, including investing in providing high-quality outdoor recreation experiences and working more closely with the tourism sector to understand how tourism and conservation can grow together.

We also took significant steps forward in our relationships with iwi. In 2014 we shifted into a new era of co-management when the entity of Te Urewera came into existence. The evolving relationship between DOC and Ngāi Tūhoe continues to expand our experience working through whanaungatanga with our Treaty partners, and actively protecting mātauranga Māori and other cultural values.

Following the internal changes made in 2013, we have listened to our staff and stakeholders and identified areas

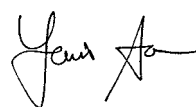
where we need to make additional changes to improve the way we work within DOC. We have already begun to trial and roll out these enhancements, and I am positive they will set DOC up to work more effectively and further improve how we engage with our partners and communities.

A round up of this year's successes and challenges would not be complete without mentioning our largest ever pest control programme, the Battle for our Birds beechmast response. Twenty-seven aerial 1080 operations were carried out, covering more than 600,000 hectares of South Island beech forest experiencing an exceptionally high beech seeding event. The programme was an outstanding success, with dramatically reduced rat and stoat populations in almost all locations – giving much-needed protection to vulnerable species including mohua, kiwi, riflemen, kea and whio.

We still have much to do, but we take heart from other successes such as the rediscovery of two native herbs, *Dysphania pusilla* and *Leptinella filiformis*, previously thought extinct but found to be flourishing in Canterbury and South Marlborough; from growing visitor numbers using our huts, tracks and campsites; and from DOC's inclusion at number 8 on the Ipsos list of the most influential brands in New Zealand. This tells us that New Zealanders value conservation and the work DOC does in leading conservation to protect our nature.

On a personal note, I was humbled to represent DOC at a memorial service on the West Coast in April, as we paused to commemorate 20 years since the Cave Creek tragedy. We will always remember the 13 Tai Poutini Polytechnic students and DOC ranger Stephen O'Dea who lost their lives at Cave Creek in Paparoa National Park in 1995. Twenty years on, much has changed in the way DOC manages its work, but Cave Creek remains a poignant reminder that we must always keep a clear focus on the safety of our staff and visitors.

I would like to thank everyone in the DOC team for their passion and dedication to their work. All New Zealanders can be proud of the conservation gains we have made together this year.



Lou Sanson
Director-General
11 September 2015

Introducing the Department of Conservation

The nature and scope of the Department of Conservation's functions

The Department of Conservation (DOC) is the central government organisation charged with promoting conservation of the natural and historic heritage of New Zealand on behalf of, and for the benefit of, present and future New Zealanders.

This means DOC has a range of responsibilities.

- In coordination with others, maintaining the integrity of New Zealand's indigenous ecosystems, as much as is possible
- Acting as guardian to elements of New Zealand's cultural and historic heritage
- Contributing to the recreation opportunities of all New Zealanders
- Supporting tourism, one of the country's largest earners of foreign exchange
- Giving effect to the principles of the Treaty of Waitangi.

(See Appendix 1 for a more comprehensive description of DOC's responsibilities.)

Some of DOC's functional responsibilities go beyond the boundaries of public conservation lands and waters. These include the:

- Protection of marine mammals
- Preservation of native freshwater fisheries
- Protection of recreational freshwater fisheries and freshwater fish habitats
- Responsibility for conserving protected native wildlife wherever it occurs
- Advocacy for the conservation of natural and historic resources
- Provision of conservation information
- Promotion of the economic, environmental and social benefits of conservation.

Treaty of Waitangi settlement negotiations are a focus for the Government and DOC plays a key role in negotiations through developing 'cultural redress'. A recent example is the September 2014 Treaty of Waitangi settlement negotiated between Ngāi Tūhoe and the Crown. Te Urewera Act 2014 recognises Te Urewera as the homeland of Ngāi Tūhoe. The Act established Te Urewera Board, a new management planning framework and processes enabling both DOC and Te Uru Taumatua (Ngāi Tūhoe) to undertake operational management for Te Urewera.

DOC works across the central government sector primarily, but not exclusively, through the Natural Resources Sector (NRS). In other forums, it works with tangata whenua, landowners, regional and local government, businesses, science providers, recreation, outdoor and conservation organisations, and community groups.

The conservation challenge

- **8.6m** ha of public conservation land – **33%** of NZ's land area
- **13** National Parks
- **44** marine reserves and **8** marine mammal sanctuaries
- **2,800** threatened species
- **330** campsites, **960** huts and **14,000** km of tracks

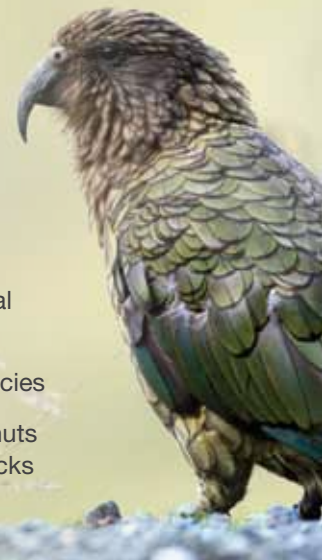


Photo: © Sabine Bernert

Department of Conservation outcomes

The Department's outcomes model links the intermediate outcomes and the outcome statement to our vision. The outcomes model below shows the strategic approaches and drivers that underpin DOC's work, as set out in figure 1. (DOC's outputs are listed in Appendix 2).

Three of the Intermediate Outcomes have changed wording since the commencement of the financial year, to better reflect DOC's strategic intentions.

Stretch goals

In order to progress towards these outcomes, the Department has worked with stakeholders to develop 10-year stretch goals, which act as milestones on the way.

- 90 percent of New Zealanders' lives are enriched through connection to our nature.
- Whānau, hapū and iwi are able to practise their responsibilities as kaitiaki of natural and cultural resources on public conservation lands and waters.
- 50 percent of New Zealand's natural ecosystems are benefiting from pest management.
- 50 freshwater ecosystems are restored from 'mountains to the sea'.
- A nationwide network of marine protected areas is in place, representing New Zealand's marine ecosystems.
- The stories of 50 historic Icon Sites are told and protected.
- 50 percent of international holiday visitors come to New Zealand to connect with our natural places.

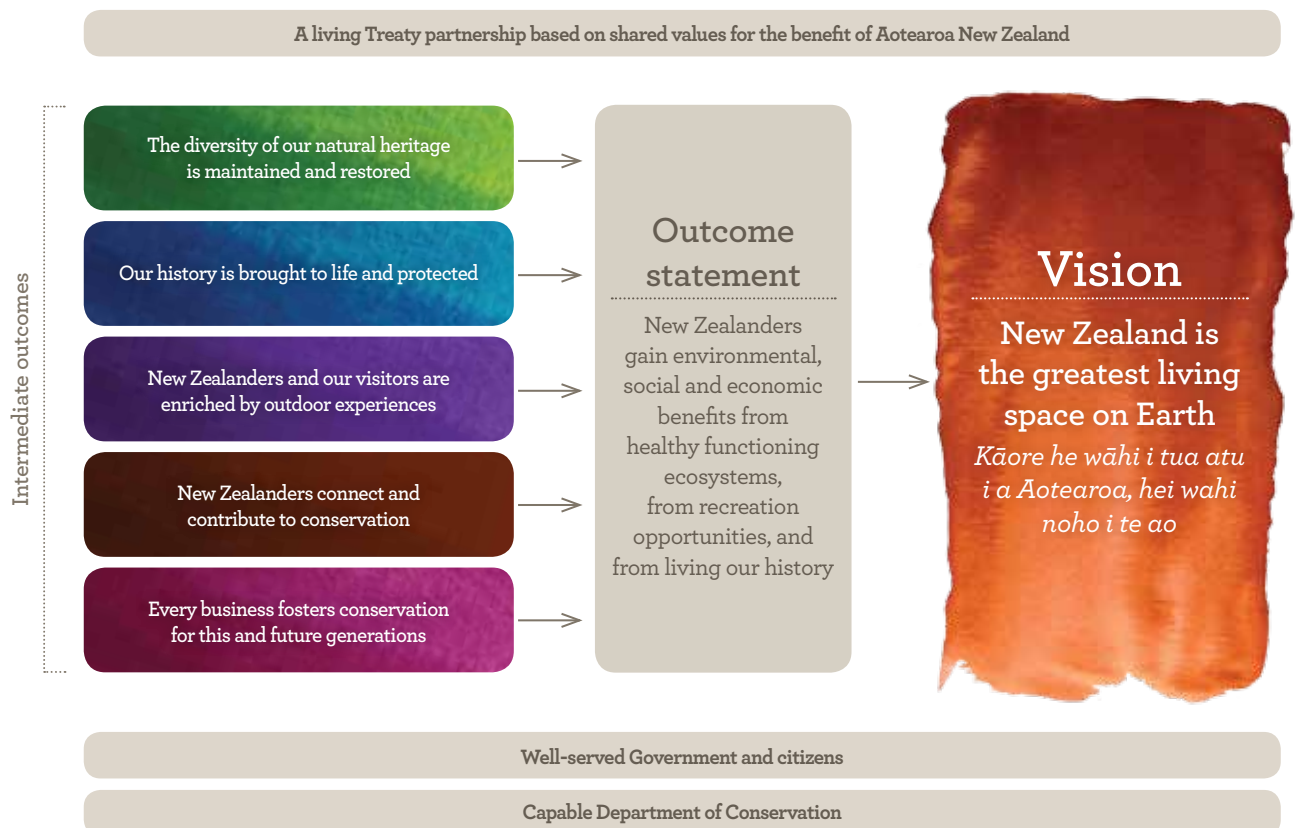


Figure 1: DOC's outcomes model.

Delivering conservation outcomes for New Zealanders

Challenges and opportunities in a changeable operating environment

New Zealand's natural heritage shapes our cultural identity. Recreation in the outdoors helps to improve the health and wellbeing of New Zealanders and contributes to a sense of personal achievement. Conservation also contributes strongly to tourism, and the Department is one of the country's main tourism providers. The businesses that support or complement tourism are major contributors to our national, regional and local economies.

Conservation protects our natural capital and delivers the infrastructure on which many of our key industries depend. Sound management of the natural environment delivers ecosystem services such as high quality fresh water and fertile soil, and these in turn provide high quality drinking water, underpin New Zealand's primary production sector and help determine New Zealanders' standard of living.

Conservation plays a critical role in supporting the New Zealand brand – the market advantage on which we and our producers rely. Investing in conserving and protecting our natural resources is investing in New Zealand's long-term wellbeing and prosperity, as well as protecting its natural heritage for future generations.

New Zealand's native flora and fauna are unique. However the biodiversity challenge is great – despite a third of the country being public conservation land, New Zealand has one of the highest proportions of threatened species and one of the highest extinction rates in the world due to the relatively recent impacts of fragmentation of ecosystems through human settlement and establishing agriculture, and introduced species. Our native biodiversity is also vulnerable to the increasing impacts of human-induced climate change, which include more frequent and severe storms and a likely increase in predators and weeds.

While biodiversity protection and recovery is being achieved in areas under intensive management, the overall trend outside of these areas is that biodiversity is declining and ecosystem services are being reduced.

DOC sits at the heart of New Zealand's tourism industry, with 35 percent of all international visitors coming primarily to experience our natural landscapes. The

Department manages most of New Zealand's major natural tourism attractions and provides extensive opportunities for recreation on conservation land and waterways, including for businesses which support that tourism. However, New Zealand society is changing, with more people living in the top half of the North Island and an increasingly urbanised and multicultural society. The location of the Department's networks of tracks, huts, campsites and other visitor facilities will need to change in order to meet the needs of New Zealanders today and in the future.

The Department recognises that the cost of saving all the species and restoring the health of all the places it has a stewardship role over is well beyond the resources it could realistically expect from the public purse. That has driven the development of the Department's strategic direction – to partner and engage with others on a much wider front to achieve more for conservation than the Department can achieve on its own.

Underpinning DOC's engagement approach is the realisation that to succeed in the long term, partnerships must provide clear value to the partner as well as to conservation. This is a new and challenging way of thinking for DOC.

One strand of the Department's strategy involves achieving immediate, urgently-needed conservation gains through partnerships that deliver direct, powerful conservation impacts, such as work on recognised national biodiversity priorities. However, a different approach is needed to build the groundswell of societal support required for transformational conservation growth over coming decades. Here, the challenge and opportunity lies in building a wider range of relationships, growing people's awareness, knowledge and skills, involving them in conservation-related activity, and supporting the initiatives they lead, both on and off conservation lands and waters, all with a view to fostering a greater sense of responsibility and increased contribution over time. This is the long-term opportunity, and the challenge is to find the right balance between the two since both require resources from DOC.

DOC works within a Treaty partnership with all hāpu and iwi. All of DOC's partnership work with others needs to recognise the ongoing Treaty partnership obligations

with whānau, hāpu and iwi. These partnerships are a crucial component of achieving more conservation outcomes. Treaty settlements offer opportunities for confirming ongoing partnerships and strengthening relationships between the Department and hāpu and iwi as Treaty partners. As settlements are implemented, iwi have a greater role and influence in the governance of public conservation land.

DOC has ongoing commitments to 50 Treaty settlements, and the fast pace of future settlements presents challenges to both DOC and Treaty partners' capability and capacity. Te Pukenga Atawhai Programme is helping grow staff capability in this area but more capability building will be required to meet these future needs, particularly when it comes to implementing settlement arrangements and understanding how to reflect iwi aspirations.



Performance summary – medium term

The Department measures progress towards long-term goals in five core business streams, and in seven capability categories..

Natural heritage

The diversity of our natural heritage is maintained and restored.

Historic heritage

Our history is brought to life and protected.

Recreation

New Zealanders and our visitors are enriched by outdoor experiences.

Engagement

New Zealanders connect and contribute to conservation.

Business partnerships





Every business fosters conservation for this and future generations.

Capability

Our business is supported by a capable workforce and sound systems.

The table below shows the Department's rating of its performance this year.

Key

-  Performance improving
-  Performance maintained
-  Performance declining
-  Performance measures yet to be developed

One or more of the conditions listed may apply. The results for some outcomes, notably natural heritage, reflect a composite of indicators and measures which may individually be improving or declining, and the performance rating is a generalisation.

Definitions

Improving – Progress towards the outcome described is positive; overall conditions are improving; numbers are increasing; targets are being met or exceeded.

Maintained – The state of the outcome described is stable; overall conditions are neither improving nor declining; numbers are stable; if targets are being met, then the outcome is being achieved.

Declining – Progress towards the outcome described is negative; overall conditions are degrading; numbers are decreasing; targets are not being met.

Department of Conservation national performance indicators

Our overall outcome

Tracking trends in the benefits New Zealanders seek and receive from the natural, historic and cultural heritage managed by DOC	→
Tracking the relative value of conservation as an indicator of support for conservation	→

Natural heritage

Species occupancy – the species present are the ones you would expect naturally	→
Indigenous dominance – ecological processes are natural	→
Ecosystem representation – the full range of ecosystems is protected somewhere ¹	↓

Historic heritage

The condition of actively conserved historic places	↑
The trend in New Zealanders' awareness of the Department as a manager of historic places	→
The trend in visitor numbers at Historic Icon sites	→
The trend in visitor satisfaction with the quality of the experience provided at historic places	→

Recreation

The trend over time in New Zealanders' awareness of DOC as a recreation provider	↓
The trend in participation in recreation on public conservation lands and waters	↑
The trend in visitor satisfaction with the quality of the experiences and opportunities provided	→

Engagement

Change in the satisfaction of tangata whenua with the Department's activities to help them maintain their cultural relationships with taonga	○
Change in the importance of conservation to New Zealanders	→
Change in the quality of the Department's engagement with key associates	→

Business partnerships

Increase in engagement of the commercial sector in conservation partnerships	↑
Change in the level of investment in conservation from the commercial sector	↑
Improvement in level of return on investment for key DOC products and services	↑

Organisational capability

Leadership: the Department has the leaders it needs to perform well now and in the future	↑
Relationships: the Department identifies, builds and manages relationships critical to achieving results	↑
Culture: the Department has the type of culture it needs to achieve results now and in the future	→
People: the Department has the skills and competencies to achieve its results in collaboration with others	→
Information and communications technology (ICT): the Department has the ICT it needs to achieve results and contribute to others	→
Asset management: the Department's asset-related decisions support current and future service delivery	→
Structure: the Department's structure is linked to its results and future business needs	↑

¹ This indicator is made up of terrestrial, freshwater and marine components. The terrestrial component has met its first milestone of more than 400 ecosystem management units under management. The marine and freshwater components will be progressed through the stretch goals established during the 2014/2015 year.

Summary of annual output performance

Performance trend by financial year

Significant output measures	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15	Target 2015/16
Beech mast response – hectares under restoration	-	-	-	-	681,004	126,088
Possums – hectares sustained ²	1,080,120	1,024,448	1,010,770	939,395	975,620	785,319
Possums – hectares treated	223,523	234,636	184,179	180,069	357,316	226,575
Goats – hectares sustained	2,221,403	2,357,373	2,310,738	2,156,704	2,125,628	2,010,822
Goats – hectares treated	1,313,036	1,410,088	1,353,319	1,222,053	1,103,331	1,149,868
Deer – hectares sustained	732,203	732,203	549,638	540,756	522,714	619,752
Deer – hectares treated	375,724	367,376	376,010	372,458	456,757	476,221
Weeds ecosystem – hectares sustained	1,748,522	1,806,266	1,752,995	1,851,778	1,220,980	1,295,782
Weeds ecosystem – hectares treated	475,439	475,568	492,263	454,074	525,469	710,921
Threatened species – improved security	242	238	212	196	258	350
Threatened species – managed for persistence ³	-	42	111	104	159	104
Ecosystems – managed for ecological integrity	-	-	151	185	480	445
Historic assets – remedial work to standard	26	29	27	17	17	90% of 21
Historic assets – maintenance work to standard	944	1,169	962	984	1,387	75% of 1,400
Recreation assets – huts to standard (90%)	83	87	87	70	90	90
Recreation assets – tracks to standard (45%)	58	61	58	47	56	45
Recreation assets – structures to standard (95%)	94	95	93	92	94	95
Engagement – volunteer workday equivalents	32,507	31,806	35,135	35,149	34,789	37,277
Engagement – partnerships	508	548	595	605	901	854

² Lessons learnt from Battle for our Birds mean some sustained possum operations will switch in out-years to rat operations with possums as a bycatch, resulting in a reported drop of sustained possum control.

³ For an explanation of the 'species persistence' performance, see the measure 'Number of species under active management through optimised species prescriptions' on page 23.

Our overall outcome

Impact we seek

New Zealanders gain environmental, social and economic benefits from healthy functioning ecosystems, from recreation opportunities, and from living our history.

Impact indicators

Tracking trends in the benefits New Zealanders seek and receive from the natural, historic and cultural heritage managed by DOC ➡

Tracking the relative value of conservation as an indicator of support for conservation ➡

An important foundation for achieving this outcome is people's attitudes – having respect for the environment and being supportive of conservation. We believe this will result from people having a wider understanding of how conservation makes a difference to their wellbeing.

DOC monitors two indicators to show its progress in achieving the outcome statement.

Tracking trends in the benefits New Zealanders seek and receive from the natural, historic and cultural heritage managed by DOC.

This indicator provides a measure of New Zealanders' view of the 'benefits' received from natural, historical and cultural heritage. Work continues within DOC and externally (nationally and internationally) that will help to increase understanding and enable these benefits to be better demonstrated.

A recent exploration of the ecosystem services contributing to the wellbeing of New Zealand and New Zealanders⁴ calls for the 'need to be more aware of how ecosystems support wellbeing in our day-to-day lives, and be clear about the impacts of our consumption on biodiversity and ecosystem functions. Only then can we hope to achieve the 'double dividend' of enhanced wellbeing and flourishing ecosystem services'. This



Seaview Vineyard, Marlborough. Photo: © Yealands Estate – Seaview Vineyard, Marlborough

⁴ Roberts, L.; Brower, A.; Kerr, G.; Lambert, S.; McWilliam, W.; Moore, K.; Quinn, J.; Simmons, D.; Thrush, S.; Townsend, M.; Blaschke, P.; Costanza, R.; Cullen, R.; Hughey, K.; Wratten, S. 2015: The nature of wellbeing: how nature's ecosystem services contribute to the wellbeing of New Zealand and New Zealanders. Department of Conservation, Wellington. 145 p.

publication provides an overview of international literature on the subject of ecosystem services, offering nine different categories of benefit that contribute to our wellbeing. Measuring these benefits will help demonstrate how significant nature is to society and individuals.

Tourism on public conservation land generates jobs

In the year ended March 2013, the tourism industry directly provided 5.7 percent of total employment (110 800 FTEs) in New Zealand. The contribution of public conservation land to tourism employment opportunities has been estimated for several areas in New Zealand, including Tongariro National Park, where tourism concessions were estimated to have generated about 14 percent of the Ruapehu-Taupo region’s tourism employment in 2004/05, and Fiordland National Park, where they represented nearly 10 percent of Southland’s tourism employment in 2003. Similarly, economic activities on public conservation land made a significant contribution to both employment (15 percent) and household income (13 percent) in the West Coast region in 2003 (Roberts et al. 2015).⁴

Many recreation opportunities are available because of the existence of public conservation land. Data from a 7-yearly national angler survey showed that anglers are shifting from lowland rivers and streams to higher altitudes to fish, appearing to be a response to the higher water quality in and coming from our hill country and mountains (Roberts et al. 2015).⁴

Personal benefits of conservation

In response to the question **What do you consider the main benefits of conservation to you personally to be?**⁵ a similar set of responses was received when compared with results from 2013/14. An increase can be seen in the percentage of respondents suggesting benefits of preserving and protecting natural environments and green spaces (up from 18 percent in 2013/14 to 33 percent in 2014/15), and the ability to access and enjoy healthy safe natural environments (up from 16 percent in 2013/14 to 26 percent in 2014/15). Further investigation of these results may offer insight into how to fully engage New Zealanders in conservation.

Relative value is stable

Tracking the relative value of conservation as an indicator of support for conservation.

Results from the national survey indicate that 81 percent of New Zealanders think that conservation is important to them (rated important or very important in the survey response options). This shows strong and stable opinion, following an earlier higher response rate in 2010/11.

Table 1: Percentage of New Zealanders who consider conservation is important or very important to them personally.

Thinking about of conservation overall, how important is conservation to you personally?	2010/11	2011/12	2012/13 New survey method	2013/14	2014/15
Rated 4 or 5 out of 5, with 5 being 'Very important'	86%	83%	81%	80%	81%

⁵ Ipsos 2015a: Full Report: Survey of New Zealanders. Report prepared for the Department of Conservation. Ipsos New Zealand, Auckland.

Natural heritage

Impact we seek

Diversity of our natural heritage is maintained and restored

Impact indicators

Species occupancy – the species present are the ones you would expect naturally →

Indigenous dominance – the ecological processes present are natural →

Ecosystem representation – the full range of ecosystems is protected somewhere ↓

10-year stretch goals

50 percent of New Zealand's natural ecosystems are benefiting from pest management.

50 freshwater ecosystems are restored 'from mountains to the sea'.

A nationwide network of marine protected areas is in place, representing New Zealand's marine ecosystems.

New Zealand's special species and places are our taonga and are at the heart of what it means to be Kiwi. New Zealanders are rightly proud of the diverse and distinctive range of natural heritage this country offers. In fact, around 70 percent of our native birds, 80 percent of our plants, and all of our native land reptiles, frogs and bats are found nowhere else in the world. However, New Zealand's natural heritage has greatly reduced in diversity and extent over the past 700 to 800 years and is continuing to be degraded by introduced pests, human activities and the impacts of climate change. This affects the services that ecosystems⁶ provide, such as clean water and healthy soils, and reduces the flow-on benefits to New Zealand's prosperity.

Species occupancy – the species present are the ones you would expect naturally

Endemic⁷ and other native bird species remain dominant in protected areas, more-so in forested areas than non-forested areas.

Kiwi

Kiwi are distributed across the country in predominantly indigenous forest areas.⁸ They are also present on a few pest-free islands as well as in both DOC and privately run sanctuaries.

By 2015 the national population of kiwi is estimated to be only 67,500 birds, or 3 percent of the original prehistoric density. Thanks to conservation management, the four rarest kiwi species are now increasing, as are many populations of the other species being managed by community groups and by DOC. Unmanaged populations of four brown kiwi are likely to be declining by 3 percent per year, and unmanaged tokoeka and great spotted kiwi by 2 percent per year.

Pest management – Battle for our Birds

This year a heavy seeding or mast was predicted to happen across most South Island beech forests. Beech trees produce variable seed crops between years but this

heavy seeding was exceptional and predicted to drive introduced predators such as rats, mice and stoats to record high numbers.

DOC identified several sites in parts of New Zealand where rare native species are under greatest threat. Seedfall and rodent levels were monitored at these sites and, where thresholds were met, wide-scale predator control was actioned, which totalled more than 600,000 ha of public conservation land – the 'Battle for our Birds'.

Several bird species vulnerable to introduced predators were monitored to determine the effects of predator control operations. For rifleman, robin and mohua/yellowhead, no monitored birds were killed from taking poison bait, and all monitored nests showed much better success at breeding and fledging following the control operation than before the operation. Further monitoring is required to understand the medium-term benefits of these operations.

The supplementary technical report⁹, containing information from DOC's ongoing natural heritage status and trend monitoring, provides more detailed analysis and interpretation of the Battle for our Birds results.

Indigenous dominance – the ecological processes present are natural

The aim is to have ecosystems that contain and are shaped by native plant and animal species. Native plant species continue to dominate on public conservation land, despite the number of invasive weed species now in New Zealand.

Weeds impact on our native plant species. Based on what has been learnt from the status and trend monitoring programme, it can be predicted that some widespread, common woody environmental weeds could become more common in low rainfall zones under climate change forecasts, especially species such as gorse and prickly hakea, which are flammable and recolonise rapidly after fire. If regions with 1600–2500 mm rainfall become drier under climate change, current invasions by woody environmental weeds could become more widespread in those regions.

⁶ Ecosystem services are the goods and services provided by ecosystems from which New Zealanders derive benefit. Ecosystem services are underpinned by biodiversity. Without biodiversity, there would be no ecosystem services because these services flow directly from the presence of life on earth.

⁷ Endemic means unique to New Zealand.

⁸ There are considered to be ten kiwi taxa – for more information see the Kiwis for Kiwi website www.kiwisforkiwi.org

⁹ Department of Conservation 2015: Biodiversity indicators: 2015 assessment – supplementary material. Department of Conservation, Wellington. www.doc.govt.nz/annual-report-2015.

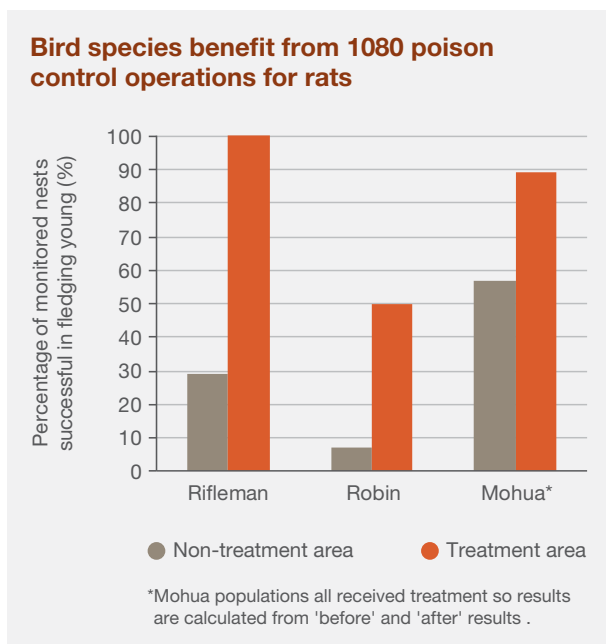


Figure 2: The benefit for native bird species of 1080 poison control operations for rats and stoats in beech forests.

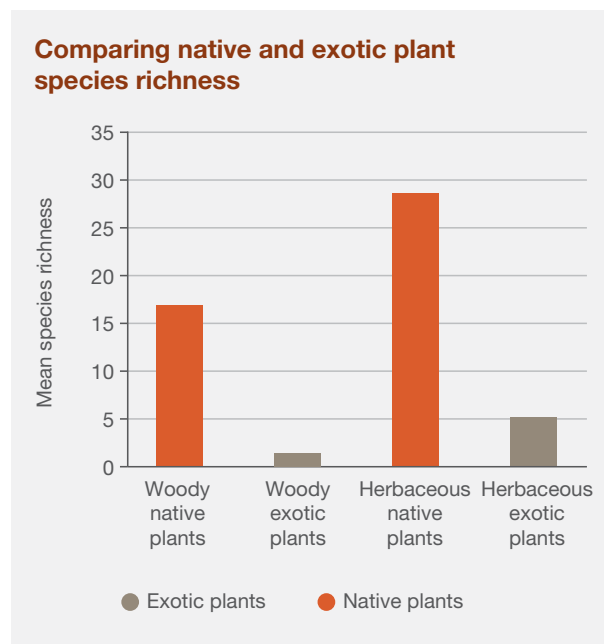


Figure 3: Native and exotic plant mean species richness on public conservation land.

Lodgepole pine

Lodgepole pine (*Pinus contorta*) was the most frequent invading conifer of plots and, importantly, was the only woody environmental weed that was recorded in plots in the alpine zone, as small plants, probably not long established. Lodgepole pine could expand in range in the alpine zone under climate change, and it can alter soil nutrients, and support and benefit from fire, which is naturally very uncommon in the alpine zone. Early detection and management of lodgepole pine in these areas of unique biodiversity is critical.

New Zealand’s national parks are less likely to be invaded by woody (e.g. wilding conifers, gorse, Scotch broom) and non-woody non-native plants (e.g. the Japanese honeysuckle, and grasses browntop *Agrostis capillaries* and cocksfoot *Dactylis glomerata*) because they occur mostly in high-rainfall zones and most of them are largely forested below the natural treeline.

Ecosystem representation – the full range of ecosystems is protected somewhere¹⁰

The total extent of legal protection currently afforded to a selection of New Zealand’s environments ranges from approximately 10 percent for marine inside the territorial limits (through marine reserves) to 60 percent for wetlands.

Lowland areas in the North Island and eastern South Island remain poorly protected and vulnerable to development. The full range of New Zealand’s marine habitats inside the 12 nautical mile territorial limit is not yet represented in marine protected areas. Currently, the total area under protection around the New Zealand mainland coasts is limited (3.5 percent).

¹⁰ This indicator is made up of terrestrial, freshwater and marine components. The terrestrial component has met its first milestone of more than 400 ecosystem management units under management. The marine and freshwater components will be progressed through the stretch goals established during the 2014/15 year.

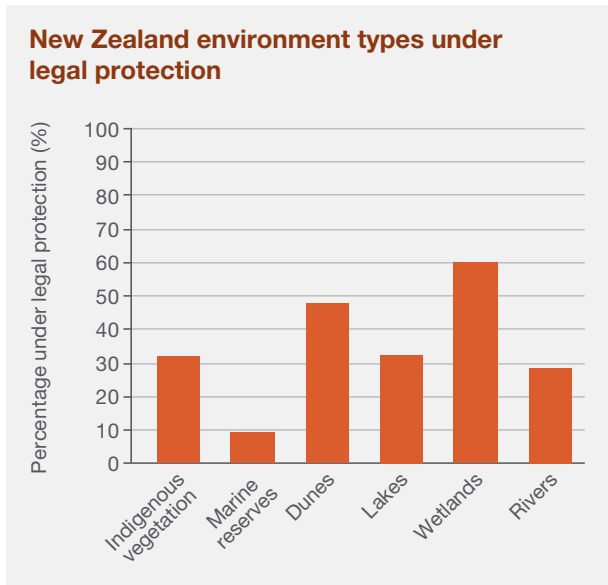


Figure 4: Protection status of New Zealand environments.

Freshwater ecosystems – wetlands

The extent of protection shown here is as a proportion of the ecosystem type currently remaining. Some ecosystem types, such as wetlands, have been hugely reduced from their extents before human settlement. There has been good progress made to protect what remains, but that legacy is but a trace of the wetlands that were found in New Zealand. Relative to their historic extents, wetlands and dunes remain a priority for protection.

Marine protection

Approximately 9.8 percent, or 17,700 km², of New Zealand’s marine area inside the 12 nautical mile territorial limit is protected within marine reserves. Almost all (17,083 km² or 96.5 percent) of this total is protecting the ecologically important offshore island marine areas of the Kermadec and subantarctic groups, whereas 617 km² or 3.5 percent of the total is around New Zealand mainland coasts.

One Kaikoura and five South Island West Coast marine reserves were established in 2014/15 – the Hikurangi, Kahurangi, Punakaiki, Waiiau Glacier Coast, Tauparikākā and Hautai marine reserves, protecting an additional 27,760 hectares.

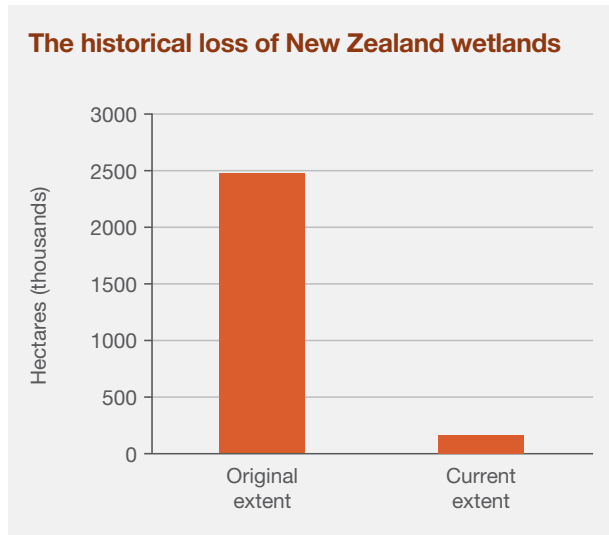


Figure 5: Total extent of remaining wetlands under legal protection.

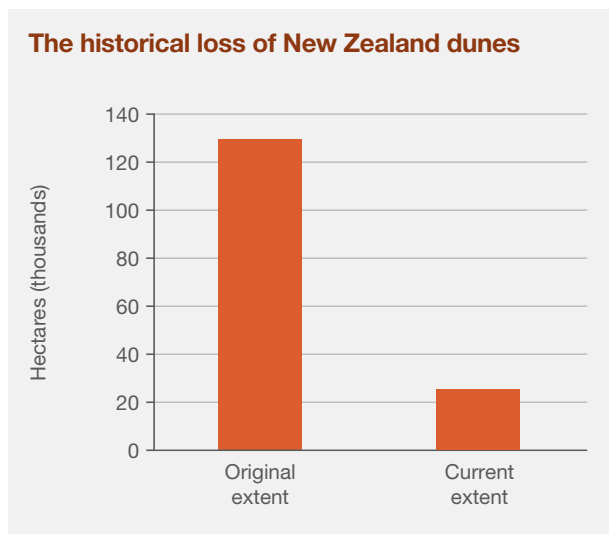


Figure 6: Total extent of remaining active dunes under legal protection.

Statement of service performance 2014/15: Managing natural heritage

Performance measures and targets: 2014/15	National commentary ¹¹
Pest and weed control: Possums	
213,129 hectares of land will receive treatment this year for possums.	357,316 hectares of land received treatment for possums. Achieved
1,044,800 hectares of land will be under sustained control for possums.	975,620 hectares of land was under sustained control for possums. Not achieved The main reduction was in North and Western South Island Region. The region reported that programmes that had historically targeted possums were switched during the year to target rats and mustelids in response to the anticipated beech mast event. In these programmes, possums became a secondary target. This change is expected to occur in other regions at key sites through 2015/2016 as techniques allow a more direct focus on rats and mustelids as the primary pest rather than controlling them as bycatch in operations targeting possums.
Pest and weed control: Deer	
374,000 hectares of land will receive treatment this year for deer.	456,757 hectares of land received treatment for deer. Achieved
541,000 hectares of land will be under sustained control for deer.	522,714 hectares of land was under sustained control for deer. Achieved
Pest and weed control: Goats	
1,438,732 hectares of land will receive treatment this year for goats.	1,103,331 hectares of land received treatment for goats. Not achieved North and Western South Island Region reported a reduction of 115,069 hectares due to some work identified in the planning period not being required because of success in the previous year, and a reduction in treatment as programmes were increasingly focused on priority sites. Southern South Island Region reported a reduction of 128,395 hectares mainly due to more goat control in some parts of planned control blocks at the expense of other parts of these blocks due to higher than expected goat numbers. In addition, the region reported switching resources planned for goat work to trial work on a pig toxin as part of long-term planning for eradication of pigs on the Auckland Islands. This affected 18,000 hectares.
2,221,394 hectares of land will be under sustained control for goats.	2,125,628 hectares of land was under sustained control for goats. Achieved

¹¹ DOC considers that performance has been achieved when the output is within a tolerance level acceptable for the nature of the operation. For field operations, this is generally within +/-10% of the projected performance target. For significant outputs however, as shown on the 'Summary of Output Performance' table, this tolerance is +/-5%. When outside these ranges, a variance comment is provided.

Performance measures and targets: 2014/15

National commentary

Pest and weed control: Aquatic animal pests

7 aquatic animal pest eradication operations undertaken in treatable sites that met the criteria for success set out in the programme plan (success criteria is measured 2 years after operation is run).

5 aquatic animal pest eradication operations were undertaken that met the criteria for success set out in the programme plan.

One eradication operation for gambusia was undertaken in New Plymouth District during the year and success will be reported once criteria are reassessed in 2 years.

Eradication of two populations in Whanganui District (gambusia and koi carp) was not successful and planning will recommence for these in 2015/16.

Not achieved

Pest and weed control: Weeds (including aquatic weeds)

120 weed control work plans will be completed using a weed-led approach.

59 weed control work plans were completed using a weed-led approach.

Not achieved

Northern North Island, Central North Island, and North and Western South Island Regions reported that the initial targets put forward were based on one plan for each weed-led species targeted. Work during the year incorporated these individual plans into a more efficient consolidated programme for the region, greatly reducing the number of plans being implemented.

544,901 hectares of land will receive treatment this year for weeds using a site-led approach.

525,469 hectares of land received treatment for weeds using a site-led approach.

Achieved

1,366,956 hectares of land will be under sustained weed control using a site-led approach.

1,220,980 hectares of land was under sustained weed control using a site-led approach.

Not achieved

The main reduction was in North and Western South Island Region and, to a lesser extent, Central North Island Region. The reduction was mainly driven by the move to integrated management at priority sites and more accurate mapping of these sites.

Natural heritage restoration

613,000 hectares of land will be under active restoration this year – beech mast response.

681,004 hectares of land were under active restoration this year through the aerial 1080 beech mast response.

Achieved

72 island biosecurity programmes will maintain a pest-free status.

65 island biosecurity programmes to maintain a pest-free status are in place.

Achieved

Performance measures and targets: 2014/15

National commentary

Ecosystem management

289 ecosystems will be under active management through optimised ecosystem prescriptions.

507 ecosystems were under active management through optimised ecosystem prescriptions.

Achieved

Species management

159 threatened species will be under active management through optimised species prescriptions.

The number of threatened species under active management through optimised species prescriptions is a combination of 159 species being managed at only one site, 48 species being managed at two sites, and 114 species being managed at three or more sites.

Achieved

192 threatened species will be under active management to ensure local security.

258 threatened species were under active management to ensure local security.

Achieved

210 threatened species will be under active management to improve understanding.

220 threatened species were under active management to improve understanding.

Achieved

The Conservation Services Programme will meet its agreed performance criteria and milestones.
Achievement will be reported at year end.

In 2014/15 1378 days of observer coverage was achieved to monitor protected species interactions in a range of both inshore and offshore fisheries. A series of population studies on post-release survival was run relating to seabird species, the New Zealand sea lion and spine-tailed devil ray. Mitigation projects focused on inshore and offshore bottom longline, surface longline and trawl fisheries, and two seabird liaison roles were funded jointly with MPI to help fishers reduce their risk of seabird bycatch in the and around the Hauraki Gulf. Final reports and more information can be found on the DOC website www.doc.govt.nz/csp.

Achieved

Hectares of marine areas legally protected during the year

27,760 hectares. Five South Island West Coast marine reserves, and one Kaikoura marine reserve were established in 2014/15. Kahurangi, Punakaiki, Waiau Glacier Coast, Tauparikākā, Hautai and Hikurangi marine reserves.

Achieved

Hectares of marine areas gazetted and under sustained management during the year:

Marine Reserves (38) 1,732,395 ha

Marine Mammal Sanctuaries (6)

2,340,000 hectares

Marine reserves (44 reserves) 1,743,000 hectares – change since June 2014 is the addition of the five South Island West Coast marine reserves, and the marine reserve off the Kaikoura coast.

Marine mammal sanctuaries¹² (8 sanctuaries) 2,810,000 hectares – change since June 2014 is the addition of Te Rohe o Te Whānau Pūha/Kaikōura Whale Sanctuary (470,000 hectares) and Ōhau Point New Zealand Fur Seal Sanctuary (4 hectares), both near Kaikoura.

Achieved

42,409 hectares of terrestrial environment legally protected during the year.

47,228 hectares of terrestrial environment was legally protected.

Achieved

¹² The marine mammal data is derived from the legal area of each marine mammal sanctuary (DOC Conservation Units), which may differ from earlier area calculations using GIS tools, due to aspects such as differing projection.

Output class operating statement 2014/15: Management of natural heritage

	Actual 30/06/14 \$000	Budget 30/06/15 \$000	Revised budget 30/06/15 \$000	Actual 30/06/15 \$000
Revenue				
Crown	147,196	145,934	147,769	147,769
Other	14,075	14,369	18,169	15,908
Total revenue	161,271	160,303	165,938	163,677
Expenses	162,995	160,303	165,938	161,241
Surplus/(deficit)	(1,724)	0	0	2,436

Statement of service performance 2014/15: Regional pest management strategies

Performance measures and targets: 2014/15

National commentary

Crown pest and weed exacerbator costs

13 regional pest management strategies with completed Crown exacerbator weed and pest programmes.

The Department continued exacerbator weed and pest programmes for 15 regional councils and unitary authorities.

Achieved

Output class operating statement 2014/15: Regional pest management strategies

	Actual 30/06/14 \$000	Budget 30/06/15 \$000	Revised budget 30/06/15 \$000	Actual 30/06/15 \$000
Revenue				
Crown	3,514	3,192	2,592	2,592
Other	–	100	100	4
Total revenue	3,514	3,292	2,692	2,596
Expenses	2,927	3,292	2,692	2,269
Surplus/(deficit)	587	–	–	327

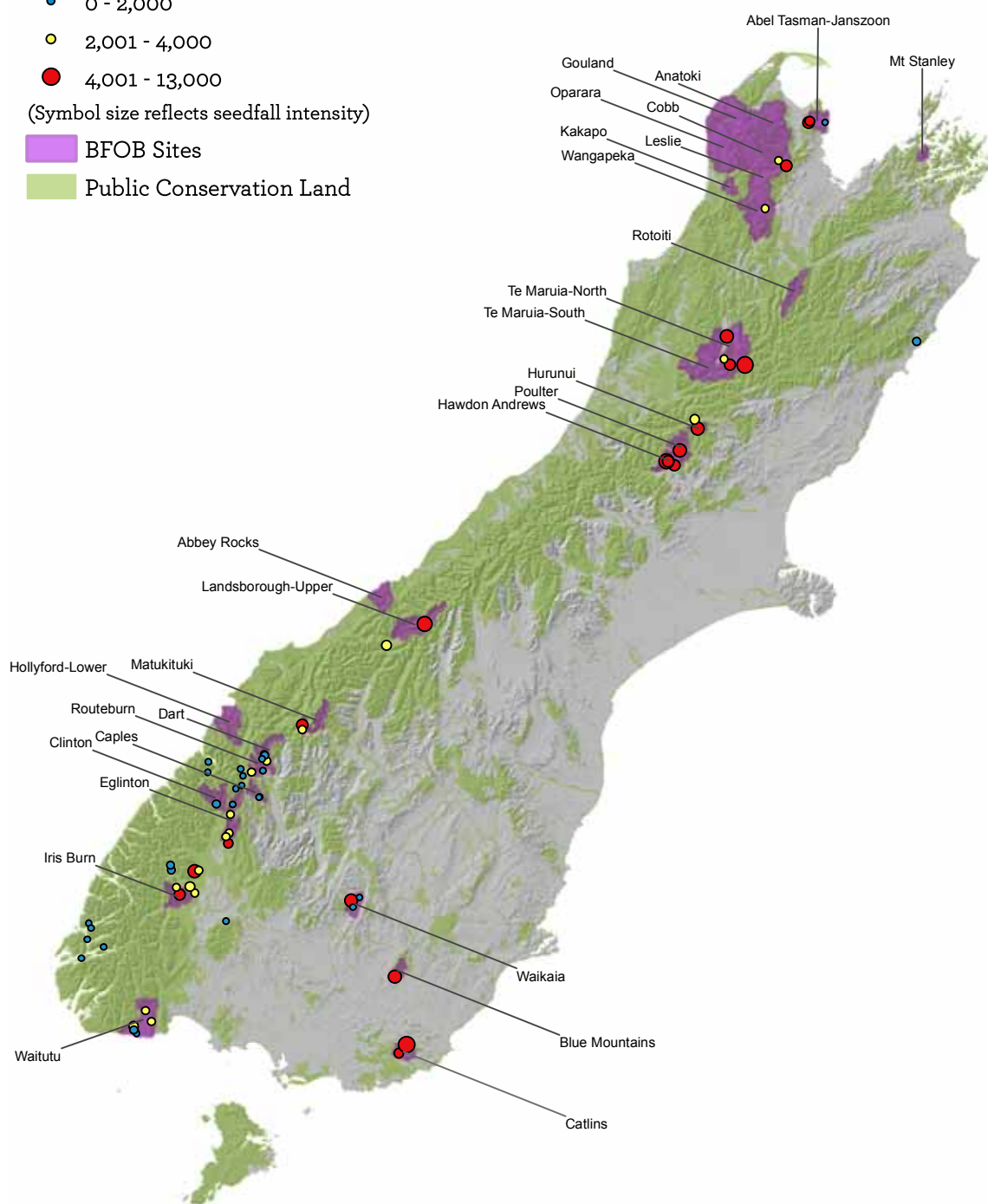
Battle for our Birds

- A heavy seeding or ‘mast’ was predicted to happen
- Sites were targeted where rare native species are under greatest threat
- 27 aerial 1080 operations were carried out, covering more than 600,000 ha

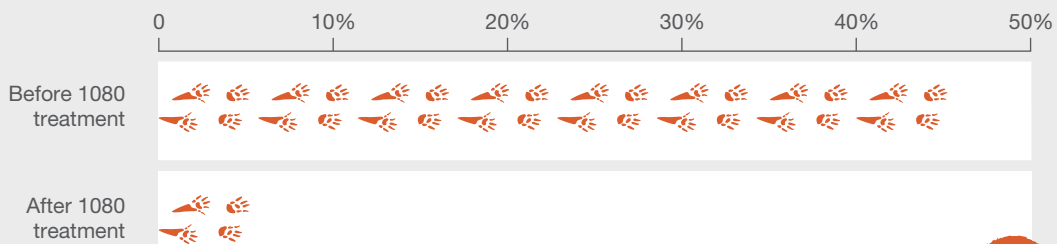


Total beech seedfall (per m²) 2014

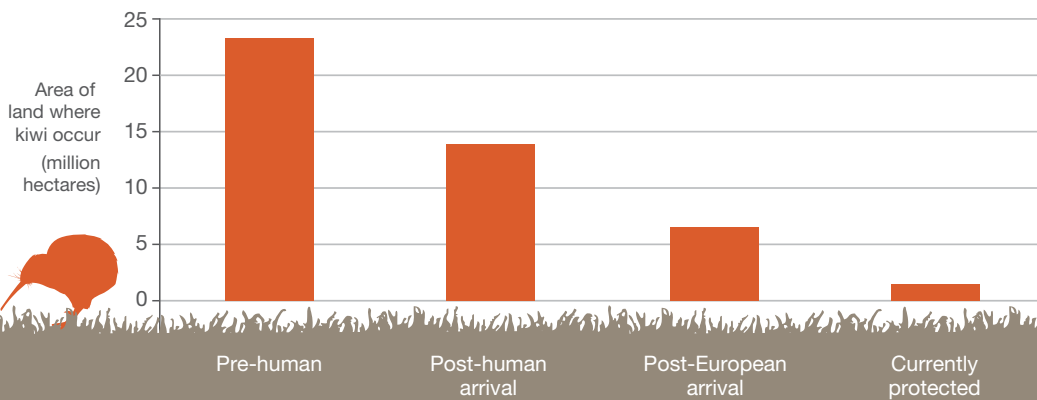
- 0 - 2,000
 - 2,001 - 4,000
 - 4,001 - 13,000
- (Symbol size reflects seedfall intensity)
- BFOB Sites
 - Public Conservation Land



The impact of Battle for our Birds 1080 poison control operations on rat populations in beech forests (the average of 25 control locations)



Understanding our threatened species: kiwi distribution over time





Historic heritage


Impact we seek


Our history is brought to life and protected

Impact indicators

The condition of actively conserved historic places 

The trend in New Zealanders' awareness of DOC as a manager of historic places 

The trend in visitor numbers at Historic Icon sites 

The trend in visitor satisfaction with the quality of the opportunities provided at historic places 

10-year stretch goals

The stories of 50 historic Icon Sites are told and protected.

Table 2: Number of key heritage sites categorised as stable or deteriorating.

	2010/11	2011/12	2012/13	2013/14	2014/15
Stable	290	310	269	293	432
Deteriorating	211	287	338	311	163

DOC manages the single largest portfolio of heritage in New Zealand. Our aim is to bring New Zealand’s history to life, and in doing so, protect the heritage places that are expressions of this history.

To achieve this, we:

- Focus on providing top-quality visitor experiences at 20 Historic Icon destinations by telling engaging and memorable stories about New Zealand’s identity.
- Ensure a representative sample of heritage is conserved at 595 actively conserved historic places and the experience for visitors is improved.
- Safeguard more than 13,000 protected historic places from avoidable harm. Records of these places and where they are located¹³ are available for when work at these locations is being planned.

We want people to connect to New Zealand’s past and to feel enriched by the experiences provided.

The condition of actively conserved historic places

From 2010/11 to 2012/13 the number of sites categorised as deteriorating increased. We began to turn this trend around in 2012/13, and have made significant gains in the number of sites categorised as stable in 2014/15. The proportion of sites categorised as stable rose from 49 percent in 2013/14 to 73 percent in 2014/15. This gain is largely the result of improvements to DOC’s historic heritage maintenance regime, resulting in fabric conservation tasks being carried out more frequently and consistently.

The Manganuku truss bridge: saving a rare survivor

New Zealand’s mountainous terrain and many rivers were a challenge to settlers and made travel very dangerous. Bridges opened up access across the country and continue to connect New Zealanders with each other. Of the many thousands of bridges built, the Manganuku truss bridge, adjacent to State Highway 2 near Opotiki, is the last wooden Howe truss design bridge remaining. Since 1960 it has been preserved as a national bridge heritage site. After withstanding the elements for the past 80 years, emergency restoration work was needed and its decaying timbers have now been replaced.

The trend in New Zealanders’ awareness of DOC as a manager of historic places

Table 3: Change over time in New Zealanders’ awareness of the Department of Conservation as an administrator of historic heritage sites.¹⁴

	2011/12	2012/13	2013/14	2014/15
Percentage of New Zealanders	63	61	67	68

Public awareness of DOC’s role in managing more than 13,000 heritage sites reflects our level of success in promoting New Zealand’s heritage, and should have an influence on others helping protect and manage their heritage. The level of awareness has been maintained for 2 years. Awareness is significantly higher for New Zealanders aged over the age of 34, and higher across the South Island than in the North Island.

The trend in visitor numbers at Historic Icon sites

Engaging New Zealanders with their heritage includes encouraging them to visit heritage sites.

The proportion of New Zealanders visiting heritage places on public conservation lands is an indicator of how successful we are at engaging people with their heritage.

There continues to be a strong increase in participation.

Table 4: Change over time in New Zealanders’ participation in historic heritage on public conservation lands and waters.¹⁵

	2011/12	2012/13	2013/14	2014/15
Percentage of New Zealanders	29	47	48	55

¹³ See www.archsite.org.nz.

¹⁴ Ipsos 2015a.

¹⁵ *ibid.*

Selected on their potential to bring history to life, Historic Icon sites are great places to tell stories about the Kiwi identity, to grow tourism, and help to generate economic benefits.

Understanding visitor numbers is one way of reflecting on the benefit of heritage sites. Visitation is monitored to determine trends in use, and use levels reflect the effectiveness of promotion and the appeal of the site itself.

Since reporting on Historic Icon sites began in 2011/12, more sites have seen growth in visitation than are stable or declining.

Bringing history to life is the key to providing a memorable and satisfying experience for visitors. Our logic model is that visitor satisfaction with an experience leads to an understanding of the value of heritage and to support for protecting it.¹⁶

Rangihoua Heritage Park: Successful bicentennial partnership

On 21 December 2015, more than 750 people were inspired to come from overseas and throughout New Zealand to mark the bicentenary of New Zealand's first Christmas service, delivered in 1814. They travelled to Hohi in the Bay of Islands where Reverend Samuel Marsden established the first European settlement, a Church of England mission station. Now known as Rangihoua Heritage Park, the 46-hectare coastal site has been transformed by 9 years of hard work and collaboration between the Marsden Cross Trust Board, the Anglican Church, Ngāti Torehina/Ngāpuhi, and DOC.

Table 5: Results for specific Historic Icon sites.

	2014/15 total counts	Change since 2013/14 (%)	Average annual change (%)	Number of years counted	Likely reason for change
Bridge to Nowhere	16,528	-9	+4	6	Recent flooding limited access
Timber Trail	6,273	+15	+138	4	Full trail now established
Government Buildings	18,838	+110	+44	3	Extended operating season for the guided tours
Ship Cove	25,392	-23	-7	8	One of the three water taxi operators ceased operations, limiting the transport options for visitors.
Denniston Mine	15,489	-31	+17	5	Concession operation closed part of this year
Godley Head	9,289	+21	+63	3	Reopening access after post-earthquake risk part closure

Table 6: Change over time in New Zealanders' satisfaction with the quality of historic heritage opportunities provided.¹⁷

	2011/12	2012/13	2013/14	2014/15
Percentage of New Zealanders satisfied with the quality of heritage opportunities provided	87	75	74	78

¹⁶ Support for this approach comes from: Ham, S. 2007: Can interpretation really make a difference? Answers to four questions from cognitive and behavioural psychology. Proceedings of the Interpreting World Heritage Conference. Vancouver; Petty, R.; Cacioppo, J. 1986: Communication and persuasion: Central and peripheral routes to attitude change. Springer: New York; Moscardo, G. 1999: Making visitors mindful - Principles for creating sustainable visitor experiences through effective communication. Sagamore: Champaign; Beck, L.; Cable, T. 2002: Interpretation for the 21st century: Fifteen guiding principles for interpreting nature and culture. Sagamore: Champaign; Preucel, R.W.; Mrozowski, S.A. (Eds) 2010: Contemporary archaeology in theory: The new pragmatism. Wiley-Blackwell, Oxford.

¹⁷ Ipsos 2015a.

Outputs that contribute to this intermediate outcome

The output classes and output groups that contribute to this intermediate outcome are set out in Appendix 2. These are reported on in the statement of service performance below.

Statement of service performance 2014/15: Management of historic heritage

Performance measures and targets: 2014/15	National commentary ¹⁸
Management of historic heritage	
21 historical or cultural heritage assets for which remedial work is completed to standard.	Remedial work was undertaken to standard on 17 historic or cultural heritage assets. Not achieved Northern Region reported re-scheduling work on Motuihe Tower to 2015/16 based on the resources required to bring the project to completion. Central North Island Region reported that work at 3 sites did not proceed when more detailed planning took place. This affected assets at Hine Rae Pā, Waiotahi Pā, and Taupiri Lookout.
1,110 historical or cultural heritage assets for which regular maintenance work is on track to standard.	Maintenance work is on track to standard for 1,387 historical and cultural heritage assets. Achieved
26 historical or cultural heritage assessment reports completed to standard.	39 historical or cultural assessment reports were completed to standard. Achieved

Output class operating statement 2014/15: Management of historic heritage

	Actual 30/06/14 \$000	Budget 30/06/15 \$000	Revised budget 30/06/15 \$000	Actual 30/06/15 \$000
Revenue				
Crown	5,151	5,582	6,322	6,322
Other	15	414	2,434	1,408
Total revenue	5,166	5,996	8,756	7,730
Expenses	4,763	5,996	6,806	6,635
Surplus/(deficit)	403	-	1,950	1,095

¹⁸ DOC considers that performance has been achieved when the output is within a tolerance level acceptable for the nature of the operation. For field operations, this is generally within +/-10% of the projected performance target. For significant outputs however, as shown on the 'Summary of Output Performance' table, this tolerance is +/-5%. When outside these ranges, a variance comment is provided.

Recreation

Impact we seek

New Zealanders and our visitors are enriched by outdoor experiences

Impact indicators

The trend over time in New Zealanders' awareness of DOC as a recreation provider 📉

The trend in participation in recreation on public conservation lands and waters 📈

The trend in visitor satisfaction with the quality of the experience and opportunities provided ➡️

10-year stretch goals

50 percent of international holiday visitors come to New Zealand to connect with our natural places.

DOC is a provider of recreation opportunities, along with regional and local authorities and the private sector, and manages New Zealand’s single largest outdoor recreation network of over 14,000 km of tracks, 330 campsites and 960 backcountry huts. The aim is to enrich the lives of New Zealanders and our international visitors by providing memorable outdoor experiences.

To do this DOC continues to focus on visitor needs at destinations defined by the types of experiences on offer.

- At Icon destinations we provide top-quality experiences that showcase New Zealand and contribute to growing New Zealand tourism.
- At Gateway destinations we focus on introducing the next generation to our conservation heritage and growing family participation.
- At Local Treasures we empower and help local communities to take greater ownership of the places and experiences they hold dear.
- In the unique adventure playground that is New Zealand’s backcountry, we encourage people to be self-reliant, to meet nature on nature’s terms.

At all places, DOC’s aim is for people to enjoy themselves and to feel enriched by their outdoor experiences. In many cases we do this supported by our tourism industry partners. We recently completed 13 Conservation Connection Forums – joint DOC and Tourism Industry Association (TIA) workshops designed to develop a picture of what success would be like if everyone worked together.

These forums enabled DOC staff and tourism operators to come together to discuss issues of mutual interest. They gave DOC and TIA valuable insights into the needs of tourism operators and demonstrated DOC’s commitment to the sector as it begins work on the 10-year stretch goal.

The Department surveys New Zealanders to gain an understanding of the level of awareness of DOC’s recreation opportunities, overall participation rates, preferred activities, facilities used and levels of satisfaction.¹⁹ DOC’s asset management system provides information on the state of the recreation network and its facilities.

The information collected shows that there is a relatively high level of awareness of DOC as a recreation provider, though this has declined over the past 2 years. The number of New Zealanders recreating on conservation land is high and continues to increase. Satisfaction levels remain high.

The trend over time in New Zealanders’ awareness of DOC as a recreation provider

While the overall awareness of New Zealanders that DOC is a recreation provider remains high, this has been declining over past 2 years; a topic for further investigation.

Table 7: Percentage of New Zealanders aware that DOC is a provider of recreation opportunities.

	2012/13	2013/14	2014/15
Percentage of New Zealanders	81%	79%	73%

The trend in participation in recreation on public conservation lands and waters

Monitoring the proportion of New Zealanders visiting recreation areas on public conservation lands helps us understand how successful we are at connecting people with the outdoors.

Table 8: Percentage of New Zealanders’ participating in recreation on public conservation lands and waters.

	2012/13	2013/14	2014/15
Percentage of New Zealanders	71%	74%	77%

¹⁹ Ipsos 2015a.

There is a trend of increasing participation. The exceptional summer of 2014/15, and ongoing promotional efforts from DOC and partners such as Air New Zealand, are likely to have contributed to these continued gains.

Groups less likely to use DOC recreational areas are New Zealanders of Pacific and Asian ethnicity, people above the age of 65, and those with a below average annual income.

The main activities that people engage in on public conservation lands and waters remain relatively constant, with short walks and sightseeing being most popular (Nielsen 2014²⁰ and Ipsos 2015a).

Working with others: facilities managed by New Zealand Outdoor Recreation Consortium

Participation in recreation on public conservation lands for many New Zealanders also extends to involvement in the management of facilities. The New Zealand Outdoor Recreation Consortium, set up in 2014, is a partnership initiative between DOC and various stakeholders spanning 152 outdoor clubs, with a combined membership of over 35,000 people. Its aim is to maintain huts and tracks that are currently minimally maintained, but other projects to improve recreational opportunities and encourage more people into the backcountry may also be supported by the consortium. By March 2015, in less than a year of operation, \$600,000 from the Community Conservation Partnership Fund (CCPF) had been allocated to 82 projects, including work on 50 huts and 45 tracks (some projects were for work on both huts and tracks). The volunteer effort associated with this work is forecast to be about 10,500 work hours.²¹

The trend in visitor satisfaction with the quality of the experience and opportunities provided

Our logic model is that a satisfying experience enriches visitors' lives, and will also lead to repeat visits and positive stories about conservation destinations being passed on.²²

Table 9: New Zealanders' satisfaction with the quality of visitor facilities and opportunities provided.

	2012/13	2013/14	2014/15
Percentage of New Zealanders	78%	80%	79%

Visitor satisfaction with the quality of recreation experiences and opportunities provided remains high. Nearly all New Zealanders (94 percent) who visited a DOC area felt safe when they visited.²³

Aoraki/Mount Cook visitor facility improvements

Visitor numbers on the Hooker Valley Track at Aoraki/Mount Cook have grown by an average 18 percent annually over the past 3 years. This Icon destination includes one of the most popular half-day walks in Aoraki/Mt Cook National Park. DOC has been widening sections of track to allow visitors to pass each other more easily. An upgraded car park allows bus and guided walk businesses to safely deliver visitors to the start of the track. Visitor safety has also been improved by provision of a new bridge and sections of track have been realigned to avoid areas with rockfall and avalanche risk.

Outputs that contribute to this intermediate outcome

The output classes and output groups that contribute to this intermediate outcome are set out in Appendix 2. These are reported on in the statement of service performance below.

²⁰ Nielsen Company 2014; Survey of New Zealanders. Report prepared for the Department of Conservation. The Nielsen Company, Wellington.

²¹ Outdoor Recreation Consortium at <http://hutsandtracks.org.nz/about/>.

²² Support for this approach comes from Roberts, L.; Brower, A.; Kerr, G.; Lambert, S.; McWilliam, W.; Moore, K.; Quinn, J.; Simmons, D.; Thrush, S.; Townsend, M.; Blaschke, P.; Costanza, R.; Cullen, R.; Hughey, K.; Wratten, S. 2015: The nature of wellbeing: how nature's ecosystem services contribute to the wellbeing of New Zealand and New Zealanders. Department of Conservation, Wellington. 145 p. <http://www.doc.govt.nz/Documents/science-and-technical/sap258entire.pdf>.

²³ Ipsos 2015a.

In less than a year, the New Zealand Outdoor Recreation Consortium has contributed funding for:

82
projects

including improvements to

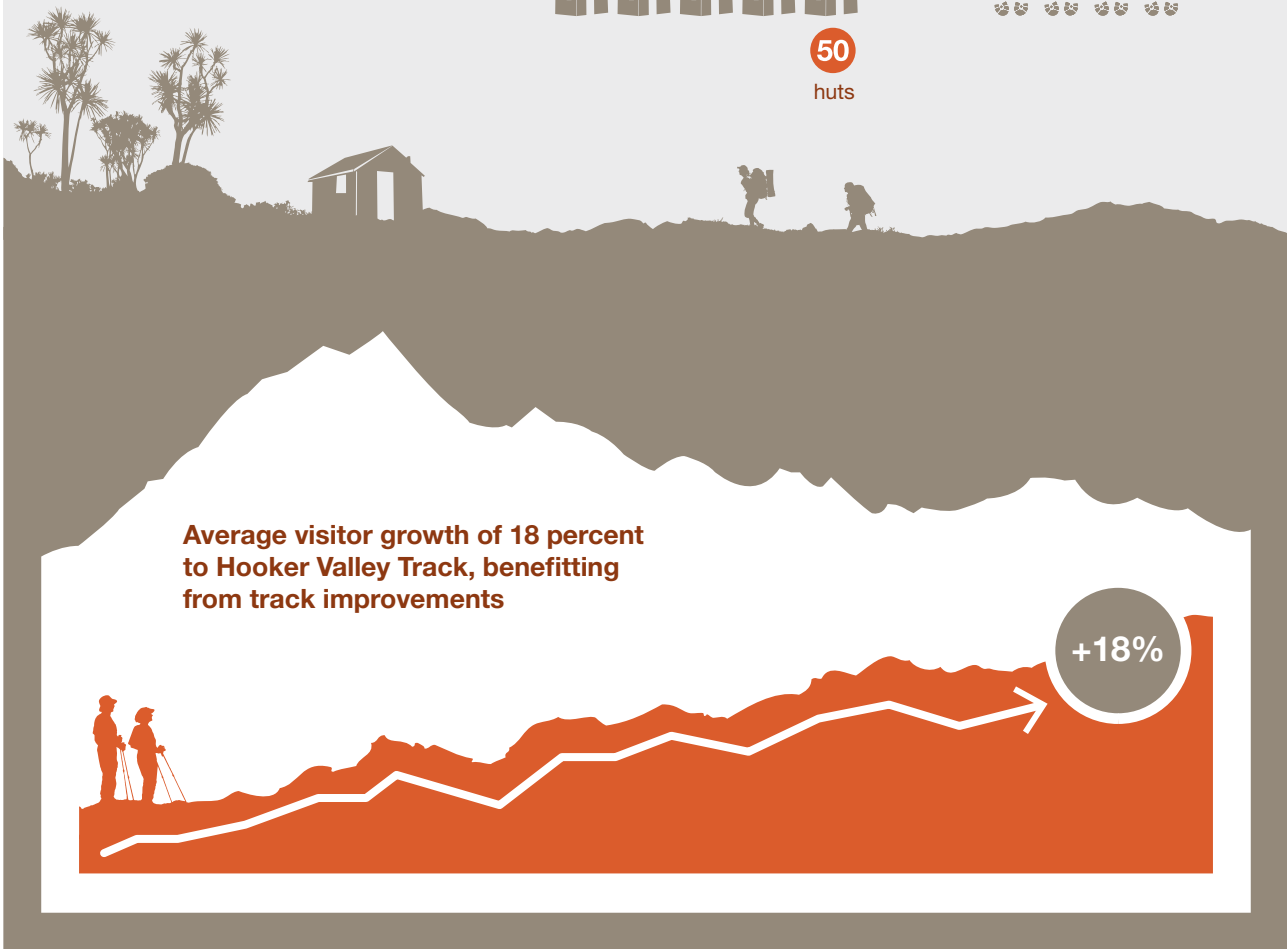


50
huts

and



45
tracks



Statement of service performance 2014/15: Recreation opportunities

Performance measures and targets: 2014/15

National commentary²⁴

Recreation opportunities management

Number of visitor recreation and interpretation publications meeting publication standard, with a target of 90%.

234 visitor recreation and interpretation publications out of a total of 266 met publication standard (88%).

Achieved

Asset management

Number of huts meeting required service standard, with a target of 90% to standard.

868 huts out of 962 met the required service standard (90%).

Achieved

Kilometres of tracks meeting required service standard in each visitor group, with a target of 45% to standard.

8,203 km out of 14,696 km of tracks met the required service standard (56%).

Achieved

Number of structures meeting the required service standard, with a target of 95%.

12,603 structures out of 13,455 met the required service standard (94%).

Achieved

Business opportunities management: Recreation concessions

410 active one-off recreation concessions will be managed.

201 active one-off recreation concessions were managed.

Not achieved

The demand varies for these types of concessions. Generally this year there has been less demand than in 2013/14.

A target of 15% of active longer-term recreation concessions will be monitored annually

190 active longer-term recreation concessions were monitored out of 1,168 that were managed (16%).

Achieved

1,307 active longer-term recreation concession permits, licences, leases and easements managed.

1,168 active longer-term recreation concession permits, licences, leases and easements were managed.

Not achieved

²⁴ DOC considers that performance has been achieved when the output is within a tolerance level acceptable for the nature of the operation. For field operations, this is generally within +/-10% of the projected performance target. For significant outputs however, as shown on the 'Summary of Output Performance' table, this tolerance is +/-5%. When outside these ranges, a variance comment is provided.

Performance measures and targets: 2014/15

National commentary

Business opportunities management – Other resource use concessions

152 active one-off other resource use concessions will be managed.

253 active one-off other resource use concessions were managed.

Achieved

A target of 15% of active longer-term other resource use concessions will be monitored annually (target 450)

257 active longer-term other resource use concessions were monitored out of 3,283 that were managed (8%) (target 491).

Not achieved

Regions are rebuilding their capability in this area as the Department moves to a partnership model with business. Monitoring plans are generally still in development.

3,003 active longer-term other resource use concession permits, licences, leases and easements managed.

3,283 active longer-term other resource use concession permits, licences, leases and easements were managed.

Achieved

Output class operating statement 2014/15: Management of recreation opportunities

	Actual 30/06/14 \$000	Budget 30/06/15 \$000	Revised budget 30/06/15 \$000	Actual 30/06/15 \$000
Revenue				
Crown	122,966	119,395	117,886	117,886
Other	22,524	23,598	25,398	24,105
Total revenue	145,490	142,993	143,284	141,991
Expenses	144,169	144,993	145,284	137,428
Surplus/(deficit)	1,321	(2,000)	(2,000)	4,563

Engagement

Impact we seek

New Zealanders connect and contribute to conservation

Impact indicators

Change in the satisfaction of tangata whenua with DOC's activities to help them maintain their cultural relationships with taonga ○

Change in the importance of conservation to New Zealanders ➡

Change in the quality of the Department's engagement with key associates ➡

10-year stretch goals

90 percent of New Zealanders' lives are enriched through connection to our nature.

Whānau, hapū and iwi are able to practise their responsibilities as kaitiaki of natural and cultural resources on public conservation lands and waters.

Over the past 12 months DOC has continued to embed a fundamental shift in the intent and approach it has for engaging with others.

Our engagement and partnerships model is strongly focused on:

- Connecting New Zealanders to conservation and its social, cultural, economic and environmental values and benefits
- Shifting our society towards taking personal responsibility for conservation and contributing towards it.

DOC works hard to ensure that New Zealanders can access and enjoy conservation experiences that enrich their lives and wellbeing, as well as contributing to the protection and restoration of the country's natural, historic and cultural heritage.

Change in the satisfaction of tangata whenua with DOC's activities to help them maintain their cultural relationships with taonga

The 'Outside In' programme²⁵ has been used as an indicator for this measure while a more enduring reporting method is being developed. This programme was established to address significant internal, external and tangata whenua issues in relation to the Wildlife Act 1953 and research and collection authorisation processes. Treaty partners and Māori organisations were engaged in the programme during August and September 2014.

Tangata whenua reported examples of open and proactive engagement with them by DOC in some areas across New Zealand. In some cases there was early and regular contact or consultation, as well as working together on specific projects. Tangata whenua indicated that because Crown rules and policy are not aligned with tikanga and cultural practice, there tends to be limited interaction with DOC about customary use.

Whānau, hapū and iwi are our Treaty partners in conservation. As well as a statutory responsibility under section 4 of the Conservation Act 1987 to give effect to the principles of the Treaty of Waitangi, we also work in partnership with whānau, hapū and iwi, recognising their close spiritual and cultural connections to nature. In 2014/15 almost 30 percent of DOC's partnerships involved tangata whenua.

Te Urewera Treaty Settlement Implementation

DOC is working closely alongside Te Uru Taumatua (Ngāi Tūhoe's post-settlement governance entity) to support Te Urewera Board and manage the day-to-day operations across Te Urewera. In the first year of joint operations between DOC and Ngāi Tūhoe, there has been a surge of interest in ideas about how long-term conservation gains can be made, while ensuring the rightful recognition of Tūhoe as integral to this special place in New Zealand.

Early conservation successes within Te Urewera include positive results from the Waikareiti Islands pest eradication programme and the establishment of a work programme with Rangipo Prison.

Change in the importance of conservation to New Zealanders

DOC uses an annual population-based survey (Ipsos 2015) to track New Zealanders' understanding and perceptions of conservation. The results of the 2015 survey showed that 81 percent of New Zealanders felt that conservation is very important or important to them personally – a rate that has been relatively stable for several years now.

DOC is involved in a variety of activities that help raise the public's awareness of conservation management.

The Auckland, Waikato and Northland Conservation Management Strategies were publicly notified for submissions in late 2014, and a total of 326 submissions were received for all three strategies.

²⁵ 'Outside In' is a DOC-led programme to design processes for the authorisation of wildlife, research and collection activities in collaboration with our kaimahi and Treaty partners, while fulfilling the intent of the law and keeping the process simple and useable.

Sirocco, the high-profile kākāpō ‘spokesbird’ for conservation, has a Facebook profile providing an opportunity to share conservation stories. His Facebook page had 147,876 ‘likes’, double the number of followers since the same time last year. Sirocco’s Facebook page is performing well above average compared with other New Zealand community Facebook pages.

Connecting with nature – Nature Space

Nature Space is a collaborative website for groups, individuals and landowners undertaking ecological restoration across New Zealand. Nature Space, with administrative support from DOC, provides a one-stop-shop for the community to access conservation restoration information and resources. There has been a 25 percent increase in the number of groups participating in Nature Space over the past year (currently 268 groups) and the number of New Zealanders involved in ecological restoration is now over 35,000.²⁶

to a new senior leadership team. As anticipated, the research showed a widening of the gap since the research was last undertaken in 2013, between those associates who reported a very positive experience of DOC’s engagement and those who reported a somewhat less positive experience.

Green Ribbon Awards

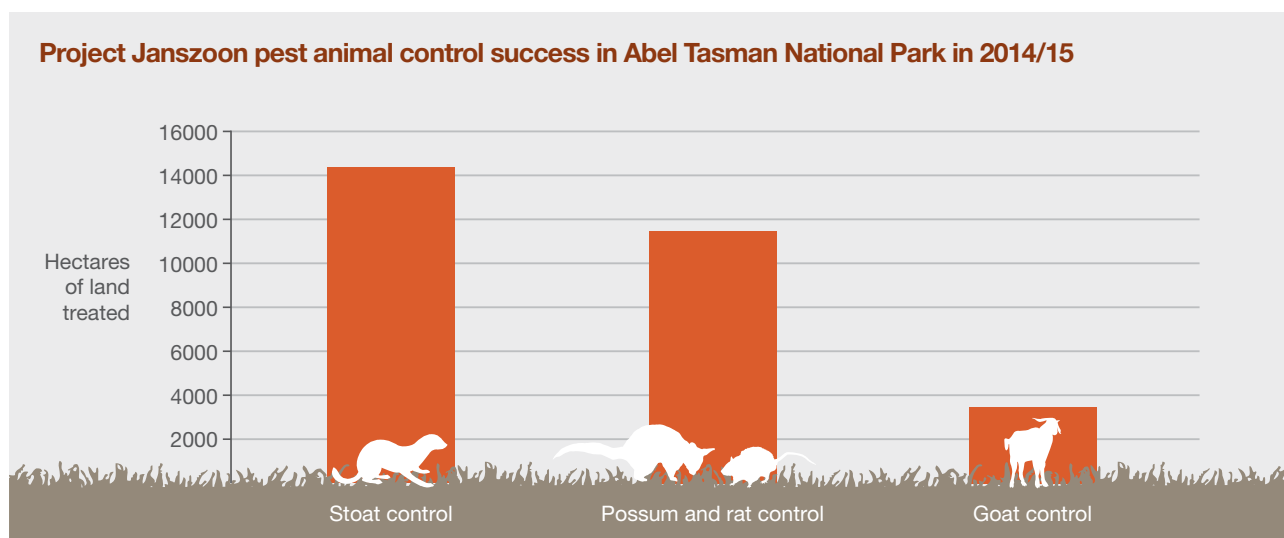
This year marks 25 years of the Green Ribbon Awards, but the first year of DOC’s involvement with the Ministry of the Environment to celebrate outstanding contributions towards protecting New Zealand’s environment by the community. The Supreme Award was won by Project Janszoon, one of DOC’s long-term partners. In 2014/15, Project Janszoon completed 11,500 hectares of aerial pest control for possums and rats, 14,296 hectares of stoat control, and 3,500 hectares of goat control.

Change in the quality of DOC’s engagement with key associates

The 2015 research on DOC’s engagement with key associates took place against the background of the transformation of the organisation and the transition

Outputs that contribute to this intermediate outcome

The output classes and output groups that contribute to this intermediate outcome are set out in Appendix 2. These are reported on in the statement of service performance below.



²⁶ See Nature Space website www.naturespace.org.nz/.

Statement of service performance 2014/15: Engagement

Performance measures and targets: 2014/15

National commentary²⁷

Education and communication

728 education initiatives will be provided during the year with more than 70% of participants surveyed rating the initiatives as 'effective' or 'partly effective' at meeting their objectives.

960 education initiatives were provided during the year. 1,551 participants out of 1,790 surveyed rated the initiatives as 'effective' or 'partly effective' at meeting their objectives (87%).

Achieved

34,000 workday equivalents will be contributed by people volunteering.

34,789 workday equivalents were contributed by people volunteering.

Achieved

Participation

713 partnerships will be run during the year with more than 80% of partners surveyed rating their contribution to conservation as 'moderate' or 'significant'.

901 partnerships were run. 246 participants out of 253 surveyed rated the initiatives as 'moderate' or 'significant' at meeting their objectives (97%).

Achieved

30% of partnerships involve tangata whenua.

258 of the partnerships run involved tangata whenua (29%).

Achieved

Output class operating statement 2014/15: Conservation with the community (engagement)

	Actual 30/06/14 \$000	Budget 30/06/15 \$000	Revised budget 30/06/15 \$000	Actual 30/06/15 \$000
Revenue				
Crown	24,415	23,261	28,641	28,641
Other	660	1,085	2,885	2,162
Total revenue	25,075	24,346	31,526	30,803
Expenses	25,224	24,346	31,526	29,128
Surplus/(deficit)	(149)	-	-	1,675

²⁷ DOC considers that performance has been achieved when the output is within a tolerance level acceptable for the nature of the operation. For field operations, this is generally within +/-10% of the projected performance target. For significant outputs however, as shown on the 'Summary of Output Performance' table, this tolerance is +/-5%. When outside these ranges, a variance comment is provided.


Business partnerships


Impact we seek

Every business fosters conservation for this and future generations

Impact indicators

Increase in engagement of the commercial sector in conservation partnerships 

Change in the level of investment in conservation from the commercial sector 

Improvement in level of return on investment for key DOC products and services 

To be able to deliver increased conservation outcomes across New Zealand, DOC engages with others and works in partnership with communities. The commercial sector is a vital and leading part of the wider community. DOC has been focusing on changing how this sector thinks about and interacts with conservation. We are continuing to seek increased conservation outcomes through deepening our relationships with our current partners and seeking out new partnerships. Points of focus are:

- Developing productive business partnerships
- Increasing business opportunities on public conservation land
- Increasing the return (benefit) to conservation from key DOC products and services.

DOC's successful engagement of the business sector in conservation endeavours is heavily dependent on how people relate to conservation already and the image DOC has within society (the 'DOC brand').

Increase in engagement of the commercial sector in conservation partnerships

Growth in the commitment of businesses to conservation continues as DOC establishes and grows partnerships.

- DOC entered into a 3-year partnership with Yealands Family Wines to support conservation initiatives on the Queen Charlotte Track and Queen Charlotte Sound.
- Crombie Lockwood insurance company has been assisting regional teams with conservation projects, helping groups with public liability insurances, and providing marketing and communications support, and administrative help. This relationship profiles how DOC can help grow conservation outcomes by acting as broker between businesses and active conservation groups throughout New Zealand.
- Genesis Energy continue to provide valuable sponsorship for the Whio Recovery Programme, including helping to raise the public profile of whio through their new Facebook page.

The Living Water Programme is a joint project between DOC and Fonterra, working with local communities, dairy farmers, iwi and other stakeholders, that enables engagement with the primary production sector. The

programme's vision is for a sustainable dairy industry that is part of healthy, functioning ecosystems, that together enrich the lives of all New Zealanders. At this early stage the successes are seen in the delivery of various initiatives of the programme. The outcomes of demonstrated benefit to conservation can be expected as these initiatives take effect.

Change in the level of investment in conservation from the commercial sector

Commercial operations on public conservation lands and waters involve a diverse range of commercial businesses. These include tourism, aviation, beekeeping, agriculture, energy, telecommunications, wild animal recovery and filming. The Department is working to better understand the issues and opportunities of each industry and how we can work together to achieve increased conservation outcomes.

This year DOC has entered into a number of Memoranda of Understanding and run workshops with core industries including tourism, aviation, fur processing, marine, and the Sustainable Business Council. There are considerable growth opportunities but careful planning is required to ensure long-term sustainability. In addition, we are continuing to investigate how we can most effectively address iwi interests in respect of business development.

- Beekeeping activities are going through a high growth phase on the back of the buoyant mānuka honey market. This has driven increasing competition for the natural resources on public conservation land. DOC is reviewing how it manages beekeeping in order to ensure conservation and cultural values continue to be maintained while increasing beekeeping opportunities, optimising the economic return to conservation and streamlining the processes.
- DOC has worked with film companies to support the production of five major series showcasing New Zealand internationally. As a new business approach, DOC has developed content rights agreements with film companies allowing the footage to be used for conservation purposes in future.

Table 10: Department of Conservation concession and partnership revenue.

Financial contribution received	2011/12 Actual (baseline) (\$000)	2012/13 Actual (\$000)	2013/14 Actual (\$000)	2014/15 Actual (\$000)	Change since 2013/4 (%)
Concessions	13,798	13,360	13,777	15,262	10.8
Partnership (funds in partnership commitments)	3,293	5,238	6,473	7,088	8.8

Improvement in level of return on investment for key DOC products and services

Participation in conservation and enjoying our natural and historic heritage brings many benefits to people, the economy and our nature. Promotion is one way of increasing recreational participation. Particular focus this year has been on international markets. This has

included working with 40 wholesalers and 15 inbound tour operators and providing information about Great Walks in eight languages.

With changing markets, patterns of use and increasing visitor numbers, we are paying particular attention to visitor safety and preparedness information. Domestic marketing has a focus on encouraging New Zealanders to experience our wild places.

Table 11: Revenue from key DOC products and services.

Revenue received	2011/12 Actual (baseline) (\$000)	2012/13 Actual (\$000)	2013/14 Actual (\$000)	2014/15 Actual (\$000)	Change since 2013/4 (%)
Backcountry huts	1,525	1,588	1,606	1,751	9.0
Conservation campsites	3,196	4,222	4,738	5,201	9.8
Great Walks	4,240	4,806	5,293	5,605	5.9
Visitor centre network – gross retail	2,114	2,052	2,213	2,367	7.0

DOC seeks to collaborate with partners in marketing, utilising their channels to reach new audiences. This is highlighted through the Air New Zealand partnership, which promotes the Great Walks through a coordinated multi-media programme including in-flight material and digital marketing. Since this partnership began, there has been a 10 percent increase in Great Walks bed-nights in each of the past 3 years. In addition DOC

and Air New Zealand partnered in the Coastal Gems marketing campaign, raising awareness of key marine reserve destinations.

DOC manages 22 visitor centres at key locations across New Zealand. They receive 1.6 million visitors per year and are an important way of providing visitor information, safety messaging and an opportunity to grow understanding and support for conservation.

DOC's brand strength has shown a positive upward trend with the public since 2008.²⁸ DOC also rated as the third most influential Kiwi brand in New Zealand in the recent Ipsos Most Influential Brand research,²⁹ excelling in the citizenship aspect of the research findings. This is a significant achievement. The Department has gone through an exercise of trademarking our product logos to continue to strengthen and protect our brand equity on behalf of New Zealanders.

Living Water progress highlights – end of year 2



- Well-attended Community Open Days/Water Quality Action field day
- Reports on opportunities for restoration (Hikurangi, Waikato Lakes, Te Waihora)
- Baseline assessments (all sites)
- On-farm solutions: nitrate passive filter trial (Waituna), constructed wetland (Hikurangi), biodiversity assessment (Hikurangi), drainage management (Te Waihora)
- Mātauranga Māori pathway report (Waikato)
- Business case for land acquisition for habitat expansion (Pukorokoro)
- Planting and weed control on PCL – all sites, on-farm planting
- Public access ways at Lake Ruatuna and Rotomanuka lengthened and widened



Photos: Fonterra

DOC came 8th in a survey of New Zealand's top 100 brands of 2015



²⁸ BrandCapital International 2014: DOC brand update 2014 [Report 1]. Report prepared for the Department of Conservation. BrandCapital International, Melbourne, Victoria, Australia. 58p.

²⁹ Ipsos 2015b: New Zealand's 100 most influential brands. Research results www.ipsos.co.nz/wp-content/uploads/2015/06/Top-10-MIB-2015.png.

Organisational capability

Capability: Overall status →

Operating model

The Department revised its operating model to reflect 'how we do our business today'. The operating model describes the way we make decisions and the work that we do. All elements of the operating model are focused on delivering results for people.

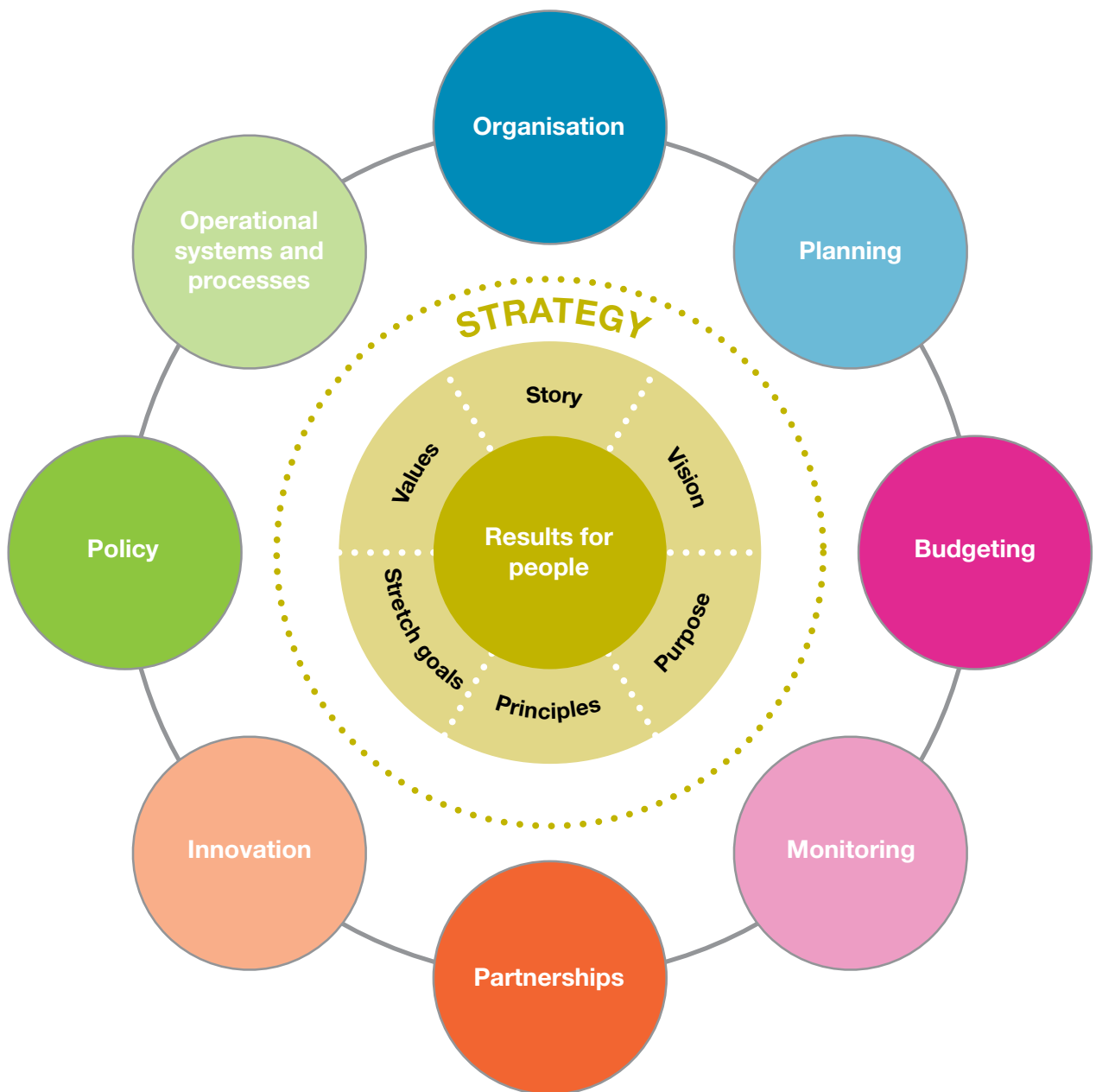


Figure 7: Department of Conservation operating model.

Refreshed strategy

Driving the new operating model is a refreshed strategy with a number of key components including the vision, purpose, values, principles, DOC story and stretch goals.

The DOC story is underpinned by the concept of 'our nature'. It brings together DOC's vision, its newly revised purpose and 2025 stretch goals.

The set of 2025 'stretch goals' were specifically developed to concentrate effort on very clear targets and focus the organisation on achieving our vision. It is now very clear what we are aiming for and we are aligning the core elements of our operating model (e.g. planning, partnerships and innovation) and collective resources towards achieving the stretch goals. The goals give a clear indication of what the Department's targets are for biodiversity, freshwater, marine protection, historic heritage, tourism and community engagement.

Organisational change

An independent post-implementation review was conducted in October 2014 to assess how the new organisational structure implemented in September 2013 was working in practice and to identify where changes needed to be made to ensure DOC's future success.

Improvements to operating model

Changes have been made to ensure DOC's Senior Leadership Team (SLT) has a clear focus on strategy, innovation and building the strong external partnerships needed to deliver step change growth in conservation.

Phase 1 of the SLT changes were the establishment of three new Deputy Director-General positions and business groups - Strategy and Innovation, Science and Policy, and Corporate Services. The positions and business groups went live in July 2015, replacing the Science and Capability, Policy and Regulatory Services and Business Performance Groups.

A 90-day Regional Pilot was carried out, testing a new way of operating to improve core operational delivery, as well as enabling partnerships opportunities to grow. As part of the pilot, supervisory roles were also established to improve spans of control and ensure clear lines of accountability. Significant improvements were seen

as a result of the pilot, and consequently, DOC will be realigning the way its operational business groups are set up across the country.

Interventions to shape culture

Key leadership models are being embedded to ensure everyone is clear about who is accountable for making decisions and ensuring the desired results are achieved. Team process and task assignments are a key part of achieving this change.

The Department's employee engagement programme has been revitalised this year, with a whole-of-organisation survey taking place in April. Teams received their engagement results in June and are developing action plans to target improvements.

The Director-General has established a Safety D-G Task Force and a new Director Safety and Wellbeing position as part of his commitment to shape a safety culture within DOC.

Developing the capability of people

A formal talent management programme has been introduced at DOC following the State Services Commission's recommended approach.

The Department has continued to offer its people managers a range of development options including leadership coaching and 360 degree feedback.

Technical courses continue to be run in association with the Nelson Marlborough Institute of Technology, catering for both DOC employees and members of the public.

DOC's annual internships programme continues to grow each year. The 2014/15 intake allowed for 21 interns to work for the Department over the summer break.

Improving effectiveness of organisational systems

Information management

DOC's new enterprise content management system as a service (ECMaaS - named docCM), was successfully rolled out to staff between March and May 2015. This is a cloud-based whole-of-Government solution led by



the Department of Internal Affairs. The benefits are that docCM can be accessed via the Internet and will enable greater future collaboration with external partners. Network connectivity to DOC's distributed workforce in 60 offices across the country (many being remote sites) continues to be a challenge which the Department is now addressing.

New Zealand Threat Classification System (NZTCS)

DOC manages the New Zealand Threat Classification System on behalf of the environmental protection sector. NZTCS has been developed into a web-based application hosted in Amazon Web Services. It allows sharing of information, improved collection and analysis of data, and makes threat classification decisions more easily accessible to a wide audience.

Whio Forever

This joint Genesis Energy and DOC initiative helped improve the capability of others to engage in conservation

activity. A mobile application allows the user to load pest trap catch and blue duck (whio) observation information into a web-mapping application, helping further work planning and contributing to the wider knowledge base on whio conservation. Whio Forever was selected as the winner for the 'Environment and Sustainability' category of the NZ Spatial Excellence Awards 2014.

Safety and wellbeing

All teams in DOC have now developed a safety and wellbeing plan to ensure that all staff, visitors and volunteers are kept safe. As a result of this initiative, a number of urgent safety issues were identified with immediate remedial action taken.

Improvements to DOC's safety and wellbeing strategy are now being driven from its new learning management system DOCLearn. All staff training records for permanent, fixed term and casual staff, including all health

and safety competencies, are now stored in one place. This allows managers oversight of the competencies of their teams and refresher course requirement.

Managers are encouraged to deliver a health and safety short course to staff annually. This has been updated to include the latest trends and material from the DOC health and safety culture and leadership workshops held in 2014.

Injury rates

The injury frequency rates (number of injuries per million hours worked) are shown in figure 8. The total recordable injury frequency rate (that is, injuries resulting in medical treatment, lost time and serious harm) for the 12 months to 30 June 2015 was 60.7, compared with 62.9 in 2014 (this is a rolling 12-month average). Nine serious harm injuries were recorded in the 12 months to 30 June 2015.

DOC manages its own accident compensation claims. Over the past 12 months, claim numbers (per 100 employees) have remained stable, with the first six months of the reporting year showing a significant decline, followed by an increase in the second half of the year. Claimant satisfaction rate is higher than ACC published rates and return to work results are excellent.

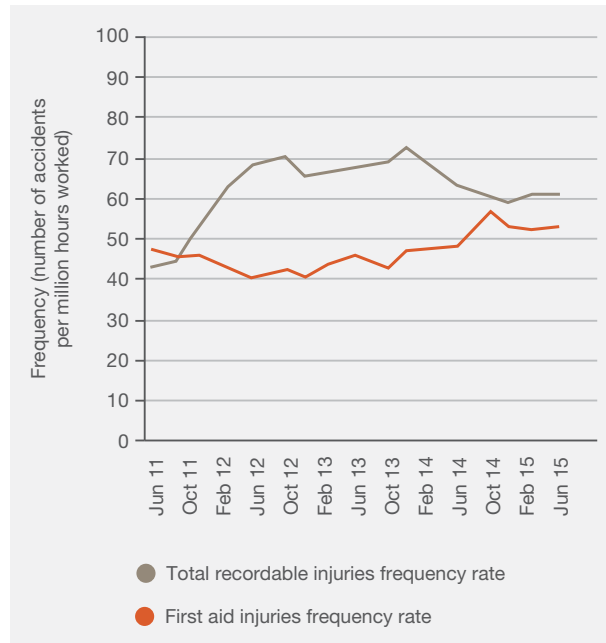


Figure 8: DOC injury frequency rates (the two categories of reported injuries are independent of each other).

Equal employment opportunities

As at 30 June 2015, DOC employed 1,637 permanent full-time equivalent staff and 304 temporary full-time equivalent staff.

Table 12: Equal employment opportunity target group statistics, at June 2015.

	2009/10 (%)	2010/11 (%)	2011/12 (%)	2012/13 (%)	2013/14 (%)	2014/15 (%)	Trend*
Women	37.6	37.3	36.2	36.6	39.4	39.8	➡
Māori	10.7	11.3	11.4	10.1	10.5	11.1	➡
Pacific peoples	0.4	0.4	0.4	0.4	0.4	0.4	➡
People with disabilities	3.2	2.9	2.6	3.0	2.5	2.3	➡

* A trend in growth ↑ or reduction ↓ is signalled where 2 percent or more change occurs between years, otherwise the statistic is considered stable ➡.

Policy advice, ministerial services, management planning, servicing statutory and ministerial bodies

Policy advice

DOC contributes to government priorities and the intermediate outcomes through effective policy advice on major initiatives. This includes policy advice and practical and scientific expertise to whole-of-government policy processes for natural resources, particularly those relating to freshwater, climate change, bioprospecting, biodiversity, minerals and petroleum, biosecurity, and aquaculture. These contributions are often made within the context of the Government's Natural Resources Sector agencies.

DOC provides ongoing advice to the Minister of Conservation to support the Minister's coastal responsibilities under the Resource Management Act 1991 and the Marine and Coastal Area (Takutai Moana) Act 2011. Advice is provided on proposals for amending legislation and regulations.

DOC works in support of the Government's commitment to achieving just and durable settlements of all historical Treaty of Waitangi claims.

This workstream also includes Ministerial services, statutory and ministerially appointed bodies, and management planning.

- The current New Zealand Conservation Authority's (NZCA) term finished on 30 June; eight members were reappointed to the new Authority, and five new members were appointed. Further information about ministerially appointed bodies can be found in Appendix 5.
- Management planning occurs within the statutory planning framework required by the Conservation Act 1987, National Parks Act 1980 and various Treaty of Waitangi settlements requiring the preparation of 10-year Conservation Management Plans. A focus is the revision of conservation management strategies (CMSs). The first three CMSs to be revised were approved by the NZCA during the reporting period. These were Northland, Auckland and Waikato. More information about DOC's statutory management planning activity can be found in Appendix 6.

Outputs that contribute to this output class

Policy outputs contribute to all five Intermediate Outcomes as set out in Appendix 2. These are reported on in the statement of service performance on the following page.

Statement of service performance 2014/15: Policy advice and services

Performance measures and targets: 2014/15	National commentary
Policy advice	
The satisfaction of the Minister of Conservation with the policy advice, as per common satisfaction survey – target at least 80 percent.	Satisfaction is now reported in the year following the Annual Report period. This year there was also a change in the Minister of Conservation. Prior to the elections in 2014 the previous Minister had reported a satisfaction score of 80%. The report from the current Minister will be published in the 2015/16 Annual Report.
Technical quality of policy advice papers assessed by a survey and robustness assessment.	Technical quality score 70 percent (the median for 14 government departments is 73 percent).
The total cost per hour of producing outputs – target at most \$95.	Total cost per output hour \$110. Not achieved The median for 14 Government departments in 2014 was \$125.
Ministerial servicing	
It is expected that the Department will send 200–300 submissions to the Minister.	The Department sent 233 submissions to the Minister. Achieved.
It is expected that the Department will receive 60–70 ministerial Official Information Act requests with 100 percent meeting the ministerial deadline.	The Department received 51 ministerial Official Information Act requests. All met the minister's deadline. Achieved.
It is expected that the Department will receive 150–200 Parliamentary Questions with 100% meeting the ministerial deadline.	The Department received 239 Parliamentary Questions. All met the ministerial deadline. Achieved.

Output class operating statement 2014/15: Policy advice and services

	Actual 30/06/14 \$000	Budget 30/06/15 \$000	Revised budget 30/06/15 \$000	Actual 30/06/15 \$000
Revenue				
Crown	6,132	5,455	11,755	11,755
Other	189	566	1,166	169
Total revenue	6,321	6,021	12,921	11,924
Expenses	5,135	6,021	12,921	12,393
Surplus/(deficit)	1,186	–	–	(469)

Financial statements

Statement of responsibility

In terms of section 45C of the Public Finance Act 1989, I am responsible, as Director-General of the Department of Conservation, for the preparation of the Department's financial statements, statements of expenses and capital expenditure and for the judgements made in the process of producing those statements.

I have the responsibility for establishing and maintaining, and I have established and maintained, a system of internal control procedures that provide reasonable assurances as to the integrity and reliability of financial reporting.

I have the responsibility for ensuring that end-of-year performance information on each appropriation administered by the Department is provided in accordance with sections 19A to 19C of the Public Finance Act 1989, whether or not that information is included in this Annual Report.

I am responsible for the accuracy of any end-of-year performance information prepared by the Department, whether or not that information is included in the Annual Report.

In my opinion, these financial statements fairly reflect the financial position and operations of the Department for the year ended 30 June 2015, and the forecast financial statements fairly reflect the forecast financial position and operations of the Department for the year ending 30 June 2016.



Lou Sanson
Director-General
11 September 2015



Christeen Mackenzie
Deputy Director-General Corporate Services
Chief Financial Officer
11 September 2015



INDEPENDENT AUDITOR'S REPORT
TO THE READERS OF
THE DEPARTMENT OF CONSERVATION'S
ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

The Auditor-General is the auditor of the Department of Conservation (the Department). The Auditor-General has appointed me, Graeme Edwards, using the staff and resources of KPMG, to carry out the audit on her behalf of:

- the financial statements of the Department on pages 55 to 83 that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2015, the statement of comprehensive revenue and expense, statement of changes in equity, statement of departmental expenses and capital expenditure against appropriations, statement of unappropriated expenditure and capital expenditure, the statement of trust monies and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information;
- the performance information prepared by the Department for the year ended 30 June 2015 on pages 8 to 50
- the schedules of non-departmental activities which are managed by the Department on behalf of the Crown on pages 84 to 95 that comprise:
 - the schedules of: assets; liabilities; commitments; contingent liabilities and assets; expenses; and revenue for the year ended 30 June 2015;
 - the notes to the schedules that include accounting policies and other explanatory information

Opinion

In our opinion:

- the financial statements of the Department:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2015 and
 - its financial performance and cash flows for the year ended on that date;
 - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with the Public Benefit Entity Reporting Standards
- the performance information of the Department:
 - presents fairly, in all material respects, for the year ended 30 June 2015:
 - what has been achieved with the appropriation; and
 - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure;
 - complies with generally accepted accounting practice in New Zealand.

- the schedules of non-departmental activities which are managed by the Department on behalf of the Crown on pages 84 to 95 present fairly, in all material respects, in accordance with the Treasury Instructions:
 - the assets; liabilities; commitments; contingent liabilities and assets; expenses; and revenue for the year ended 30 June 2015.

Our audit was completed on 11 September 2015. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Director General and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the information we audited. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Department's preparation of the information we audited in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Director General;
- the appropriateness of the reported performance information within the Department's framework for reporting performance;
- the adequacy of the disclosures in the information we audited; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited. Also, we did not evaluate the security and controls over the electronic publication of the information we audited.

We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Director General

The Director General is responsible for preparing:

- financial statements that present fairly the Department's financial position, financial performance, and its cash flows, and that comply with generally accepted accounting practice in New Zealand.
- performance information that presents fairly what has been achieved with each appropriation, the expenditure incurred as compared with expenditure expected to be incurred, and that complies with generally accepted accounting practice in New Zealand.
- statements of expenses and capital expenditure of the Department, that are presented fairly, in accordance with the requirements of the Public Finance Act 1989.
- Schedules of non-departmental activities, in accordance with the Treasury Instructions, that present fairly those activities managed by the Department on behalf of the Crown.

The Director General's responsibilities arise from the Public Finance Act 1989.

The Director General is responsible for such internal control as is determined is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Director General is also responsible for the publication of the annual report, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the information we are required to audit, and reporting that opinion to you based on our audit. Our responsibility arises from the Public Audit Act 2001.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the Department.



Graeme Edwards
KPMG
On behalf of the Auditor-General
Wellington, New Zealand

Departmental financial statements

Statement of comprehensive revenue and expense

for the year ended 30 June 2015

	Notes	30/06/14 Actual \$000	30/06/15 Budget* \$000	30/06/15 Revised Budget* \$000	30/06/15 Actual \$000	30/06/16 Forecast* \$000
Revenue						
Revenue Crown		309,374	299,419	314,965	314,965	310,467
Other revenue	2	37,463	40,132	50,152	43,756	41,132
Total revenue		346,837	339,551	365,117	358,721	351,599
Expenses						
Personnel costs	3	149,300	145,689	143,590	158,022	143,590
Operating costs	4	116,246	107,539	140,353	108,121	125,346
Depreciation, amortisation and impairment expense		32,770	35,967	34,746	35,102	34,799
Capital charge	5	46,049	52,228	48,428	47,265	49,864
Finance costs		126	128	-	100	-
Loss on disposal of property, plant and equipment		388	-	-	1,165	-
Total expenses		344,879	341,551	367,117	349,775	353,599
Net surplus/(deficit)		1,958	(2,000)	(2,000)	8,946	(2,000)
Other comprehensive revenue and expense						
Gain on property revaluations		14,619	2,000	-	4,001	-
Total comprehensive revenue and expense		16,577	-	(2,000)	12,947	(2,000)

* The statement of accounting policies provides explanations of these figures which are unaudited.

Refer to Note 1 for an explanation of major variances.

The accompanying accounting policies and notes form part of, and should be read in conjunction with, these financial statements.

Statement of financial position

as at 30 June 2015

	Notes	30/06/14 Actual \$000	30/06/15 Budget* \$000	30/06/15 Revised Budget* \$000	30/06/15 Actual \$000	30/06/16 Forecast* \$000
Taxpayers' funds						
General funds	13	456,880	538,042	459,880	461,360	470,680
Property, plant and equipment revaluation reserves	13	134,514	119,143	134,514	136,746	134,514
Total taxpayers' funds		591,394	657,185	594,394	598,106	605,194
Represented by:						
Current assets						
Cash		58,011	86,490	42,701	43,656	11,045
Prepayments		1,934	1,252	2,000	2,283	2,000
Inventories		1,144	1,063	1,000	837	1,000
Trade and other receivables	7	8,828	8,303	6,000	12,820	6,000
Non-current assets held for sale		3,371	-	-	3,371	-
Debtor Crown	8	24,813	20,820	24,813	44,813	74,813
Total current assets		98,101	117,928	76,514	107,780	94,858
Non-current assets						
Property, plant and equipment	9	558,281	588,719	588,343	548,893	587,543
Intangible assets	10	11,145	16,210	12,412	9,286	10,995
Total non-current assets		569,426	604,929	600,755	558,179	598,538
Total assets		667,527	722,857	677,269	665,959	693,396
Current liabilities						
Trade and other payables		18,006	25,899	40,925	12,840	46,252
GST payable		2,767	(1,348)	10,000	3,089	10,000
Employee entitlements	11	17,568	15,308	12,500	14,639	12,500
Finance leases		658	624	650	618	650
Provisions	12	11,855	779	-	3,789	-
Return of operating surplus	6	990	-	-	7,014	-
Revenue in advance		9,443	6,818	5,000	10,029	5,000
Total current liabilities		61,287	48,080	69,075	52,018	74,402
Non-current liabilities						
Employee entitlements	11	13,483	17,144	13,000	14,366	13,000
Finance leases		824	448	800	540	800
Provisions	12	539	-	-	929	-
Total non-current liabilities		14,846	17,592	13,800	15,835	13,800
Total liabilities		76,133	65,672	82,875	67,853	88,202
Net assets		591,394	657,185	594,394	598,106	605,194

* The statement of accounting policies provides explanations of these figures which are unaudited. Refer to Note 1 for an explanation of major variances.

The accompanying accounting policies and notes form part of, and should be read in conjunction with, these financial statements.

Statement of changes in taxpayers' funds
for the year ended 30 June 2015

	Notes	30/06/14 Actual \$000	30/06/15 Budget* \$000	30/06/15 Revised Budget* \$000	30/06/15 Actual \$000	30/06/16 Forecast* \$000
Balance at 1 July		575,600	611,818	591,394	591,394	596,394
Total comprehensive revenue and expense		16,577	-	(2,000)	12,947	(2,000)
Distributions to Crown						
Asset transfers		(536)	-	-	(795)	-
Return of operating surplus	6	(990)	-	-	(7,014)	-
Contributions from Crown						
Asset transfers		743	-	-	1,574	-
Capital contributions		-	45,367	5,000	-	10,800
Balance at 30 June		591,394	657,185	594,394	598,106	605,194

* The statement of accounting policies provides explanations of these figures which are unaudited.
Refer to Note 1 for an explanation of major variances.

The accompanying accounting policies and notes form part of, and should be read in conjunction with, these financial statements.

Statement of cash flows

for the year ended 30 June 2015

	Notes	30/06/14 Actual \$000	30/06/15 Budget* \$000	30/06/15 Revised Budget* \$000	30/06/15 Actual \$000	30/06/16 Forecast* \$000
Cash flows – operating activities						
Receipts from Revenue Crown		313,301	299,419	314,965	294,965	310,467
Receipts from other revenue		37,149	42,271	51,906	40,035	41,132
Payments to employees		(156,814)	(143,789)	(146,680)	(159,929)	(141,129)
Payments to suppliers		(102,701)	(99,691)	(139,007)	(120,982)	(130,995)
Payments for capital charge		(46,049)	(52,228)	(48,428)	(47,265)	(49,864)
Net cash flow from operating activities	14	44,886	45,982	32,756	6,824	29,611
Cash flows – investing activities						
Receipts from sale of property, plant and equipment		653	5,600	-	958	-
Purchase of property, plant and equipment		(28,641)	(53,000)	(48,766)	(18,561)	(50,166)
Purchase of intangibles		(3,905)	(4,300)	(4,300)	(1,888)	(2,400)
Net cash flow from investing activities		(31,893)	(51,700)	(53,066)	(19,491)	(52,566)
Cash flows – financing activities						
Capital contributions		-	45,367	5,000	-	10,800
Finance lease payments		(596)	-	-	(698)	-
Return of operating surplus to the Crown		(6,193)	-	-	(990)	-
Net cash flow from financing activities		(6,789)	45,367	5,000	(1,688)	10,800
Net increase/(decrease) in cash		6,204	39,649	(15,310)	(14,355)	(12,155)
Opening cash balance		51,807	46,841	58,011	58,011	23,200
Closing cash balance		58,011	86,490	42,701	43,656	11,045

* The statement of accounting policies provides explanations of these figures which are unaudited.

The Goods and Services tax (net) component of operating activities has been included under supplier payments and reflects the net GST paid to and received from Inland Revenue. The GST components have been presented on a net basis as the gross amounts do not provide meaningful information for financial statement purposes.

The accompanying accounting policies and notes form part of, and should be read in conjunction with, these financial statements.

Statement of commitments

as at 30 June 2015

	30/06/14 Actual \$000	30/06/15 Actual \$000
Commitments by category		
<i>Capital commitments</i>		
Property, plant and equipment	6,646	3,017
Intangible assets	122	-
Total capital commitments	6,768	3,017
<i>Operating commitments</i>		
Non-cancellable accommodation leases	27,876	25,835
Other non-cancellable leases	3,212	3,044
Total operating commitments	31,088	28,879
Total commitments	37,856	31,896
Commitments by term		
Less than 1 year	14,868	11,453
1–2 years	6,889	7,079
2–5 years	13,269	10,075
Greater than 5 years	2,830	3,289
Total commitments	37,856	31,896

Capital commitments

Capital commitments are the aggregate amount of capital expenditure contracted for the acquisition of property, plant, equipment and intangible assets that have not been paid or recognised as a liability at the balance sheet date.

Non-cancellable operating lease commitments (accommodation and other)

The Department leases property, plant and equipment in the normal course of its business. The majority of these leases are for premises, motor vehicles and computer hardware and have a non-cancellable leasing period ranging from 3–10 years.

The Department's non-cancellable operating leases have varying terms, escalation clauses and renewal rights. There are no restrictions placed on the Department by any of its leasing arrangements.

The accompanying accounting policies and notes form part of, and should be read in conjunction with, these financial statements.

Statement of contingent liabilities and contingent assets

as at 30 June 2015

	30/06/14 Actual \$000	30/06/15 Actual \$000
Public liability claims	3,026	940
Total contingent liabilities	3,026	940

The public liability claims relate to claims against the Department and are disclosed without prejudice. The Department's contingent liabilities are broken down as follows:

	30/06/14 Maximum Exposure \$000	30/06/15 Maximum Exposure \$000
Court and Tribunal proceedings and other potential claims:		
53 proceedings and potential claims of which 7 are quantifiable. The remaining 46 claims cannot be quantified. The contingent liability for the 7 quantifiable claims is shown below.		
Costs to clean asbestos and dioxin contaminated land	1,815	15
Claims for damage caused by events originating from public conservation land	943	910
Other quantifiable proceedings and potential claims	268	15
Total court and tribunal proceedings and other potential claims	3,026	940

The Department is aware that further sites requiring remediation (due to mining, asbestos, pollution, or other means) may exist throughout New Zealand and could require remediation at some point. As these potential sites are unknown, the Department does not currently have a commitment to restore the sites, thus no provision or contingent liabilities are recognised in their regard at 30 June 2015.

Indemnities

The Director-General of Conservation has a delegation from the Minister of Finance under the Public Finance Act 1989 to agree to indemnities in access agreements

over private land. This provides access, for the public and the staff of the Department, to land managed by the Department.

One new indemnity was granted in 2014/15 for staff access to conservation land.

Contingent assets

The Department has no contingent assets (2014: nil).

The accompanying accounting policies and notes form part of, and should be read in conjunction with, these financial statements.

Statement of trust monies for the year ended 30 June 2015

	As at 30/06/14 \$000	Contributions \$000	Distributions \$000	Net Interest \$000	As at 30/06/15 \$000
Conservation Project Trust	1,315	627	(690)	23	1,275
NZ Walkway Trust	11	-	-	-	11
National Parks Trust	121	69	(54)	3	139
Bonds/Deposits Trust	7,779	114	(867)	230	7,256
Total	9,226	810	(1,611)	256	8,681

The Department has delegated authority to operate these trust accounts under sections 66 and 67 of the Public Finance Act 1989.

Trust accounts are mainly used to hold bonds and deposits from operators working on public conservation land, including those contracted by the Department. These are repaid when the operators have been cleared of all obligations.

The accompanying accounting policies and notes form part of, and should be read in conjunction with, these financial statements.

Statement of accounting policies

Reporting entity

The Department of Conservation (the Department) is a government department as defined by section 2 of the Public Finance Act 1989. The relevant legislation governing the Department's operations includes the Public Finance Act and the Conservation Act 1987. The Department's ultimate parent is the New Zealand Crown.

In addition, the Department has reported on Crown activities and the trust monies that it administers.

The primary objective of the Department is to provide services to the public rather than making a financial return. For financial reporting purposes, the Department of Conservation is a public benefit entity (PBE) and its financial statements have been prepared in accordance with Tier 1 PBE standards.

The financial statements of the Department are for the year ended 30 June 2015. The financial statements were authorised for issue by the Director-General of the Department on 10 September 2015.

Basis of preparation

The financial statements of the Department have been prepared on a going concern basis, and in accordance with the requirements of the Public Finance Act 1989, which includes the requirement to comply with New Zealand generally accepted accounting practices (NZ GAAP).

These annual financial statements are the first set of financial statements presented in accordance with PBE International Public Sector Accounting Standards (IPSAS). Under PBE IPSAS standards, entities are required to treat revenue from non-exchange and exchange transactions differently. A non-exchange transaction arises where one entity receives value from or gives value to another entity without directly receiving approximate equal value in exchange.

Donations, gifts, bequests and grants are treated as a non-exchange transaction by the Department except in cases where an explicit conditional clause is present. Where a stipulation is included in the transaction requiring the Department to either consume the benefits or service potential embodied in an asset in a specific way or return this to the transferor, revenue is recognised in proportion to the extent to which the contractual obligations embodied in the arrangement have been satisfied.

Where under PBE IPSAS 23 a non-exchange transaction leads to an asset being recognised, the Department is required to recognise revenue equivalent to the asset measured. The impact of applying the revenue recognition criteria of PBE IPSAS 23 to the prior two financial years' transactions would not affect the comparability of the Department's financial statements. To maintain ease of readability and avoid undue confusion resulting from minor changes to prior period amounts, these amounts have not been restated in the financial statements.

The financial statements are presented in New Zealand dollars, and all values are rounded to the nearest thousand dollars (\$000). The functional currency of the Department is New Zealand dollars.

The statements have been prepared on a historical cost basis, modified by the revaluation of certain items of property, plant and equipment.

Standards issued and not yet effective and not early adopted

In October 2014 the PBE suite of accounting standards was updated to incorporate requirements and guidance for the not-for-profit sector. These updated standards apply to PBEs with reporting periods beginning on or after 1 April 2015. The Department will apply these updated standards in preparing its 30 June 2016 financial statements. The Department expects there will be minimal or no change in applying these updated accounting standards.

Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Budget and forecast figures

The budget and the revised budget figures are based on the *Supplementary Estimates of Appropriations for the Government of New Zealand for the year ending 30 June 2015* (the Budget is 2014 Budget Economic and Fiscal Update [the Estimates Budget BEFU 2014] and the Revised Budget is the Supplementary Estimates Budget 2015).

The budget and forecast figures have been prepared in accordance with NZ GAAP, using accounting policies

that are consistent with those adopted in preparing these financial statements.

As required by the Public Finance Amendment Act 2013, forecast information has been included for the following financial year. The aim is to provide the reader with further context around the year's result by providing next year's forecast for comparison purposes.

The forecast figures are based on the *Estimates of Appropriations for the Government of New Zealand for the year ending 30 June 2016* (the Forecast is 2015 Budget Economic and Fiscal Update [BEFU 2015]). The forecast financial statements were authorised for issue on 21 May 2015.

The forecast figures reflect the Department's purpose, strategic intentions and activities and are based on estimates and assumptions that may occur during the 2015/16 year. The forecast figures have been prepared in accordance with PBE FRS42 Prospective Financial Statements and have been based on existing government and ministerial policies and expectations at the time the BEFU 2015 was issued.

The main assumptions adopted on 21 May 2015 were:

- The Department's vision, intermediate outcomes and deliverables are substantially the same as the previous year.
- Revenue and expenses are reasonable estimates of income and costs expected to be incurred, based on experience across the Department.
- Estimated information at 30 June 2015 was used as the opening position for the 30 June 2016 year forecasts.

Revenue

The Department derives revenue through the provision of outputs to the Crown, for services to third parties, and from donations, gifts, bequests and grants. This revenue is recognised and reported in the financial period to which it relates in accordance with the requirements of PBE IPSAS 9 (Revenue from exchange transactions) and PBE IPSAS 23 (Revenue from non-exchange transactions).

Revenue is measured at the fair value of consideration received.

Revenue Crown

Revenue from the Crown is measured based on the Department's funding entitlement for the reporting period. The funding entitlement is established by Parliament when it passes the Appropriation Acts for the financial year. The amount of revenue recognised takes into account any amendments to appropriations approved in the Appropriation (Supplementary Estimates) Act for the year and certain other unconditional funding adjustments formally approved prior to balance date.

There are no conditions attached to the funding from the Crown. However, the Department can incur expenses only within the scope and limits of its appropriations.

The fair value of Revenue Crown has been determined to be equivalent to the funding entitlement. As instructed by the OAG, Revenue Crown is treated as a non-exchange transaction.

Cost allocation

The Department has determined the cost of outputs using the following cost allocation methodology.

Direct costs are those costs directly attributed to an output. Indirect costs are those costs that cannot be identified, in an economically feasible manner, with a specific output.

Direct costs assigned to outputs

Direct costs are charged directly to outputs. Depreciation and capital charge are charged on the basis of asset utilisation. Personnel costs are charged on the basis of actual time incurred.

For the year ended 30 June 2015, direct costs were 59 percent of the Department's costs (2014: 57 percent).

Indirect costs assigned to outputs

Indirect costs are assigned to outputs based on the proportion of direct staff hours for each output.

For the year ended 30 June 2015, indirect costs accounted for 41 percent of the Department's costs (2014: 43 percent).

Financial instruments

Financial assets and financial liabilities are initially measured at fair value plus transaction costs.

Cash on hand

Cash on hand includes petty cash and the amount in the current account bank balance.

Trade and other receivables

Short-term trade and other receivables are recorded at face value, less any provision for impairment.

Impairment of a receivable is established when there is objective evidence that the Department will not be able to collect amounts due according to the original terms of the receivable.

The amount of the impairment is the difference between the asset's carrying amount and the amount expected to be received on settlement. Overdue receivables that are renegotiated are reclassified as current (that is, not past due).

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

The Department leases vehicles, office premises and office equipment. As all the risks and benefits of ownership are retained by the lessor, these leases are classified as operating leases and are expensed in the period in which the costs are incurred.

Property, plant and equipment

Property, plant and equipment consists of land, buildings, infrastructure, visitor assets, fencing assets, cultural assets, vessels, motor vehicles, furniture and fittings and other plant and equipment.

Property, plant and equipment is measured at cost or valuation, less accumulated depreciation and impairment losses.

Revaluations

The Department's geographically spread asset portfolio comprises a high number of relatively low-value assets. In many instances the assets are not able to be measured against a reliable trading market and seldom, if ever, trade in the open market (due to their nature and/or location). For this reason the depreciated replacement cost approach to value is deemed the appropriate methodology to determine fair value.

The carrying values of revalued assets are assessed annually to ensure that the carrying amount does not differ materially (a threshold of 7.5 percent is used) from their fair value and are revalued at least every 5 years. If there is a material difference, then the off-cycle asset classes are revalued. Additions between valuations are recorded at cost.

Asset classes measured at valuation include land, buildings, infrastructure, visitor assets and fencing. Aside from land, asset classes measured at valuation are done so using an indexation model.

The indexation model uses the appropriate capital goods index published by Statistics New Zealand to determine the movement in asset values over the intervening period. Where an asset class is revalued, the application of the indexation model and the values produced are reviewed and approved by an independent valuer. Land is valued using assessments conducted in accordance with the Rating Valuation Act 1998.

The net revaluation results are charged to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in surplus or deficit will be recognised first in surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

Table 13: The useful lives of property, plant and equipment have been estimated as follows.

Asset	Estimated Useful Life
Visitor assets	
Campsites and amenity areas	10–50 years
Signs	10 years
Tracks	15 years
Roads (surface only)	25 years
Buildings/huts	35–65 years
Structures	25–100 years
Other fixed assets	
Administrative buildings	20–40 years
<i>Plant, field and radio equipment</i>	
Plant and field equipment	10 years
Radio equipment	5–10 years
Furniture, computers, other office equipment	5 years
<i>Motor vehicles</i>	
Vehicles—passenger	4 years – 6 years 8 months with a 30% residual value
Vehicles—utilities	5 years – 6 years 8 months with a 30–40% residual value
<i>Vessels</i>	
Engines	10 years
Hulls	15 years
<i>Infrastructure</i>	
Industrial fire equipment	45 years
Landscaping	44 years
Roads	10–100 years
Sewerage	64 years
Solid waste	38 years
Stream control	98 years
Water supply	60 years
Fences	25–40 years

In accordance with PBE IPSAS 17 Property, plant and equipment, the useful lives of property, plant and equipment are assessed annually to determine whether they are appropriate and the future depreciation charge adjusted accordingly. In some circumstances, and particularly for revalued assets, this may lead to instances where the estimated useful lives vary, but not materially, from the useful lives presented above.

Additions

Assets under construction are recognised at cost and are not depreciated. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are included in surplus or deficit. When a revalued asset is sold, the amount included in the property, plant and equipment revaluation reserve in respect of the disposed asset is transferred to general taxpayer funds.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, cultural assets and assets under construction, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives (see table 13).

Community assets

The nation's land and historic buildings managed by the Department are the nation's natural and historic heritage. As these community assets belong to the Crown, their valuation is reflected in the 'Schedule of assets - Crown as administered by the Department of Conservation'. Typically this land includes the national, conservation and forest parks as well as Crown reserve land.

Intangible assets

Software acquisition and development

Costs that are directly associated with the development of software for internal use by the Department are recognised as an intangible asset.

Amortisation

Computer software is amortised on a straight line basis over a period of 5-7 years.

Impairment

All intangible assets measured at cost, including those not yet in use, are reviewed for impairment at balance date. Any impairment in the value of an intangible asset is included in the surplus or deficit.

Statement of cash flows

Operating activities include cash received from all revenue sources of the Department and cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise capital injections by, or repayment of capital to, the Crown, as well as finance lease principal repayments.

Goods and Services Tax (GST)

All items in the financial statements, including appropriation statements, are stated exclusive of goods and services tax (GST), except for receivables and payables, which are stated on a GST-inclusive basis. Where GST is not recoverable as input tax, then it is recognised as part of the related asset or expense.

Income tax

Government departments are exempt from income tax as public authorities. Accordingly, no charge for income tax has been provided for.

Taxpayers' funds

Taxpayers' funds represent the Crown's investment in the Department and are measured as the difference between total assets and total liabilities. Taxpayers' funds are disaggregated and classified as general funds and property, plant and equipment revaluation reserves. The latter relate to the revaluation of fixed assets to fair value.

Trade and other payables

Short-term trade and other payables are recorded at their face value.

Employee entitlements

Short-term employee entitlements

Employee entitlements expected to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date; annual leave earned but not yet taken at balance date; retiring and long service leave entitlements expected to be settled within 12 months; and sick leave.

Long-term employee entitlements

Employee entitlements due to be settled beyond 12 months after the end of the reporting period in which the employee renders the related service, such as long service leave and retiring leave, are calculated on an actuarial basis. The calculations are based on:

- Likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlements information.
- The present value of the estimated future cash flows.

Provisions

The Department recognises a provision for future expenditure of uncertain amount or timing when:

- There is a present obligation (either legal or constructive) as a result of a past event.
- It is probable that an outflow of future economic benefits will be required to settle the obligation.
- A reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Valuation of certain items of property, plant and equipment

Note 9 provides detail in respect of the valuation of property, plant and equipment.

Commitments

Expenses yet to be incurred on non-cancellable contracts that have been entered into on or before balance date are disclosed as commitments to the extent that there are equally unperformed obligations.

Cancellable commitments that have penalty or exit costs explicit in the agreement on exercising that option to cancel are included in the statement of commitments at the lower of the remaining contractual commitment and the value of the penalty or exit cost.

Notes to the financial statements

Note 1: Major budget variations

Significant variances between Actual and Revised Budget

Statement of comprehensive revenue and expense

Revenue was \$6.4 million less than the Revised Budget mainly due to contingent revenue budgets not being achieved, with operating cost savings to match.

Actual expenses for the year were \$17.3 million less than the Revised Budget mainly due to a deferral of field operation costs to the 2015/16 year and operating cost savings resulting from contingent revenue budgets not being achieved.

Statement of financial position

Current assets were \$31.2 million more than the Revised Budget mainly due to lower than planned cash expenditure and higher than planned trade receivables.

Non-current assets were \$42.6 million less than the Revised Budget mainly due to lower than planned levels of capital expenditure.

Current liabilities were \$17.1 million less than the Revised Budget mainly due to lower than planned trade payables as a result of timely payment of creditors under agreed commercial terms.

Statement of cash flows

Net cash flow from investing activities was \$33.6 million less than the Revised Budget due to lower than planned levels of capital expenditure.

Note 2: Other revenue

	30/06/14 Actual \$000	30/06/15 Actual \$000
Recreational and tourism charges	13,792	14,751
Leases and rents	405	526
Retail sales	2,423	2,612
Resource sales	499	867
Donations and sponsorships	7,865	9,396
Permissions cost recoveries	3,134	4,501
Administration cost recoveries	9,343	11,103
Other	2	-
Total other revenue	37,463	43,756

Note 3: Personnel costs

	30/06/14 Actual \$000	30/06/15 Actual \$000
Salaries and wages	135,578	145,013
Termination entitlements	1,061	261
Annual, long service and retiring leave provisioning	(677)	1,683
Superannuation subsidies	4,406	4,795
Recruitment	547	468
Uniforms	301	343
ACC Partnership Programme	888	1,041
Other	7,196	4,418
Total personnel costs	149,300	158,022

Note 4: Operating costs

	30/06/14 Actual \$000	30/06/15 Actual \$000
Professional fees	14,282	14,617
Contractors	41,762	34,189
Fees paid to auditors:		
Fees for financial statement audit	252	253
Fees for assurance services	-	-
Grants	2,819	5,410
Communications and computer expenses	7,873	7,274
Travel	7,480	6,569
Motor vehicle and vessel expenses	4,907	4,895
Accommodation	3,186	4,797
Office supplies	1,835	1,765
Field supplies	15,031	12,085
Lease expenses	10,872	11,609
Printing	1,241	1,217
Other	4,706	3,441
Total operating costs	116,246	108,121

Note 5: Capital charge

The Department pays a capital charge to the Crown twice yearly on the balance of taxpayer funds, including revaluation reserve, as at 1 July and 1 January. The capital charge rate for the year ended 30 June 2015 was 8.0% (2014: 8.0%).

Note 6: Return of operating surplus to the Crown

	30/06/14 Actual \$000	30/06/15 Actual \$000
Net surplus for the year	1,958	8,946
Add/(less)		
Donated assets	-	(1,227)
Other expenses	(524)	(1,386)
Remeasurement (gains)/losses on long service and retirement leave	(444)	681
Total return of operating surplus	990	7,014

Other expenses relate to expenses on the Canterbury earthquake recovery less insurance proceeds.

The repayment of surplus is required to be paid by 31 October each year.

Note 7: Trade and other receivables

	30/06/14 Actual \$000	30/06/15 Actual \$000
Trade receivables	6,732	7,995
Less provision for impairment	(186)	(252)
Net trade receivables	6,546	7,743
Accrued income and advances	2,282	5,077
Total trade and other receivables	8,828	12,820

Note 8: Debtor Crown

The Debtor Crown balance of \$44.813 million (2014: \$24.813 million) consists of \$24.813 million (2014: \$24.813 million) of visitor asset accumulated depreciation funding and \$20.000 million (2014: nil) of operating funding (GST inclusive) not drawn down as a result of the timing of cash requirements.

Note 9: Property, plant and equipment

	Land	Buildings	Plant and equipment	Infrastructure	Fencing	Vessels	Motor vehicles	Furniture and fittings	Visitor and cultural assets	Land formation	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cost or valuation											
Balance at 1 July 2013	14,384	143,055	32,356	34,598	83,836	8,200	24,191	14,029	611,978	113,250	1,079,877
Additions	-	213	1,704	8	1,507	539	1,544	649	22,492	1,109	29,765
Revaluation movement	(61)	-	-	-	-	-	-	-	38,238	-	38,177
Disposals	-	(30)	(489)	(11)	(37)	(135)	(1,398)	(72)	(3,283)	-	(5,455)
Balance at 30 June 2014	14,323	143,238	33,571	34,595	85,306	8,604	24,337	14,606	669,425	114,359	1,142,364
Balance at 1 July 2014	14,323	143,238	33,571	34,595	85,306	8,604	24,337	14,606	669,425	114,359	1,142,364
Additions	-	545	1,312	1,995	2,437	163	2,768	578	10,225	862	20,885
Revaluation movement	(516)	11,332	-	-	-	-	-	-	(9)	-	10,807
Disposals	(670)	(313)	(93)	(214)	(8)	(37)	(2,365)	(226)	(6,644)	-	(10,570)
Balance at 30 June 2015	13,137	154,802	34,790	36,376	87,735	8,730	24,740	14,958	672,997	115,221	1,163,486
Accumulated depreciation and impairment losses											
Balance at 1 July 2013	-	82,300	22,187	13,728	27,096	5,087	10,507	7,510	365,776	-	534,191
Depreciation expense	-	1,897	2,686	725	5,144	531	2,244	1,279	15,710	-	30,216
Revaluation movement	-	-	-	-	-	-	-	-	23,558	-	23,558
Disposals	-	(20)	(448)	(10)	(15)	(111)	(918)	(72)	(2,288)	-	(3,882)
Balance at 30 June 2014	-	84,177	24,425	14,443	32,225	5,507	11,833	8,717	402,756	-	584,083
Balance at 1 July 2014	-	84,177	24,425	14,443	32,225	5,507	11,833	8,717	402,756	-	584,083
Depreciation expense	-	1,910	2,357	726	5,214	474	1,984	1,304	17,386	-	31,355
Revaluation movement	-	6,806	-	-	-	-	-	-	-	-	6,806
Disposals	-	(255)	(66)	(214)	(3)	(37)	(1,545)	(108)	(5,423)	-	(7,651)
Balance at 30 June 2015	-	92,638	26,716	14,955	37,436	5,944	12,272	9,913	414,719	-	614,593
Carrying amounts											
At 30 June 2013	14,384	60,755	10,169	20,870	56,740	3,113	13,684	6,519	246,202	113,250	545,686
At 30 June 2014	14,323	59,061	9,146	20,152	53,081	3,097	12,504	5,889	266,669	114,359	558,281
At 30 June 2015	13,137	62,164	8,074	21,421	50,299	2,786	12,468	5,045	258,278	115,221	548,893

Basis of valuations

Valuations for assets other than land within asset classes valued at fair value effective as at 30 June 2015 have been determined by applying the indexation model and using the appropriate capital goods index as published by Statistics New Zealand.

Due to the nature, location and purpose of the Department's assets, fair value is determined using depreciated replacement cost because no reliable market data is available.

Significant assumptions applied in deriving depreciated replacement cost include:

- Historical cost adjusted by movements in consumer price indices reflects the present replacement cost.
- The remaining useful life of assets is estimated.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

The asset values determined using this methodology were certified as fair value by an independent registered valuer.

a) Land and buildings

Land is initially recognised at cost and is revalued annually based on assessments as provided by Quotable Value Limited. Land not matched to an assessment is valued using an average per hectare rate. These values were certified as fair value by an independent registered valuer. The valuation is effective as at 30 June 2015.

Administration buildings were valued at fair value effective as at 30 June 2015.

b) Visitor assets

A number of different asset classes are included under the grouping 'Visitor Assets', including tracks, structures, buildings (predominantly huts) and signs. These asset classes are valued individually in accordance with the Department's accounting policy.

The land formation costs of tracks, car parks and roads (\$115 million as at 30 June 2015) have been included as a separate class in the financial statements and are not depreciated or revalued.

Tracks were valued at fair value effective as at 30 June 2013. Buildings, structures, campgrounds/amenity areas and signs were valued at fair value effective as at 30 June 2014.

c) Other property, plant and equipment

Fencing and infrastructure assets were valued at fair value effective as at 30 June 2013.

Property, plant and equipment under construction

The total amount of property, plant and equipment under construction is \$6.9 million (2014: \$16.3 million).

Note 10: Intangible assets

	Acquired software \$000	Internally generated software \$000	Total \$000
Cost or valuation			
Balance at 1 July 2013	7,252	16,495	23,747
Additions	2,083	1,822	3,905
Disposals	(30)	-	(30)
Balance at 30 June 2014	9,305	18,317	27,622
Balance at 1 July 2014	9,305	18,317	27,622
Additions	1,341	547	1,888
Disposals	-	-	-
Balance at 30 June 2015	10,646	18,864	29,510
Accumulated depreciation and impairment losses			
Balance at 1 July 2013	2,027	11,922	13,949
Amortisation expense	933	1,621	2,554
Disposals	(26)	-	(26)
Impairment losses	-	-	-
Balance at 30 June 2014	2,934	13,543	16,477
Balance at 1 July 2014	2,934	13,543	16,477
Amortisation expense	1,089	1,716	2,805
Disposals	-	-	-
Impairment losses	-	942	942
Balance at 30 June 2015	4,023	16,201	20,224
Carrying amounts			
At 30 June 2013	5,225	4,573	9,798
At 30 June 2014	6,371	4,774	11,145
At 30 June 2015	6,623	2,663	9,286

There are no restrictions over the title of the Department's intangible assets, nor are any intangible assets pledged as security for liabilities.

During the year, the carrying value of the iBex customer chargeables system was impaired by \$942,000 to its deemed fair value.

Note 11: Employee entitlements

	30/06/14 Actual \$000	30/06/15 Actual \$000
Current portion		
Accrued salaries and wages	4,264	1,854
Long service and retiring leave	1,600	1,523
Other employee entitlements	11,704	11,262
Total employee entitlements (current portion)	17,568	14,639

The reduction in accrued salaries and wages is due to the timing of the actual payment date being closer to balance date.

Other employee entitlements include accrued annual leave, time-off-in-lieu and vested long service leave.

	30/06/14 Actual \$000	30/06/15 Actual \$000
Non-current portion		
Retiring leave	12,504	13,138
Long service leave	2,579	2,751
	15,083	15,889
Less: Current portion of long service and retiring leave	(1,600)	(1,523)
Total employee entitlements (non-current portion)	13,483	14,366

The measurement of the retirement and long service leave obligations depends on factors that are determined on an actuarial basis using a number of assumptions. Two key assumptions used in calculating this liability are the salary growth factor and the discount rate. Any changes in these assumptions will affect the carrying amount of the liability.

Discount rates and CPI rates used in the actuarial valuation are as specified by the New Zealand Treasury for valuations of this type and are effective for valuations as at 30 June 2015. The table below shows the impact that varying the assumed rate of salary growth and discount rates has on the valuation result if all other assumptions are constant.

The demographic assumptions used are based on New Zealand population mortality and the experience of superannuation arrangements in New Zealand and Australia.

Changes in assumptions	Increase/(decrease) in surplus/(deficit) (\$000's)
Salary growth	
1% below assumed	1,242
1% above assumed	(1,424)
Discount rates	
1% above assumed	1,208
1% below assumed	(1,407)

Note 12: Provisions

	30/06/14 Actual \$000	30/06/15 Actual \$000
Current portion		
Environmental	11,653	3,566
ACC Partnership Programme	152	174
Onerous contracts	50	49
Total current portion	11,855	3,789
Non-current portion		
Environmental	-	327
ACC Partnership Programme	315	427
Onerous contracts	224	175
Total non-current portion	539	929
Total provisions	12,394	4,718
Movements in Environmental provisions:		
Balance at 1 July	936	11,653
Provision utilised or reversed during the year	(361)	(10,206)
Provision made during the year	11,078	2,446
Balance at 30 June	11,653	3,893

Battle for our Birds

During the year, the Department implemented the 'Battle for our Birds' predator control programme. A provision of \$8.2 million for the cost of this programme which was made in 2013/14 has now been fully utilised.

Cleaning up contaminated sites

\$2.2 million has been recognised by the Department as the future cost of the decontamination of the Prohibition Ball Mill and Alexander Gold Mine sites at Waiuta on the West Coast. Testing at the old mine site in the Victoria Forest Park has identified very high levels of arsenic in the soil and water that poses a risk to people and the environment. The Prohibition Mine site was contaminated through the processing of ore for gold when the mill was operating between 1938 and 1951.

Waikato-Tainui Waikato River Conservation Accord

Provision has been made for \$0.8 million as the Department's share of the clean-up cost associated with the obligations arising under the above accord.

Note 13: Taxpayers' funds

	30/06/14 Actual \$000	30/06/15 Actual \$000
General funds		
Balance at 1 July	457,285	456,880
Net surplus for the year	1,958	8,946
Transfers from revaluation reserve on disposal	(1,580)	1,769
Return of operating surplus to the Crown	(990)	(7,014)
Asset transfers between Department and Crown	207	779
Balance at 30 June	456,880	461,360
Property, plant and equipment revaluation reserves		
Balance at 1 July	118,315	134,514
Revaluation gains	14,619	4,001
Transfer to general funds on disposal	1,580	(1,769)
Balance at 30 June	134,514	136,746
Total taxpayers' funds at 30 June	591,394	598,106
Revaluation reserves consist of:		
Land revaluation reserve	13,390	12,224
Buildings revaluation reserves	33,146	37,498
Visitor assets revaluation reserves	83,638	82,685
Other revaluation reserves	4,340	4,339
Total revaluation reserve	134,514	136,746

Note 14: Reconciliation of net surplus to net cash flow from operating activities

	30/06/14 Actual \$000	30/06/15 Actual \$000
Net surplus	1,958	8,946
Add non-cash items		
Depreciation, amortisation and impairment expenses	32,770	35,102
Donated assets	(214)	(314)
Total non-cash items	32,556	34,788
Add items classified as investing or financing activities		
Net loss on disposal of property, plant and equipment	388	1,165
Add/(less) working capital movements		
(Inc)/dec in prepayments	(85)	(349)
(Inc)/dec in inventories	(133)	307
(Inc)/dec in trade and other receivables	(1,310)	(3,992)
(Inc)/dec in debtor Crown	3,927	(20,000)
Inc/(dec) in trade and other payables	4,223	(5,227)
Inc/(dec) in GST payable	(892)	322
Inc/(dec) in employee entitlements	(7,566)	(2,046)
Inc/(dec) in other provisions	10,609	(7,676)
Inc/(dec) in revenue in advance	1,211	586
Net working capital movement	9,984	(38,075)
Net cash flow from operating activities	44,886	6,824

Note 15: Financial instrument risks

The Department's activities expose it to a variety of financial instrument risks, including credit risk and liquidity risk. The Department has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

Credit risk

Credit risk is the risk that a third party will default on its obligation to the Department, causing the Department to incur a loss. In the normal course of its business, credit risk arises from debtors and deposits with banks.

The Department is only permitted to deposit funds with Westpac, a registered bank, and enter into foreign exchange forward contracts with the New Zealand Debt Management Office. These entities have high credit ratings. For its other financial instruments, the Department does not have significant concentrations of credit risk.

The Department's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and net receivables. There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired.

Liquidity risk

Liquidity risk is the risk that the Department will encounter difficulty raising liquid funds to meet commitments as they fall due.

In meeting its liquidity requirements, the Department closely monitors its forecast cash requirements with expected cash draw-downs from the New Zealand Debt Management Office. The Department maintains a target level of available cash to meet liquidity requirements.

The following table analyses the Department's financial liabilities that will be settled based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

Financial instrument risks

	Less than 6 months \$000	Between 6 months and 1 year \$000	Between 1 and 5 years \$000	Over 5 years \$000
Liquidity risks				
2014				
Trade and other payables	18,006	-	-	-
Finance leases	372	372	878	-
2015				
Trade and other payables	12,840	-	-	-
Finance leases	392	285	588	-

The carrying amounts of financial assets is represented by: Cash \$43.6 m (2014: \$58 m), Trade and other receivables \$12.8 m (2014: \$8.8 m) and Debtor Crown \$44.8 m (2014: \$24.8 m). The carrying amounts of financial liabilities is represented by: Trade and other payables \$12.8 m (2014: \$18 m) and Finance leases \$1.2 m (2014: \$1.5 m).

Note 16: Related party transactions and key management personnel

The Department is a wholly owned entity of the Crown. The Government significantly influences the roles of the Department as well as being its major source of revenue.

Two employees of the Department are close family members of members of the Department's Senior Leadership Team. The terms and conditions of their employment contracts are no more favourable than the Department would have adopted if there was no relationship to those staff members. No other transactions were carried out with related parties of the Department's Senior Leadership Team.

	30/06/14 Actual \$000	30/06/15 Actual \$000
Key management personnel compensation		
Salaries and other short-term benefits*	2,251	2,516
Other long-term benefits	-	143
Termination benefits	187	178
Total key management personnel compensation	2,438	2,837

* The Director-General's remuneration is determined and paid by the State Services Commission.

Key management personnel compensation includes the Director-General and the eight members of the Senior Leadership Team. Long-term benefits include long service leave and retiring leave.

A member of the Department's Risk and Assurance Committee is a director of OPUS International Consultants Limited. The Department of Conservation purchased engineering services from OPUS at a cost of \$274,966 (2014: \$330,872). There is a balance of \$27,436 (2014: \$31,936) outstanding at year end.

The Director-General of the Department of Conservation is a member of the Te Urewera Board and the Kiwi Trust Board (Kiwis for kiwi). A grant of \$150,000 was made to Te Urewera Board, this being the Department's share of the Board's operating costs (2014: nil). \$280,000 was paid to Kiwis for kiwi (2014: \$150,000).

Note 17: Capital management

The Department's capital is its equity (or taxpayers' funds), which comprise general funds and revaluation reserves. Equity is represented by net assets.

The Department manages its revenues, expenses, assets, liabilities and general financial dealings prudently. The Department's equity is largely managed as a by-product of managing income, expenses, assets, liabilities and compliance with the Government Budget processes and with instructions issued by the New Zealand Treasury.

The objective of managing the Department's equity is to ensure the Department effectively achieves its goals and objectives for which it has been established, whilst remaining a going concern.

Note 18: Events after balance date

No significant events that may impact on the financial statements have occurred between year-end and the signing of these financial statements (2014: none).

Non-departmental financial schedules

Schedule of revenue – Crown as administered by the Department of Conservation for the year ended 30 June 2015

	Notes	30/06/14 Actual \$000	30/06/15 Budget* \$000	30/06/15 Revised Budget* \$000	30/06/15 Actual \$000
Revenue					
Concessions, leases and licences	1	13,777	13,900	13,900	15,261
Other operational revenue		2,673	3,350	3,350	5,384
Capital receipts		1,549	554	554	3,125
Total revenue		17,999	17,804	17,804	23,770

* The statement of accounting policies provides explanations of these figures which are unaudited.

Non-departmental income is administered by the Department of Conservation on behalf of the Crown. As this income is not established by the Department nor earned in the production of the Department's outputs, it is not reported in the departmental financial statements.

Schedule of expenses – Crown as administered by the Department of Conservation for the year ended 30 June 2015

	30/06/14 Actual \$000	30/06/15 Budget* \$000	30/06/15 Revised Budget* \$000	30/06/15 Actual \$000
Vote Conservation				
Appropriation for non-departmental output classes	13,160	22,466	18,540	15,723
Appropriation for non-departmental other expenses	2,957	6,675	10,493	3,836
GST input on appropriations	1,633	3,508	-	1,878
Other	-	(9,140)	(3,183)	(89)
Total expenses	17,750	23,509	25,850	21,348

* The statement of accounting policies provides explanations of these figures which are unaudited.

The schedule of expenses – Crown as administered by the Department of Conservation summarises non-departmental expenses that the Department administers on behalf of the Crown. Further details are provided in the statement of expenses and capital expenditure incurred against appropriations.

The accompanying accounting policies and notes form part of, and should be read in conjunction with, these financial statements.

Schedule of assets – Crown as administered by the Department of Conservation

as at 30 June 2015

	Notes	30/06/14 Actual \$000	30/06/15 Budget* \$000	30/06/15 Revised Budget* \$000	30/06/15 Actual \$000
Current assets					
Cash		18,386	79,919	26,095	17,577
Prepayments		218	297	200	162
Trade and other receivables		3,454	42,388	20,133	4,642
Non-current assets held for sale	2	14,157	-	-	8,387
Total current assets		36,215	122,604	46,428	30,768
Non-current assets					
Property, plant and equipment	3	5,467,483	5,429,255	5,474,165	5,557,809
Total non-current assets		5,467,483	5,429,255	5,474,165	5,557,809
Total assets		5,503,698	5,551,859	5,520,593	5,588,577

* The statement of accounting policies provides explanations of these figures which are unaudited.

During the course of the year, the Department on behalf of the Crown transferred land into two new entities. These are the Te Urewera Board and Maungatautari Mountain Scenic Reserve. The investment in these entities is consolidated in the financial statements of Government and is not included in this schedule.

Schedule of liabilities – Crown as administered by the Department of Conservation

as at 30 June 2015

	Notes	30/06/14 Actual \$000	30/06/15 Budget* \$000	30/06/15 Revised Budget* \$000	30/06/15 Actual \$000
Current liabilities					
Trade and other payables		639	21,094	100	1,699
Revenue in advance		180	-	-	191
Provisions	4	2,410	-	-	2,350
Total current liabilities		3,229	21,094	100	4,240
Total liabilities		3,229	21,094	100	4,240

* The statement of accounting policies provides explanations of these figures which are unaudited.

The accompanying accounting policies and notes form part of, and should be read in conjunction with, these financial statements.

Schedule of commitments – Crown as administered by the Department of Conservation as at 30 June 2015

	30/06/14 Actual* \$000	30/06/15 Actual \$000
Other non-cancellable operating leases	763	504
Total commitments	763	504
Commitments by term		
Less than 1 year	259	259
1-2 years	259	245
2-5 years	245	-
Total commitments	763	504

* The 2014 comparative figures have been restated to include a lease commitment (lease of the Waikaremoana lakebed, expiring in 2017) that was omitted in previous years in error. The impact on the 2014 figures is a total increase of \$723,000 (\$241,000 per commitment term).

Schedule of contingent liabilities and contingent assets – Crown as administered by the Department of Conservation as at 30 June 2015

	30/06/14 Actual \$000	30/06/15 Actual \$000
Quantifiable liabilities	9,141	8,000
Total contingent liabilities	9,141	8,000

There were nine claims against the Crown, eight of which are not currently quantifiable. The quantifiable item relates to earthquake-strengthening Turnbull House, which could cost as much as \$8 million.

Contingent assets

The Crown as administered by the Department of Conservation has no contingent assets (2014: nil).

The accompanying accounting policies and notes form part of, and should be read in conjunction with, these financial statements.

Statement of accounting policies

Reporting entity

These non-departmental schedules and statements present financial information on public funds managed by the Department on behalf of the Crown.

These non-departmental balances are consolidated into the Financial Statements of the Government. Refer also to the Financial Statements of the Government for a full understanding of the Crown's financial position, results of operations and cash flows for the year.

Accounting policies

The non-departmental schedules and statements have been prepared in accordance with the Government's accounting policies as set out in the Financial Statements of the Government, and in accordance with relevant instructions and circulars issued by The Treasury.

These non-departmental statements and schedules are the first prepared in accordance with the new Public Benefit Entity accounting standards. The transition to the new accounting standards has had no material impact on the schedules.

The following particular accounting policies have been applied.

Budget and revised budget figures

The budget and the revised budget figures are those presented in the *Supplementary Estimates of Appropriations for the Government of New Zealand and Supporting Information for the year ending 30 June 2015* (the Budget is 2014 Budget Economic and Fiscal Update [BEFU 2014] out-year 1 figures [the Estimates Budget] and the Revised Budget is the Supplementary Estimates Budget 2015 out-year 0 figures).

The budget and revised budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

Revenue

The Department collects revenue on behalf of the Crown. This is mainly from concession fees, rent/leases and licences from commercial users of Crown-owned land. Revenue is recognised when earned, reported in the current financial period and is treated as exchange transactions.

Goods and Services Tax (GST)

All items in the non-departmental schedules, including appropriation statements, are stated exclusive of GST, except for receivables and payables, which are stated on a GST-inclusive basis. In accordance with instructions issued by the Treasury, GST is returned on revenue received on behalf of the Crown, where applicable. However, an input tax deduction is not claimed on non-departmental expenditure. Instead, the amount of GST applicable to non-departmental expenditure is recognised as a separate expense and eliminated against GST revenue on consolidation of the Government Financial Statements.

Trade and other receivables

Short-term trade debtors and other receivables are recorded at their face value, less any provision for impairment. Impairment of a receivable is established when there is objective evidence that the Department will be unable to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy and default in payments are considered indicators that the debtor is impaired.

The carrying amount of the asset is reduced through the use of a provision for impairment account and the amount of the loss is recognised in surplus or deficit. Overdue receivables that are renegotiated are reclassified as current (that is, not past due).

Non-current assets held for sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, rather than through continued use. Non-current assets held for sale are measured at the lower of their carrying amount and their fair value less costs to sell.

Any impairment loss for write-downs of non-current assets held for sale is offset against the revaluation reserve. If that is exceeded, the balance is recognised in the surplus or deficit.

Non-current assets held for sale (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Property, plant and equipment

Land is initially recognised at cost and is revalued annually based on assessments provided by Quotable Value Limited. Land not matched to an assessment is valued using an average per hectare rate.

Historic buildings used for rental activities are stated at fair value using optimised depreciated replacement cost as determined by an independent registered valuer. They are valued on an annual basis.

Cultural assets are stated at fair value. These assets are not depreciated and are valued at least every 5 years.

For revalued assets a revaluation change is recognised against the revaluation reserve for that class of assets. Where this results in a debit balance in the revaluation reserve, the balance is recognised in surplus or deficit.

Depreciation

Depreciation is provided on a straight-line basis at rates that will write-off assets, less their estimated residual value, over their remaining useful life.

Trade and other payables

Short-term trade creditors and other payables are recorded at their face value.

Provisions

The Crown recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a

past event, and it is probable that an outflow of future economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

Commitments

Expenses yet to be incurred on non-cancellable contracts that have been entered into on or before balance date are disclosed as commitments to the extent that there are equally unperformed obligations.

Cancellable commitments that have a penalty or exit cost explicit in the agreement on exercising that option to cancel are included in the statement of commitments at the lower of the remaining contractual commitment and the value of the penalty or exit cost.

Contingent liabilities

Contingent liabilities are disclosed at the point at which the liability is evident.

Notes to the schedules

Note 1: Concessions, leases and licences

	30/06/14 Actual \$000	30/06/15 Actual \$000
Guiding	2,793	3,326
Telecommunications	1,978	1,720
Grazing	1,438	1,585
Tourism occupations	1,399	1,782
Ski areas	1,883	1,111
Sporting and special events	78	75
Aircraft landings	1,036	1,443
Residential/recreational	1,069	857
Other occupations	685	774
Vehicle transport	267	351
Boating	385	1,150
Filming	142	208
Easements	385	531
Extractions fees	56	86
Miscellaneous	183	262
Total concessions, leases and licences	13,777	15,261

Note 2: Non-current assets held for sale

	30/06/14 Actual \$000	30/06/15 Actual \$000
Land*	14,157	8,387
Total non-current assets held for sale	14,157	8,387

* Comprises mainly of land that has been identified for settlement of Treaty of Waitangi claims.

Note 3: Property, plant and equipment

	Land \$000	Buildings \$000	Infrastructure \$000	Cultural assets \$000	Total \$000
Cost or valuation					
Balance at 1 July 2013	5,349,792	77,694	13,197	5,100	5,445,783
Additions	10,398	-	(6)	-	10,392
Revaluation movement	59,255	945	-	-	60,200
Disposals	637	-	-	-	637
Assets transferred to current assets	(1,642)	-	-	-	(1,642)
Balance at 30 June 2014	5,418,440	78,639	13,191	5,100	5,515,370
Balance at 1 July 2014	5,418,440	78,639	13,191	5,100	5,515,370
Additions	9,965	-	1,730	-	11,695
Revaluation movement	149,441	1,138	-	-	150,579
Disposals	(1,196)	-	-	-	(1,196)
Assets transferred to Crown Entities	(69,039)	-	-	-	(69,039)
Assets transferred to current assets	(97)	-	-	-	(97)
Balance at 30 June 2015	5,507,514	79,777	14,921	5,100	5,607,312
Accumulated depreciation					
Balance at 1 July 2013	-	46,183	205	-	46,388
Depreciation expense	-	793	131	-	924
Revaluation movement	-	575	-	-	575
Disposals	-	-	-	-	-
Balance at 30 June 2014	-	47,551	336	-	47,887
Balance at 1 July 2014	-	47,551	336	-	47,887
Depreciation expense	-	803	162	-	965
Revaluation movement	-	651	-	-	651
Disposals	-	-	-	-	-
Balance at 30 June 2015	-	49,005	498	-	49,503
Carrying amounts					
At 30 June 2013	5,349,792	31,511	12,992	5,100	5,399,395
At 30 June 2014	5,418,440	31,088	12,855	5,100	5,467,483
At 30 June 2015	5,507,514	30,772	14,423	5,100	5,557,809

Land is initially recognised at cost and is revalued annually based on rateable valuations provided by Quotable Value. Individual land lots are only updated every three years by Quotable Value using a mass appraisal process. Land not matched to an assessment is valued using an average per hectare rate. These values were certified as fair value by an independent registered valuer. The valuation is effective as at 30 June 2015.

The use and disposal of Crown land managed by the Department is determined by legislation. The main Acts are the Reserves Act 1977, the Conservation Act 1987 and the National Parks Act 1980. These Acts impose restrictions on the disposal of surplus areas and the use of reserves, conservation areas and national parks.

Crown land is not subject to mortgages or other charges. Specific areas may be included in Treaty settlements if the Crown decides to offer those areas to claimants.

Historic buildings used for rental activities were valued by an independent registered valuer. The valuation is effective as at 30 June 2015. Given the historic nature of these buildings, fair value has been determined using depreciated replacement cost.

The Department has a number of heritage assets under its care due to the historical significance of these assets to New Zealand. The cost of heritage assets is not able to be reliably measured given the nature of these assets and accordingly these assets are not able to be recognised on the schedule of assets.

Note 4: Provisions

Environmental provisions

This is the estimated cost of rectifying the environmental damage in the following affected or contaminated sites that the Crown has an obligation to remedy:

- The tailings and tunnels in the Maratoto Mine, which may excrete contaminants in the water.
- A number of abandoned coalmines, both underground and open cast, within the Benneydale, Mahoenui, Pirongia, Waitewhenua and Ohura coalfields. The risks of contamination are associated with the treatment ponds, tailing dams and underground drives.

Earthquake repairs

A provision of \$0.5 million has been recognised in the financial statements for the year ending 30 June 2015 being the anticipated cost to repair damage to the Old Government Building following the 2013 earthquakes in Wellington.

Designations

There is a provision (\$0.05 million) relating to a designation on private land in Auckland to protect the property from development.

Note 5: Events after balance date

No significant events that may impact on the actual results have occurred between year-end and the signing of these financial statements (2014: none).

Additional financial information

Statement of expenses and capital expenditure incurred against appropriations for the year ended 30 June 2015

Appropriation title	30/06/14 Actual \$000	30/06/15 Budget* \$000	30/06/15 Revised Budget* \$000	30/06/15 Actual \$000
Departmental output expenses				
Conservation with the community	25,224	24,346	31,526	29,128
Crown contribution to regional pest management	2,927	3,292	2,692	2,269
Management of historic heritage	4,763	5,996	6,806	6,635
Management of natural heritage	162,995	160,303	165,938	161,241
Management of recreational opportunities	144,169	144,993	145,284	137,428
Total Departmental output expenses	340,078	338,930	352,246	336,701
Departmental capital expenditure				
Property, plant and equipment	29,765	48,766	48,766	20,885
Intangible assets	3,905	4,300	4,300	1,888
Total Departmental capital expenditure	33,670	53,066	53,066	22,773
Non-departmental output expenses				
Community Conservation Partnerships Fund	2,546	4,609	5,169	4,388
Management services – natural and historic places	1,924	1,932	1,512	1,396
Moutoa Gardens/Pākaitore	23	23	23	23
Stewart Island infrastructure	30	415	-	-
Non-departmental output expenses	4,523	6,979	6,704	5,807
Non-departmental other expenses				
Compensation payments	-	60	60	-
Depreciation	924	934	1,004	965
Impairment of public conservation land	-	50	3,183	-
Losses on disposal of Crown property, plant and equipment	-	2,525	2,525	-
Mātauranga Māori fund	658	871	786	605
Payment of rates on properties for concessionaires	771	839	839	758
Provision for impairment and write off of receivables	35	100	100	-
Subscriptions to international organisations	328	405	405	330
Vesting of reserves	-	650	1,350	937
Waikaremoana lakebed lease	241	241	241	241
Non-departmental output expenses	2,957	6,675	10,493	3,836
Non-departmental capital expenditure				
Crown land acquisitions	3	1,854	2,554	268
Purchase and development of reserves	114	1,800	4,314	553
Total Non-departmental capital expenditure	117	3,654	6,868	821

* The statement of accounting policies provides explanations of these figures which are unaudited.

Appropriation title	30/06/14 Actual \$000	30/06/15 Budget* \$000	30/06/15 Revised Budget* \$000	30/06/15 Actual \$000
Multi-category expenses and capital expenditure				
Identification and implementation of protection for natural and historic places MCA				
<i>Non-departmental output expenses</i>				
Legal protection Queen Elizabeth II	2,412	3,412	3,412	3,412
Nature Heritage Fund	1,799	3,520	1,864	993
Ngā Whenua Rāhui	4,177	6,066	5,302	5,002
South Island Landless Natives Act 1906	249	2,489	1,258	509
Total identification and implementation of protection for natural and historic places MCA	8,637	15,487	11,836	9,916
Policy advice, statutory planning, and services to Ministers and statutory bodies MCA				
<i>Departmental output expenses</i>				
Policy advice	1,408	2,021	8,921	3,706
Statutory planning, services to Ministers and statutory bodies	3,727	4,000	4,000	8,687
Total policy advice, statutory planning, and services to Ministers and statutory bodies MCA	5,135	6,021	12,921	12,393
Total multi-category expenses and capital expenditure	13,772	21,508	24,757	22,309
Total annual and permanent appropriations	395,117	430,812	454,134	392,247

* The statement of accounting policies provides explanations of these figures which are unaudited.

Expenses and capital expenditure incurred in excess of appropriation

Nil.

Expenses and capital expenditure incurred without appropriation or outside scope or period of appropriation

Nil.

Statement of departmental capital injections for the year ended 30 June 2015

	30/06/14 Actual \$000	30/06/15 Budget* \$000	30/06/15 Revised Budget* \$000	30/06/15 Actual \$000
Department of Conservation – Capital injection	-	45,367	5,000	-

* The statement of accounting policies provides explanations of these figures which are unaudited.

Statement of departmental capital injections without, or in excess of, authority for the year ended 30 June 2015

The Department has not received any capital injections during the year without, or in excess of, authority.

Departmental expenses by output for the year ended 30 June 2015

This is the third year of the Department's programme to move resources from the previous functional basis to focus them on integrated management at priority sites. This programme is aimed at improving both operational effectiveness through targeting the highest priority work, and efficiency by undertaking multiple management actions at once on these sites, for example managing possums by combining possum and rat control at the site. This move affects resource allocations in Management of Natural Heritage, Management of Recreational Opportunities, and Conservation with the Community.

	30/06/14 Actual \$000	30/06/15 Actual \$000
Vote Conservation		
<i>Management of natural heritage</i>		
Fire control	8,923	3,356
Conservation Services Programme	2,278	20
Natural heritage restoration	9,690	719
Possum control	9,363	-
Deer control	1,189	-
Goat control	4,976	10
Other terrestrial animal pests	11,934	-
Aquatic animal pest control	477	-
Island management and restoration	3,226	-
Fencing (stock control)	11,060	6,539
Inventory and monitoring	3,689	100
Weed control	17,086	82
Legal protection of areas and sites	8,784	3
Resource Management Act advocacy and coastal planning	4,949	2
Species conservation programmes	29,699	144
Mainland island sites	1,757	-
CITES (Convention on International Trade in Endangered Species)	774	-
Specific pest and disease response	2,207	1
Species persistence	6,153	9,073
Ecosystems conservation	24,754	77,128
Nationally iconic natural features maintenance	27	-
Local treasure natural heritage partnerships	-	1,646
Lands held for now and future generations	-	62,418
Total management of natural heritage	162,995	161,241
<i>Management of historic heritage</i>		
Historic heritage restoration	4,763	6,635
Total management of historic heritage	4,763	6,635

	30/06/14 Actual \$000	30/06/15 Actual \$000
Vote Conservation		
<i>Management of recreational opportunities</i>		
Huts	18,077	18,685
Booked accommodation	2,843	3,156
Campsites	15,850	16,381
Tracks	49,759	45,674
Amenity areas and community services	12,252	10,989
Roads and carparks	4,859	4,689
Visitor centres	12,761	(30)
Visitor information	2,872	1,305
Recreation concessions	8,084	6
Recreation planning and impact monitoring	10,650	3,767
Taupo sports fisheries	2,652	1,591
Non-recreation concessions	3,412	2
Recreational opportunities review	98	4
More visitors to ICON destinations	-	9,801
More New Zealanders enjoy gateway destinations	-	405
Locally treasured destinations	-	138
More people enjoy the backcountry	-	166
Accessing public conservation land	-	20,699
Total management of recreational opportunities	144,169	137,428
<i>Conservation with the community</i>		
Participation	19,035	1
Education and communication	3,432	2
International obligations	1,189	-
Effective implementation of Treaty Settlements	1,568	2,745
Conservation identity/values	-	6,679
Conservation activity achieved by others	-	13,837
Conservation investment in NZ prosperity	-	1,188
Conservation outcomes from business partnerships	-	4,076
Motivated and capable businesses	-	134
DOC products/services/brand	-	466
Total conservation with the community	25,224	29,128
<i>Policy advice and ministerial servicing</i>		
Policy advice	1,042	3,706
Ministerial services	18	-
Management planning	2,294	7
Statutory bodies	1,415	4
Biosecurity policy advice	366	-
Statutory planning, bodies, MOC	-	8,676
Total policy advice and ministerial servicing	5,135	12,393
Crown regional pest management strategies	2,927	2,269
Total Vote Conservation	345,213	349,094
Add:		
Unrealised remeasurement (gains)/losses	(444)	681
Canterbury earthquakes recovery costs	110	-
Total expenses per Statement of Comprehensive Revenue and Expense	344,879	349,775

Appendices



Appendix 1: DOC's responsibilities

DOC manages about 8.6 million hectares of land, 44 marine reserves (covering almost 1.7 million hectares), and 8 marine mammal sanctuaries (covering approximately 2.8 million hectares).³⁰ A considerable proportion of the land is, however, snow and ice, and much of DOC's work is focused on relatively small areas of land or water where conservation values are high, whether that is for natural heritage reasons or in support of visitor experiences or community engagement.

DOC is responsible for encouraging recreation on the lands and waters it manages. To that end, it provides and manages historic sites and visitor facilities, including walking, biking and 4WD tracks, huts, campsites and visitor centres.

DOC works within the statutory concessions framework to authorise tourism operators and other third party activities on public conservation lands and waters. These include grazing, mining and the use of sites for telecommunication purposes.

DOC supports the Minister of Conservation in exercising responsibilities under the Resource Management Act 1991 for the coastal and marine environment. This includes providing advice to the Minister and input into local government policies, plans and consent applications regarding the coastal and marine environment.

The Department also contributes to all-of-government activities in response to the Government's stated priorities for the public sector, for example the Better Public Services programme.

The Government's driving goals in 2014/15 were:³¹ to responsibly manage the Government's finances; build a more productive and competitive economy; deliver better public services within tight financial constraints; and rebuild Christchurch, our second-biggest city.

DOC's mandate and context is also set by a statutory planning framework that supports the legislation: the Conservation General Policy, the National Parks General Policy, and the strategies and plans that flow from these policies. A series of conservation management strategies (CMSs) identify the places that DOC manages on behalf of New Zealanders. These CMSs establish 'outcomes at places' and high-level objectives that guide DOC's management of public conservation lands and waters.

DOC manages protected species and public conservation lands and waters to deliver economic, social and environmental benefits, which, in combination, are key contributors to New Zealanders' prosperity and wellbeing.

³⁰ Marine reserves and marine mammal sanctuaries are listed in the companion report: Department of Conservation 2015: Biodiversity indicators: 2015 assessment – supplementary material. Department of Conservation, Wellington.

³¹ Budget Priorities Budget 2014, NZ Treasury website: treasury.govt.nz/budget/2014/bps/03.htm.

Appendix 2: Departmental outputs

The work DOC does (the outputs it delivers) to achieve each of the intermediate outcomes is shown in Table 2.1.

Table 2.1: Output classes and main outputs that contribute to DOC's intermediate outcomes.

Intermediate outcome	Output classes	Main outputs ³²
Intermediate outcome 1: Natural heritage The diversity of our natural heritage is maintained and restored	Management of natural heritage	Fire control Conservation Services Programme Restoration Pest and weed control Legal protection of areas and marine protection Species management ³³
	Crown contribution to regional pest management strategies	Regional pest management strategies
	Conservation with the community	Participation Education and communication
	Policy advice, statutory planning, and services to ministers and statutory bodies	Policy advice Ministerial servicing
Intermediate outcome 2: Historic heritage Our history is brought to life and protected	Management of historic heritage	Historic and cultural heritage restoration
	Management of recreational opportunities	Asset management Recreation opportunities management Recreation concessions
	Conservation with the community	Participation Education and communication
	Policy advice, statutory planning, and services to ministers and statutory bodies	Policy advice Ministerial servicing

³² Quality assurance for this work is managed through DOC's development and implementation of best practice and standard operating procedures. Where external standards are not available, and/or DOC is the only agency undertaking work in New Zealand, it uses an internal peer review process to ensure best practice remains up to date.

³³ This is an interim report, as work is still underway to comprehensively identify all the sites in which all species streamed for management occur, which pressures need to be reduced and to what level for each species, and planning and costing the work. While the aim of persistence is to secure management at a minimum of three sites, a number of species only exist at one or two sites nationally and this may be adequate for their persistence. To be included in this interim persistence report, management sites must have implemented more than 50% of planned management actions. A case-by-case evaluation of whether the exact actions required for each species are being implemented will be completed in 2016/17.

Intermediate outcome 3: Recreation New Zealanders and our visitors are enriched by outdoor experiences	Management of historic heritage	Historic and cultural heritage restoration
	Management of recreational opportunities	Asset management Recreation opportunities management Recreation concessions
	Conservation with the community	Participation Education and communication
	Policy advice, statutory planning, and services to ministers and statutory bodies	Policy advice Ministerial services
Intermediate outcome 4: Engagement New Zealanders connect and contribute to conservation	Conservation with the community	Participation Education and communication
	Policy advice, statutory planning, and services to ministers and statutory bodies	Policy advice Ministerial services
Intermediate outcome 5: Business opportunities Every business fosters conservation for this and future generations	Management of natural heritage	Fire control Conservation Services Programme Restoration Pest and weed control Legal protection of areas and marine protection Species management
	Management of historic heritage	Historic and cultural heritage restoration
	Management of recreational opportunities	Asset management Recreation opportunities management Recreation concessions Other resource use concessions
	Conservation with the community	Participation Education and communication
	Policy advice, statutory planning, and services to ministers and statutory bodies	Policy advice Ministerial services

Appendix 3: Conservation achieved by others

New Zealand's special species and places are under constant threat from pests, climate change and from human activities. The task of managing our natural and historic heritage is huge and the Department recognises it cannot do it alone.

Partnerships with people and groups with a shared interest are critical including whānau, hapū and iwi, businesses, communities, and volunteers. While DOC has always worked in partnerships, this work has not always had a high profile even though it is as important as the conservation work done by our own staff.

Partnerships are about working side-by-side with other people who care about conservation and want to make a difference too, and about making it easier for others to contribute in whatever way suits them best and celebrate success and achievements.

Celebrating community contribution

The following three community groups are included to draw the attention of readers to the significant contributions to conservation of a wide number of groups and individuals during the year – contributions that may otherwise go unreported and unrecognised.

The Otago Peninsula Biodiversity Group

The Otago Peninsula Biodiversity Group (OPBG) is a local community organisation made up of 10 volunteer trustees and a part-time project manager. The focus of the OPBG is on the peninsula-wide control of animal pests, starting with possums which are considered the most controllable. Their goal is to reduce possum numbers to zero density. Possum numbers will be suppressed at that level indefinitely.

OPBG is inspired by the 'Predator Free New Zealand' concept, and its localised efforts, in terms of achievement and knowledge gained, will be of benefit to other groups nationally who hold similar aspirations.

Table 3.1: Otago Peninsula Biodiversity Group's contribution to conservation.

Measure group	Measure	Year end result
Possum control	Hectares of land receiving treatment this year for possums	4500
	Hectares of land under sustained possum control	8631
Volunteer involvement	Number of workday equivalents contributed by people volunteering	145

Orokonui Ecosanctuary

Orokonui Ecosanctuary, north of Dunedin, has an 8.7 km pest-proof fence erected in 2007. All 12 species of animal pests originally present have been eradicated. The Ecosanctuary provides safe habitat for many species of threatened native flora and fauna that have been successfully translocated there, such as saddleback/tīeke and kākā. The Ecosanctuary has an active biodiversity reintroductions programme that signals further desirable introductions, like snipe, kākārīki and native frog.

Table 3.2: Orokonui Ecosanctuary's contribution to conservation.

Measure group	Measure	Year end result
Goat control	Hectares of land receiving treatment this year for goats	307
	Hectares of land under sustained goat control	307
Possum control	Hectares of land receiving treatment this year for possums	307
	Hectares of land under sustained possum control	307
Volunteer involvement	Number of workday equivalents contributed by people volunteering	1481
Predator control	Hectares of land under sustained predator control	307
	Hectares of land receiving treatment this year for predators	307

Yellow-eyed Penguin Trust

The Yellow-eyed Penguin Trust (YEPT) was started in 1987 by local residents of Otago Peninsula who alerted the public to the declining population of the endemic yellow-eyed penguin. The Trust was New Zealand's first single species trust and it adopted the charitable concept as their own means of conserving yellow-eyed penguins on mainland coasts. Today the Trust is a semi-professional organisation that enjoys a growing national and international reputation as one of New Zealand's lead agencies and authority on yellow-eyed penguin conservation.

The Trust owns or manages six sites between north Otago and the Catlins where it carries out a range of activities including revegetation, predator control and species monitoring.

Table 3.3: Yellow-eyed Penguin Trust's contribution to conservation.

Measure group	Measure	Year end result
Volunteer involvement	Number of workday equivalents contributed by people volunteering	327
Species management	Threatened species under active management to ensure local security (yellow-eyed penguin)	1
Predator control	Hectares of land under sustained predator control	350
	Hectares of land receiving treatment this year for predators	350

Community Conservation Partnership Fund

Established in 2014, the Community Conservation Partnerships Fund Pūtea Tautiaki Hapori (CCPF) continues to inspire and enable community-led conservation growth. Of the total 338 applications received in the 2015 expressions of interest, 146 were invited to submit a full proposal.

A successful applicant from the CCPF's 2014 round is showing that the fund is a strong mechanism for achieving gains for conservation. Wairaurahiri Jet was awarded funds to replace 304 stoat traps which are in place as part of a well-established predator control programme. Every trap is sponsored by the company's jet boating customers, and volunteers check, re-bait and re-set the traps monthly. Tourists, hunters and trappers are educated about biodiversity and predator control as they are transported into remote areas of Fiordland National Park.

Philanthropic contribution

NEXT is a foundation looking to support projects that significantly protect and sustain New Zealand's natural elements, habitats and species, including research and innovation, conservation and community participation, in ways that enhance the relationship between people and nature. This year's funding round resulted in a partnership project with DOC called ZIP – Zero Invasive Predators. ZIP's mission is to ensure the long-term security of New Zealand's biodiversity by developing operationally ready, innovative, strongly supported technologies to completely remove rats, possums and stoats from large mainland areas, and then defend those areas from reinvasion.

NEXT Foundation has received a further 105 applications to be assessed against its allocation criteria 'catalyst for transformational change in New Zealand'.

Purpose/vision

To enable Māori landowners' tino rangatiratanga associated with their land and to achieve specific biodiversity outcomes.

The Ngā Whenua Rāhui Fund is governed by an independent committee of Māori leaders and serviced by the Department of Conservation.

The Fund provides the opportunity for Māori landowners to manage their interests in biodiversity, reflecting different Māori landowners' priorities and sharing in the benefits of its use, to support their cultural, social, environmental and economic aspirations and fulfil their responsibilities as kaitiaki whilst retaining ownership.

Achievements

Legal protection

To date, Ngā Whenua Rāhui has implemented 234 agreements (totalling 171,773 hectares).

- 13 agreements totalling 1,325 hectares were formally signed off by the Minister of Conservation
- 12 agreements covering 2,577 hectares have been Approved in Principle by the Ngā Whenua Rāhui Komiti and will go to the Minister for final sign-off in 2015/16.

Compliance monitoring

With 232 sites now under protection, emphasis and commitment on compliance monitoring continues.

New protected area: C17286 Hokotehi Kaingarahu Bush, 43 hectares (Chatham Islands)

The Kaingarahu Bush, located on the north-eastern coast of Wharekauri/Rekohu (Chatham Islands) adjacent to an important wetland and Lake Kaingarahu, is a rare example of matipo-dominated forest. The bush is currently showing signs of stock grazing. The bush contains many dendroglyphs/Moriori tree carvings, was once a traditional village with burial grounds and also an important food gathering area. The subject block is part of a wider coastal landscape termed 'necklace lakes' that offer habitat for threatened species such as Chatham pipit, pied stilts, grey duck, warblers, shags, white-fronted terns, godwits and banded dotterel.

Statement of service performance – non-financial

Performance measures	2012/13 Actual standard	2013/14 Actual standard	2014/15 Budgeted standard	2014/15 Actual standard
Number of kawenata/management agreements signed off	4	16	10	13
Hectares of land receiving treatment for possums	11,754	15,607	16,000	9,846
Number of possum operations undertaken that meet their targets for operational success	9	4	5	6
Hectares of land receiving treatment for goats	32,121	15,252	20,000	43,460
Number of other terrestrial animal pest operations undertaken that met the criteria for success set out in their programme plans	5	4	4	2

Appendix 5: Statutory and ministerially appointed bodies

The New Zealand Conservation Authority (NZCA) and the regional conservation boards are independent statutory bodies established under the Conservation Act 1987.

The NZCA's role is to advise the Minister of Conservation and the Director-General of Conservation on issues of national importance for conservation. It is also responsible for approving the General Policy for National Parks, conservation management strategies (CMSs) and national park management plans, which set objectives for DOC's management of public conservation areas. Members are appointed for a 3-year term and may be re-appointed. The current Authority's term finished on 30 June; eight members were reappointed to the new Authority, and five new members were appointed.

There are 14 conservation boards, each with a defined geographical area and up to 12 members. The boards are involved in conservation planning, policy and management advice. The Minister undertook a review of conservation boards in light of the significant changes in the conservancy boundaries and the new partnerships model within the Department. The review revealed that a refresh of the systems that support the boards

was required, which would focus on the relationships, processes and operations of the boards. Central to this would be a new reporting framework that complemented the boards' current annual reporting to the New Zealand Conservation Authority. This will provide a greater focus for boards in their operations while maintaining their independence. Appointments were made to all boards, following last year's deferral for the review.

DOC also provides services to two ministerial bodies: the independent committees of Ngā Whenua Rāhui and the Nature Heritage Fund. The goal of the Ngā Whenua Rāhui Fund is to provide incentives for voluntary protection of indigenous ecosystems on Māori-owned land that represent a range of natural diversity originally present in New Zealand. The committee also allocates funds to increase tangata whenua participation in managing biodiversity in ways consistent with mātauranga Māori (customary knowledge). The Nature Heritage Fund's role is to protect indigenous ecosystems that represent the full range of natural diversity originally present in the New Zealand landscape, and it seeks to do this by providing incentives for voluntary conservation. These two ministerial bodies prepare and table their own annual report to Parliament each year.

Part of the context in which DOC operates is a statutory planning framework required by the Conservation Act 1987, National Parks Act 1980 and various Treaty of Waitangi settlements requiring the preparation of conservation management plans. A focus is the revision of conservation management strategies (CMSs), which have reached the end of their intended 10-year life. Public consultation is a critical part of the process, and final approval of a CMS rests with the New Zealand Conservation Authority (NZCA).

The first three CMSs to be revised were approved by the NZCA during the reporting period. These were Northland, Auckland and Waikato. The second three, Canterbury, Otago and Southland, were referred to the conservation boards for their consideration during the period and have all been approved for handover to the NZCA. In addition, pre-consultation work began during the period on reviews of the Hawke's Bay/East Coast CMS (including joint work with Ngāti Porou on the Nga Whakahaere Takirua part of this CMS, in accordance

with the Ngāti Porou Claims Settlement Act 2012), Wellington/part Wanganui and Nelson/Marlborough CMSs.

A parallel full review of the Westland/Tai Poutini National Park and Aoraki/Mt Cook Management Plans began during the period, with work progressing toward an intention to notify early in the 2015/16 period.

Work on drafting a conservation management plan for the Whirinaki Conservation Park, in accordance with the Ngāti Whare Treaty Claims Settlement Act 2012, was undertaken in consultation with Te Rūnanga o Ngāti Whāre. Pre-drafting and consultation work was also undertaken on conservation management plans for Te Hauturu o Toi/Little Barrier, Rangitoto, Motutapu, Motuihe, Browns (Motukorea) group of islands and Wairau (Te Pokohiwi/Boulder Bank).

These strategies and plans provide guidance to DOC in its management of public conservation lands and waters.

Appendix 7: Performance of Reserve Boards as at 30 June 2014³⁴

Reserve Boards – Financial information available

Reserve Board	Type	Revenue \$	Expenditure \$	Net Assets \$
Northland				
Oakura	Recreation	10,870	4,620	249,995
Ruakaka Central	Hall	13,227	14,168	73,259
Waipu Cove	Recreation	1,028,457	787,692	2,983,555
Whatitiri	Recreation	5,436	6,920	208,889
Coates Memorial Church	Local purpose	3	698	195,199
Taurikura	Hall	6,624	2,728	8,085
Auckland				
Glorit	Hall	6,530	3,811	15,915
Bay of Plenty				
Awakaponga	Hall	3,641	6,205	127,039
Lake Rotoiti	Scenic	7,538	9,698	33,582
Whanganui				
Poukiore	Recreation	6,310	2,344	140,046
Tiriraukawa	Hall	309	179	2,835
Pākaitore/Moutoa Gardens	Historic	44,578	50,069	268,852
Wellington				
Horowhenua	Recreation	718	4,980	32,610
Whitireia Park	Recreation	5,554	11,263	40,799
Nelson/Marlborough				
Homewood	Hall	161	1,418	59,661
Kaiteriteri	Recreation	4,986,460	4,396,906	8,524,729
West Coast				
Millerton	Hall	1,938	918	70,768

The Reserve Boards financial information for the following boards is not available:

Northland Waikiekie (Recreation),³⁵ Ruakaka (Recreation); **West Coast** Charleston (Hall).

³⁴ Details are dated 30 June 2014 as they are usually based on audited reports often not available until after the DOC Annual Report deadlines.

³⁵ No figures are available for this board, which is in discussion with Audit NZ regarding its reporting.

Annual reporting of search and surveillance powers by agencies other than the Police

171(a)	The number of occasions on which entry or search powers were exercised without a warrant in the period covered by the report.	11
171(b)	The number of occasions on which warrantless surveillance powers were exercised in the period covered by the report that involved the use of a surveillance device.	0
171(c)(i)	In respect of each kind of surveillance device used without a warrant in the period covered by the report, the numbers of that kind of device used (i) for a period of no more than 24 hours.	0
171(c)(ii)	In respect of each kind of surveillance device used without a warrant in the period covered by the report, the numbers of that kind of device used (ii) for a period of more than 24 hours but no more than 48 hours.	0
171(d)	The number of persons charged in criminal proceedings where the collection of evidential material relevant to those proceedings was significantly assisted by the exercise of a warrantless search or surveillance power in the period covered by the report.	1
171(e)	The matters set out in section 172 in relation to surveillance device warrants and declaratory orders.	n/a

