

Financial Sustainability Review

Phase 1 Final Report

21 September 2023



Department of
Conservation
Te Papa Atawhai

New Zealand Government

Executive Summary

See also pages

Introduction



- The purpose of this review is to provide Ministers with the information needed to make choices about future conservation outcomes and investment; this first phase highlights the Department of Conservation's (DOC) current performance and cost drivers.

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System context



- DOC manages one-third of Aotearoa's land and a significant part of its oceans, with around 0.64% of the (Core) Crown budget for 2023/24. New assets and responsibilities are regularly added to its role – including some responsibilities that DOC was never set up for (such as artworks and ski fields).
- DOC operates in an increasingly complex conservation system, shaped by partnership and shared priorities, and with significant commercial contracts and risks. Current performance reporting gives little sense of the scale of work needed to maintain or uplift conservation outcomes within this wider context.
- There are wider economic costs to doing too little to manage PCLW and species well, and equally benefits for the economy and communities of doing more – we have to find ways to achieve more of what really matters.

6-9

DOC's high-level performance story



- DOC is generally meeting its output targets and implements government priorities well, even major new programmes such as Jobs for Nature. DOC also has considerable expertise in species management and is making strides in a few critical areas.
- However, many critical conservation outcomes are static or declining, risking irreversible loss. Unmet needs are increasing – our output targets are too narrow and too low, costs are increasing, and funding is increasingly ringfenced for other activities or needs to be directed towards other responsibilities. Increases to Vote Conservation funding haven't been reflected in increases in measured outputs, which only focus on a narrow set of DOC's total work and responsibilities. Work is needed to improve alignment of appropriations with outputs and outcomes.

10-15

The drivers of costs



- Workforce is the biggest driver of supply-side costs. The workforce has been through a period of sustained growth, reflecting specific investments in capability through Budget bids and areas of increased focus/risk (such as Treaty, regulatory and legal work). As with the rest of the public sector, costs per FTE have increased, and more of DOC's funding is now spent on people costs and is not easily available for reprioritisation or new initiatives.
- DOC has used efficiencies and other savings to keep down its operation costs, but under-investment in its recreation assets has created another major cost driver. The Budget 2022 Natural Resources Cluster review estimated that, for recreational assets, there was a backlog of almost 70,000 hours of deferred maintenance work and \$300m of deferred capital expenditure. Half of DOC's visitor assets are fully depreciated.
- Extreme weather events exacerbated by climate change increasingly impact how DOC delivers its work and its ability to keep planned and priority work on track, as well as impacting vulnerable species. Recovery from Cyclone Gabrielle is expected to cost over \$70m more over the next five years. Remediation costs use up more of DOC's core funding and there are significant risks associated with unmanaged/low conservation value land eroding.

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Executive Summary

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Drivers of performance against outcomes

- There are systemic issues holding back DOC's performance: there are too many FTEs for current baselines and insufficient flexibility. There is a need to consider different operational models or innovative solutions, rationalise DOC's planning framework and network of assets, and develop the policy framework and commercial disciplines needed to grow third-party revenue appropriately.
- While there are clearly investments that make a difference and that could be scaled up, low maturity of systems and data gaps mean it can be difficult to show links between funding and progress on conservation priorities. DOC can't always demonstrate what matters most for achieving conservation outcomes, or how it can prioritise resources towards these outcomes. DOC is pulled in too many directions. Freeing up resources to improve DOC's systems/data, and to invest in Government's priorities, will require a stronger drive for efficiency in DOC and a willingness to make more trade-offs.

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Future pressures on maintaining current delivery & performance

- Workforce and inflationary pressures are currently projected to generate a total budget gap of almost \$70m over the next four years unless action is taken. This gap will be exacerbated by costs associated with DOC's extensive and aging visitor assets.
- A range of demand pressures are also increasing expectations around what DOC can deliver and costs. For example, increased weather impacts on riskier assets and ecosystems, Treaty settlement implementation and regulatory system requirements (including resource management reform implementation).
- It is clear that trade-offs will be needed between current activities and areas such as increasing resilience to climate change, transitioning to more sustainable visitor management, and addressing irreversible decline of Aotearoa's places, ecosystems and species.

18-21

Next steps / Phase 2

- In the year ahead, a range of Government decisions will present choices around the level of ambition – and associated funding requirements – for conservation outcomes: New Zealand must set its national targets for the Global Biodiversity Framework, government must reset the implementation plan for Te Mana o te Taiao, and the next phase of the Predator Free 2050 is due to be set in 2024.
- Phase 1 has demonstrated that there are strategic choices and trade-offs for Ministers around objectives for conservation, but also opportunities to streamline the Department for more effective and efficient delivery against those objectives. Work is already underway on some of the streamlining actions DOC can take, including to improve our ability to show the links between funding and impacts, and to support better prioritisation.
- Proposed workstreams for Phase 2, coupled with immediate actions to ramp up work to find short term efficiencies and savings and ongoing Budget 2022 work to improve asset management and cost recovery, will enable DOC to provide advice to support Ministers' choices around the scope and scale of DOC's role in the conservation system within different potential funding paths. Phase 2 will also look at medium term opportunities to drive value for money and increase third-party investment to offset some of the costs to the government of delivering conservation outcomes.

22-23

This report summarises the key findings from Phase 1 of the review

Phase 1 focuses on current performance and cost drivers

This first phase of work provides Ministers with an initial assessment of:

- DOC's current delivery/performance, and the factors driving this performance, including efficiency and effectiveness
- Projected future costs based on known cost drivers, including their impact on DOC's financial sustainability, and implications for outputs and outcomes
- Illustrative future Government choices, and gaps for further work (Phase 2)

The review builds on previous work from the Budget 2022 Natural Resources Cluster review and DOC's draft Long-Term Investment Plan (LTIP) prepared in 2019, which highlighted the big gap in investment required to improve delivery of DOC's statutory obligations.

The findings from Phase 1 have been informed by financial analysis and trends, reviewing past material and conversations with internal stakeholders. The review team also completed a limited activity survey (run over one week) of the time spent by frontline ranger staff across a representative sample of five of DOC's districts (see Appendix 2).

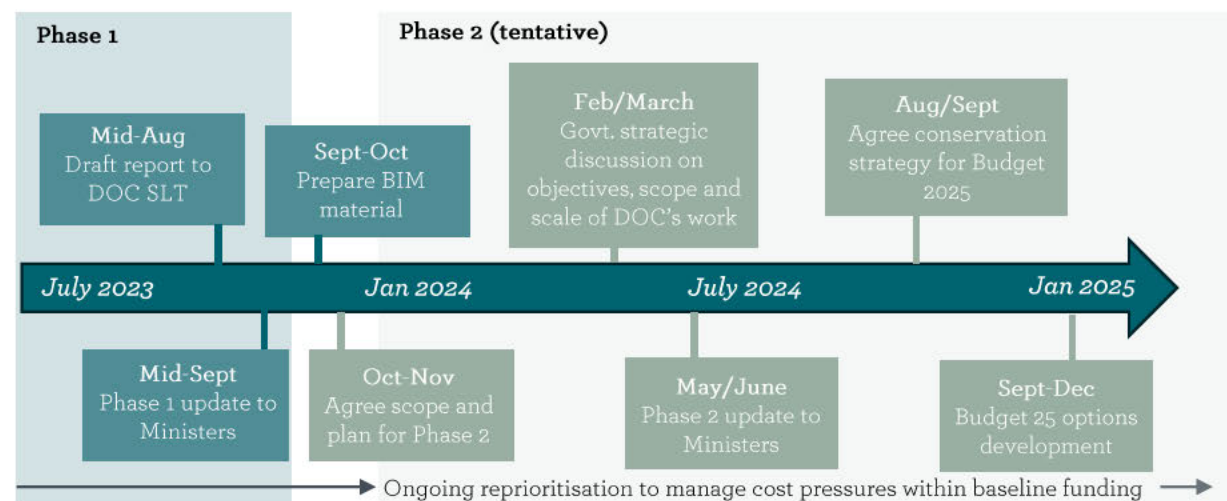
The review aligns with the Government's Fiscal Sustainability and Effectiveness programme

This work is part of DOC's overall programme of work to improve efficiency and effectiveness, find savings, identify reprioritisation options to manage cost pressures and improve its financial management system, including improving investment governance and controls.

Phase 2 will build on the insights and strategic direction provided under Phase 1

Alongside immediate departmental work to identify savings and improve efficiency, medium-term choices and trade-offs for Ministers will be explored through Phase 2. These include:

- Setting objectives for the conservation system in light of the scale of challenge to be addressed and affordable financial parameters
- Reviewing the role and scope of DOC, including where it could do more or less
- Improving value for money – opportunities for doing things more efficiently or with new approaches, and the range/mix of levers for more effective interventions
- Developing funding options, including the role of third-party funding and improved cost-recovery



Getting on a sustainable footing requires a review of the strategic, operational and financial choices for achieving conservation outcomes

Nature is in trouble

Aotearoa's species and ecosystems are under threat from climate change, invasive species, land and sea use change, exploitation and pollution. Many species are unique to New Zealand (100% of reptiles, frogs and bats, and 50% of marine flora and fauna, are found nowhere else) and are taonga.



This has implications for our taonga, natural environment and economy

Our economy depends on nature from tourism to agriculture, forestry, fisheries, energy, resources, sports and recreation. Our health, wellbeing and national identity is intertwined with nature – it connects us to place, provides us with green spaces and recreation, and allows us to gather kai. Healthy forests and vegetation on land is more stable and resilient. The economic value of ecosystem services is increasingly recognised.

A system-wide response and a strong system leader are needed

Te Mana o te Taiao – Aotearoa New Zealand Biodiversity Strategy provides an ‘all of New Zealand’ response and sets the direction and goals for biodiversity to 2050. DOC is the lead agency for the strategy and is responsible for much of its delivery.

But DOC is only one part of a network of central and local government agencies, iwi, NGOs, businesses, community groups and individuals with critical roles to play. To achieve good outcomes, DOC needs to partner with others in the conservation system (e.g. NZCA, Conservation Boards, Fish and Game, Game Animal Council, iwi/PSGEs, regional councils, industry, communities, ENGOs).

DOC's responsibilities extend well beyond conserving biodiversity

DOC manages the use of conservation land for recreation, including providing a large network of visitor services, maintains heritage assets, enforces laws that protect biodiversity and historic heritage, provides regulatory services such as permissions for activity on PCLW, and maintains and improves our lands and waters for future generations, including establishing/monitoring marine reserves.

DOC's effectiveness as a system leader, delivery partner and land manager is compromised by financial sustainability challenges

The Budget 2022 Natural Resources Cluster review made clear that in a context of rising costs, falling baselines, and declining outcomes, changes are needed to deliver a sustainable conservation system. That review led to stop-gap funding to address immediate cost pressures and deliver new initiatives. It also called for improving cost recovery and developing a more sustainable asset base. Responses are underway, but inflationary pressures have increased. Cyclone Gabrielle has also added to this challenge as DOC responds to damage to assets, places and species, and a need to increase resilience of PCLW.

The Financial Sustainability Review (the review) aims to give Ministers the information they need to make choices to respond to these challenges

A range of responses are needed to ensure the system can deliver on Government priorities, undertake functions effectively and efficiently, and look after the network of land, waters, visitor and heritage sites, species and ecosystems in its care.

DOC initiated this review to work out what needs to change operationally, and to advise Ministers on a range of options, associated strategic implications and choices they can take to identify new revenue sources, improve value for money, become financially sustainable, and boost conservation outcomes.

DOC is also developing a framework to prioritise our work to protect species and special places, this will inform resource allocation at place and across the country.

DOC is responsible for a large proportion of our land and waters, and for protecting our most treasured places and species

DOC is charged under the Conservation Act 1987 (the Act) with conserving Aotearoa's **natural and historic heritage**, in a way that gives effect to the principles of the Treaty of Waitangi and provides for recreation and tourism opportunities consistent with conservation values.

DOC has responsibility for:



Over 30% of New Zealand's land (8 million hectares) and water (4.5 million hectares) areas, including 220 large islands, hundreds of smaller islands, 52 marine reserves and sanctuaries, and 13 national parks



Over 21,800 visitor assets, including 15,000 km tracks (>9 times length of NZ), 2,170 visitor buildings and huts, 2,015 toilet blocks, and 300 campsites, and more than 15,500 heritage sites



Over 14,000 native species - actively protecting 440 of the over 4,000 species assessed as 'At Risk' or 'Threatened'



Giving effect to Treaty of Waitangi principles through administration of the Act, and as part of over 70 Treaty Settlements covering more than 70 iwi, with more than 3,000 specific obligations and many ongoing commitments



Administering 25 Acts of Parliament, and contributes to many others, including Resource Management Act 1991, the Fisheries Acts 1983 and 1996, the Biosecurity Act 1993, the Forest and Rural Fires Act 1977 and the Crown Pastoral Land Act 1998

Which means that DOC:

- Is spread thinly across New Zealand:

Physically → from the Kermadec Islands in the north to the subantarctic archipelago in the south (over 100 locations in 10 regions)

Functionally → from plants and animals to visitor experiences and general maintenance (e.g. mowing lawns, removing graffiti, fixing potholes)

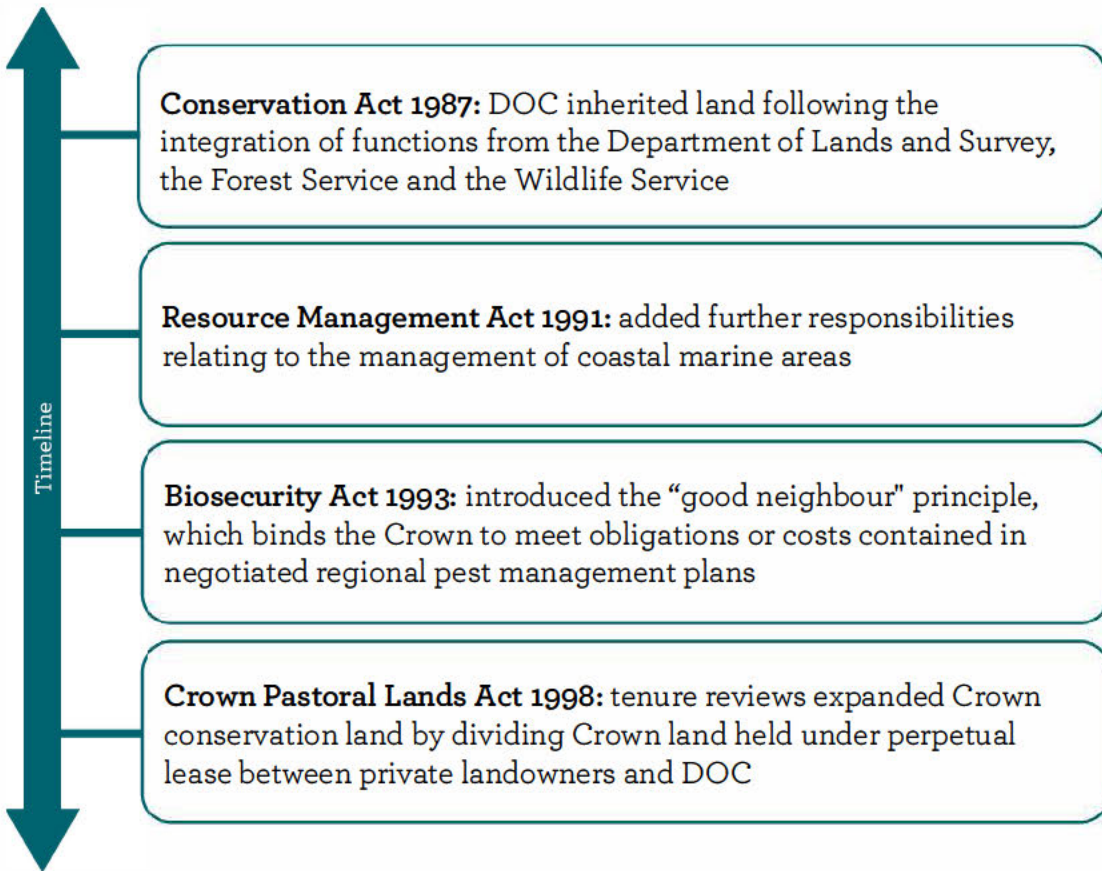
- Bears **significant land manager** liabilities (e.g. fencing, regional pest management, soil erosion), including for land that has little conservation value (and therefore a low priority to manage) and from which we cannot easily divest
- Has the **most neighbours in New Zealand** - PCL covers 45% of the South Island, putting DOC front and centre in local communities
- Is **New Zealand's largest provider of visitor activities** - Supporting regional economic development (e.g. Great Walks, key destinations), with significant asset management and health and safety obligations, as well as managing associated commercial leases and permissions
- Has **significant advocacy, regulatory and enforcement responsibilities** - Processing over 1,900 applications each year to allow activity on PCL and undertaking significant advice, assessment and legal cases on RM decisions.

“ Operating a DOC office is like being a gardener, stock manager and tourism business, all in one. ”





DOC employee

Expectations on DOC have also grown over time, but its role and funding have not been reviewed comprehensively

DOC's roles and responsibilities have expanded:



So has the area of land and the number of conservation assets it manages, e.g.:

	1980s / 1990s	Today	Increase
 Marine Mammal Sanctuaries	1.4 million hectares	3.4 million hectares	143%
 Marine Reserves	0.7 million hectares	1.8 million hectares	157%
 Tracks	3,500 kilometres	15,000 kilometres	329%
 Departmental Operating Funding	300.9 million dollars ¹	549.3 million dollars ²	83%

And increased expectations that have broad impacts on DOC's work:

Treaty partnerships are now central to delivery, leading to increased engagement and more shared decision-making arrangements, and changing the way that DOC manages land in response to Treaty settlements.

Health and safety precedents and law changes have driven increased expectations and costs (e.g. resulting from the Cave Creek disaster) and are significant given the large numbers of workers and visitors across PCLW.

¹ 1993/94 departmental operating funding, inflated by CPI to June 2023 dollars.
² 2022/2023 departmental operating funding per Supplementary Estimates 2023 excluding Jobs For Nature funding, capital to operating transfers, and operating expense transfers



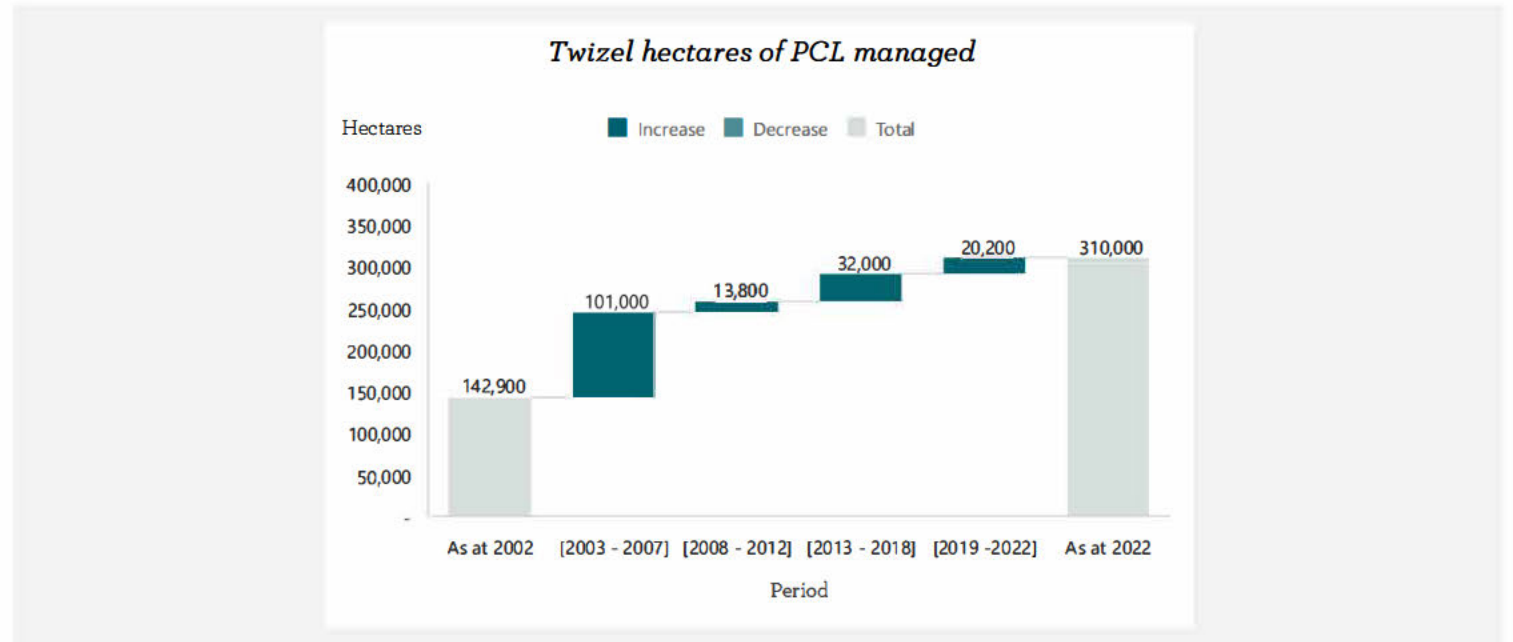
Case Study

Impact of tenure reviews on Twizel District

Tenure reviews have doubled of the amount of public conservation land to be managed in Twizel

Over the last 20 years, public conservation land in Twizel has doubled from almost 143 thousand hectares to 310 thousand hectares, primarily through tenure reviews, without any increase in funding.

Much of this land has low conservation value, but creates other responsibilities for DOC, including pest control (rabbits, deer, possums, weeds, wilding pine) and asset maintenance. Soil and water conservation and erosion risk on this, and other, land is increasingly important for wider economic assets and communities.



DOC is part of a wider conservation system, which requires maintenance, modernisation and high levels of engagement

A range of strategies influence how and what DOC delivers

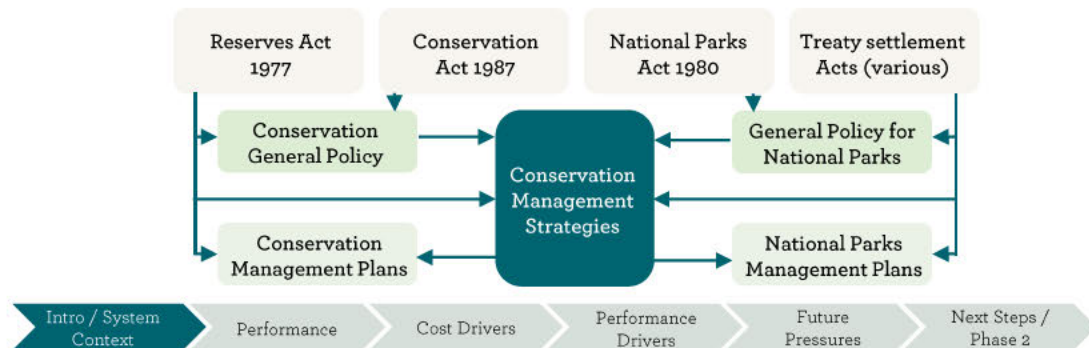
The Minister of Conservation (MOC) is responsible for the overall priorities and direction for the conservation system. There is a need to set clear priorities with advice and support from DOC. This requires a thorough conversation that has not taken place for some time about what our functions and responsibilities require, as well as where to focus most and being explicit about what we cannot do.

DOC is party to the *New Zealand-Aotearoa Government Tourism Strategy*; Natural Resources Cluster strategic outcomes; and leads implementation of *Te Mana o te Taiao*, and Predator Free 2050.

DOC's integrated strategy (see appendix 1) reflects its statutory responsibilities and consolidates its roles across strategic documents. There are four strategic outcomes under an overarching commitment to be an honourable Treaty Partner:



Conservation general policies, strategies and plans are tools provided by statute for guiding DOC's work, but most are out of date and the framework needs reconsideration



As part of a wider network of conservation actors, DOC collaborates with others and balances a variety of interests

DOC operates within a wider conservation network

Conservation requires the work of many actors, including:

- Other statutory and quasi-statutory bodies, such as the New Zealand Conservation Authority, conservation boards and Fish & Game councils
- Treaty partners
- Non-government organisations such as Forest & Bird
- Local government and other central government agencies
- Other stakeholders such as businesses, landowners, and the community

DOC must bring together national priorities and local context

DOC delivers its conservation work with others at place. The long-term success of this work depends on the support and trust of local communities and Treaty partners. Maintaining this requires DOC to make hard decisions to apply the national strategic perspective to the local context (social, cultural, economic and environmental).

Change is needed for the system to be fit for the future, but outcomes also take time and long-term investment and commitment is needed

In short, there is a need to reconsider what the conservation system is, and its priorities. A first step will be confirming the Government's objectives across the full suite of roles and functions. Better understanding the full costs involved in meeting those priorities, and the associated obligations and stewardship responsibilities for the system, is critical.

Improvements to the system will be required, including changes to the legislative framework to increase overall effectiveness and efficiency. Agreement about what can be achieved within a sustainable funding path and time period is required.








DOC's performance against output measures does not reflect the scale of work needed to maintain or uplift conservation outcomes, nor all of its statutory responsibilities

Historically, DOC has focused on targeting very specific areas of intervention, such as at-risk species and maintaining safe and accessible tracks. This approach has delivered benefits and many high-profile, localised conservation success stories; but it has not been able to hold the line on nature's decline due to the scale of the challenge (as indicated below), which is growing over time. DOC is missing measures for whole areas of activities, e.g. Treaty obligations, regulatory activities, and land management.

DOC is meeting most of its output targets

But DOC's assessment of wider conservation outcomes is that performance is not at an acceptable level

Reflecting the limited scale of DOC's current conservation work

Non-financial planning levels (NFPLs) Achieved 2022/23	
Management of Natural Heritage 	Management of Historic Heritage 
NFPL achieved: 12 of 14	NFPL achieved: 2 of 3
Crown Contribution to Regional Pest Management 	Management of Recreational Opportunities 
NFPL achieved: 1 of 1	NFPL achieved: 4 of 5
Conservation with the Community 	Search and Rescue Activities - Permanent Legislative Authority 
NFPL achieved: 2 of 2	NFPL achieved: 1 of 1
Policy Advice, Statutory Planning, and Services to Ministers and Statutory Bodies 	Other activities ¹ <ul style="list-style-type: none"> • Advocacy and compliance • Processing concessions or permissions
NFPL achieved: 3 of 5	Not Measured ¹

¹ -These are illustrative examples of activities undertaken but not reported through NFPLs. See Appendix 3 for more detail.

	Outcomes	2021/22 Performance Indicators & Assessment
Inconclusive	Ecosystem and species across Aotearoa New Zealand are thriving from the mountains to the seas	Marine ecosystem representation
		Marine species representation
		Terrestrial ecosystem composition
Acceptable level	Public conservation lands and waters are maintained and improved for future use	Terrestrial pest
		Terrestrial weeds
Concerning	Connection with nature and cultural heritage enriches people's lives	Visitor satisfaction with experience at heritage sites
		Visitor participation in recreation on public conservation lands and waters
		Visitor satisfaction with the quality of the experience and opportunities provided
		Visitor participation at heritage sites
Below acceptable		

Work is underway to develop a system to transparently track progress on Treaty obligations and performance

<1%

About 30% of New Zealand's biodiversity is found at sea, yet only 0.4% of New Zealand's marine environment is highly protected

<2%

Less than 2% of species that are at risk or threatened with extinction are receiving sufficient protection (68 out of more than 4,000)

<5%

Only 4% of DOC heritage sites are actively managed (650 out of 16,000)

<10%

Only 7% of DOC land is covered by the national predator control programmes each year (600,000 hectares out of 8,700,000)

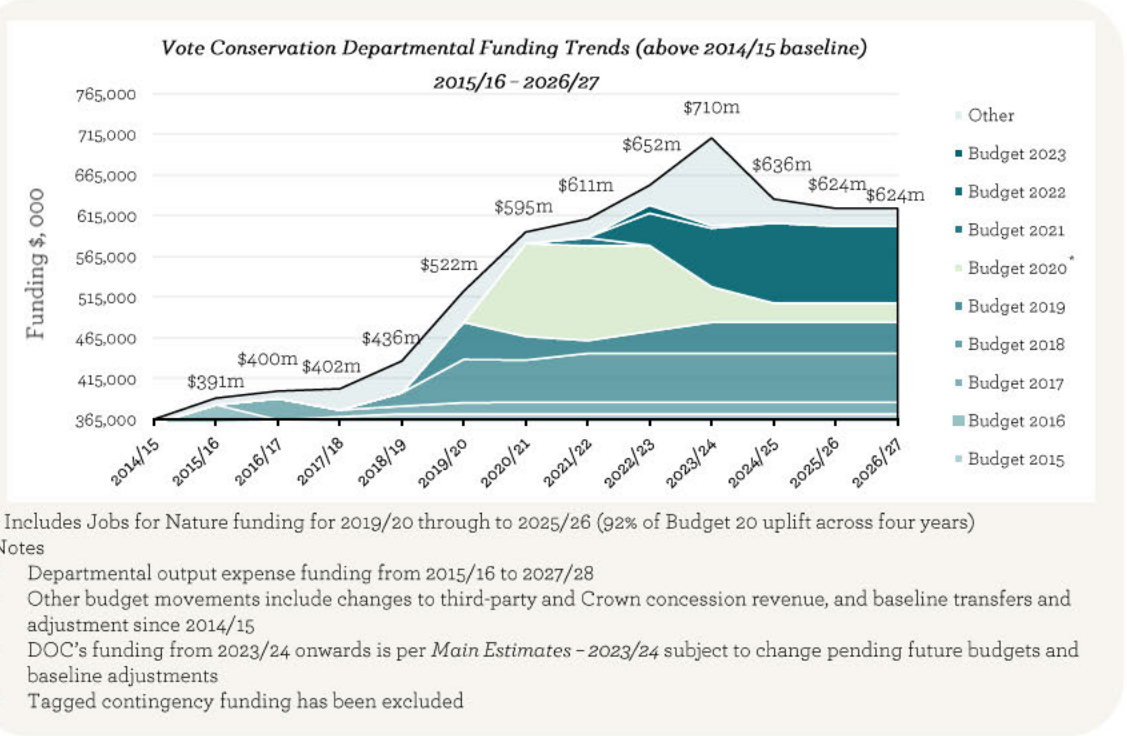
1/4

Only 24% of heritage sites intensely managed are meeting standards (12 out of 50)

1/3

1/3 of known species in New Zealand do not have a risk status due to insufficient information

Increases in funding have not increased measured outputs – funding has gone to other activities or has not kept up with rising costs

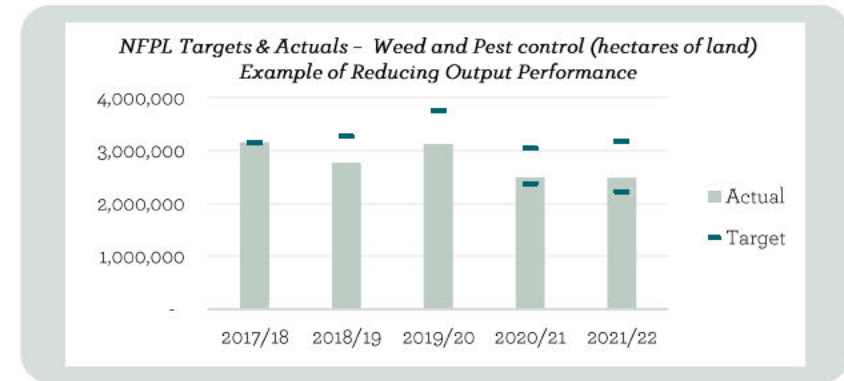


DOC's output performance measures have not changed significantly despite significant recent increases in funding

Annual Vote Conservation funding has increased over the last six years and DOC's responsibilities have been growing (see page 7), but DOC's non-financial planning levels (NFPLs) measures have not significantly changed. Some NFPL targets have even reduced in quantum or are now measured via a range. For example, the target number of hectares for pest and weed control has reduced by 30% since 2016/17.

DOC's performance has declined in some areas where outputs are measured

DOC has largely been meeting its NFPL targets; where these are missed, it's typically due to external factors such as weather events or COVID-19. Even so, performance in some areas, such as weed and pest control, has decreased.



But there are recent examples of good progress where DOC focuses its efforts:

- **Targeted protection of some species:** five species moved from 'Nationally Critical' (the last category before 'Extinct'); the North Island brown kiwi improved from 'At Risk' to 'Not Threatened'
- **New ways of doing things:** investment in science and technology is accelerating development of new and existing predator control tools, including drones and remote sensing tools
- **Delivering new experiences:** newest Great Walk - The Paparoa Track - opened in 2019, this \$12m project is popular (exceeding visitor targets), with social and economic benefits for Blackball and Punakaiki communities and businesses



In greater focus: Much of the new income is not available for DOC's core work

There have been significant changes to Vote Conservation

Since 2018/19 Vote Conservation increased from around \$500m to a peak of around \$900m in 2023/24 (of which 63% relates to departmental expenditure excluding depreciation and capital charge). In the future Vote Conservation is due to decrease to \$728m by 2026/27 as the Jobs for Nature and other programmes conclude. This will represent a 21% decline from current funding.

Some of the significant budget increases to Vote Conversation include the following:

Budget 18	Budget 20	Budget 22	Budget 23 (uplifts)
Approximately \$60 million per annum departmental funding for predator control and biodiversity initiatives	Up to \$120 million per annum for the Jobs for Nature programme that concludes in 2025/26	Up to \$120 million per annum departmental funding to address cost pressures and progress policy initiatives package for 3 x budgets	Includes funding for Public Service Pay Adjustment, Molesworth Station and Cyclone Gabrielle

Much of the new Budget funding is ring-fenced or is passed through to others

Although increases in Vote Conservation have been substantial, the table above shows that much of this funding has been for specific cost pressures (e.g. wages and assets) or provided to pass through to others, such as the Jobs For Nature funding (\$485m over five years).

Time-bound funding can create problems with sustaining outcomes

DOC has increasingly received time bound funding for specific purposes, which create challenges once the funding ends. The national wilding conifer programme is a recent example. Excellent progress has been achieved, with demonstrable improvements to outcomes. However, now that the funding has ceased, DOC won't be able to support ongoing wilding conifer control efforts, meaning treated areas are at risk of reinfestation, with substantive consequence for biodiversity, fire prevention and other economic implications.

Other revenue to support DOC's conservation outcomes has declined by \$15m since 2016/17

Prior to COVID, third party sourced revenue from concessions represented 32% of total third party revenue. This had fallen to 13% by 2021/22.

Border closures led to a decline in international visitor numbers, and domestic lockdowns further limited DOC's ability to generate revenue from recreational and tourism charges. These revenue streams have decreased by 10% since 2016/17 and are yet to return to pre 2019/20 levels.

Weather events have further impacted available commercial revenue in recent years. Examples include damage in the Southern South Island Floods (50 major assets and the full length of the Milford & Routeburn track closed from Feb until late 2020) and the closure of some facilities following Cyclone Gabrielle. These events impact DOC's ability to generate both recreation and concessions revenue while asset repairs are undertaken.

DOC has been very successful in increasing revenue from donations and sponsorship to offset the impact of declines elsewhere. However, this revenue is ring fenced for specific purposes and cannot be used to support wider DOC conservation outcomes.

Implications for the Future

DOC will need to protect and grow its income (funding and revenue) available for core conservation work if it is to improve overall outcomes.

Third party revenue: ring fenced* vs available for conservation



*Ring fenced funding relates to donations and sponsorships

Greater transparency about DOC's spending, in a way that shows progress against priorities, is needed

Understanding the drivers of DOC's performance is a challenge

There are several reasons why understanding performance is difficult:

- Output reporting not reflecting activities funded and delivered, or DOC's prioritisation of resources (see pages 10-11)
- Financial trends in cost of inputs (see page 12)
- Other challenges and opportunities (see page 13)

DOC's appropriation structure provides limited insight on what is delivered

More than 75% of DOC's departmental spending is captured in two appropriations with very broad scopes – Management of Natural Heritage and Management of Recreational Opportunities (see Appendix 3). This structure provides DOC with flexibility on what outputs it can spend money on but is less useful for explaining how the money was spent, including the \$169m increase in these appropriations between 2016/17 and 2021/22. Supplementary management reporting on intermediate outcome outputs (IOOs) provides greater clarity on the purpose of the spending, but primarily still captures outcomes not outputs.

Current NFPLs do not capture all of DOC's work

DOC's NFPLs provide transparency of a range of outputs that are important for conservation and recreation outcomes. However, the set of common frontline activities reported in the activity survey highlights other important outputs that are not currently reported (see Appendix 3). Gaps include delivery against Treaty commitments, and advocacy and compliance functions, such as submitting on RMA proposals or processing concessions or permissions. The activity survey indicated that these activities may account for more than 10% of ranger time.

There are also examples of spending that does not fit easily into existing appropriation scopes, such as boundary fence and road maintenance (which are likely treated as inputs to other DOC outputs).

Additional funding was provided for specific earmarked work

Budgets 2020 and 2022 provided funding of over \$600m earmarked to deliver new priorities, including Predator Free 2050 and Jobs for Nature. While there is a degree of overlap between these initiatives and DOC's biodiversity NFPL activities, the work is not directly aligned.

Funding strategic priorities through reprioritisation may also be affecting delivery of NFPL-related work

The additional Vote Conservation funding in recent years has not been sufficient to support delivery of some of the government's strategic priorities. Instead, these priorities have been funded by shifting resources from other activities. DOC has not always been clear or transparent about the impact of these decisions on Government's goals/priorities and outcomes over time and has not always provided clear reprioritisation options for Ministers to meet unfunded costs of initiatives.

s.9(2)(f)(iv)



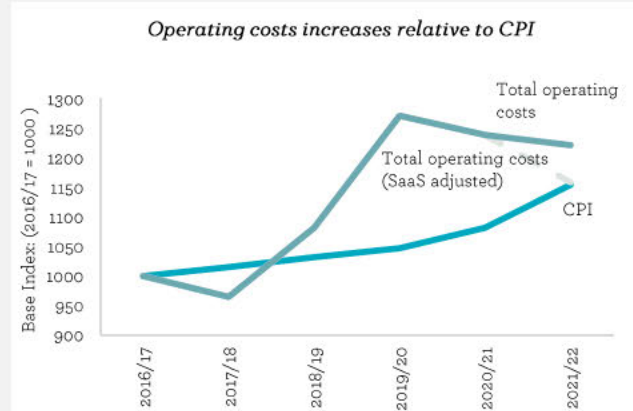
In greater focus: There has been a culture of cost cutting and underinvestment

DOC has kept operational spending in line with inflation

In contrast to the 50% increase in employee costs over the last six years, other operating cost increases have remained roughly in line with inflation.

DOC's cumulative operating costs (excluding Jobs for Nature and accounting adjustments related to SaaS) increased by 15.9% while CPI over the same period was 15.4%.

Note: The spike in expenditure in 2019/20 was due costs associated with the South Island flooding event.



Impacts on DOC's activities

DOC has managed its operating costs through a combination tactics, including:

- Efficiency savings, such as moving to a hybrid/electric fleet and reducing helicopter usage
- Delaying non-critical work, such as planned asset maintenance and staff training
- Not using new funding to increase spending on field services or other frontline activity.

The impact was a reduction in the proportion of total funding spent on operating costs from 38% to 36%.

Implications for the future

DOC has become more dependent on its workforce to deliver its activities and outcomes, and has sacrificed investment in assets, people development, process improvements and other areas to pay for this. Freeing up resources to allow this balance to be restored will be a challenge.

DOC has a history of underinvesting in its assets

DOC has consistently underinvested in the renewal and replacement of its assets by around \$25m per annum. Total required capital expenditure between 2016 to 2022, based on asset values and ages, was \$304m; actual expenditure was \$162m, representing an underinvestment of almost 50%.

Investment in assets has been constrained by insufficient funding levels due to the increasing gap between the level of depreciation funding, and the capital investment required, which continues to grow driven by asset valuation uplifts.

Capital Investment Trends – Required versus Actual 2016/17 – 2021/22

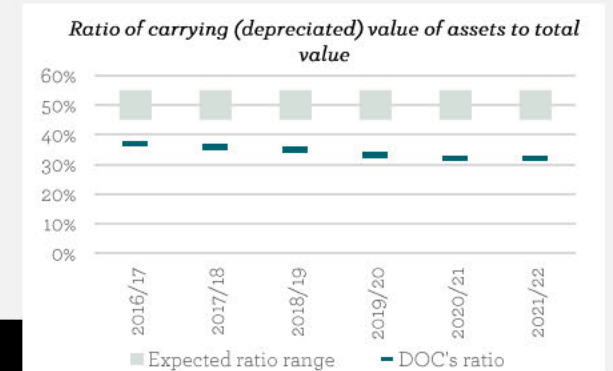
All assets (\$ million)	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Total
Required capital investment*	44.6	46.9	48.8	51.5	53.6	58.7	304.1
Additions	16.7	26.5	31.1	15.8	33.5	38.7	162.3

*required capital investment is based on the cost or valuation at 30 June divided by the estimated useful life of the individual asset class

This level of underinvestment is also reflected in the age profile of DOC's assets.

Best practice, where assets are being replaced and renewed on a regular and timely basis, is for a ratio of the carrying (depreciated) value of assets to their total value (replacement cost) to be in the range of 45% to 55%.

For DOC, this ratio dropped from 37% to 32% between 2016 and 2022.



s.9(2)(f)(iv)

It's difficult to articulate what matters most for achieving conservation outcomes or how DOC prioritises its resources against outputs

DOC's NFPLs may not reflect the most effective way to deliver outcomes

DOC's output measures play a key role in planning and prioritisation work, but it is not clear how effective this approach is. DOC has a range of levers available to affect outcomes, but it cannot be sure that the right balance is being achieved. For example, what the relative impact of large-scale interventions to protect broader landscapes and ecosystems is, versus targeted work to restore the population of a specific species on the brink of extinction.

This is symptomatic of DOC's inability to demonstrate the connection between its inputs, outputs and outcomes, or to use monitoring and evaluation to understand what works best. DOC is beginning to address this through its new Biodiversity Planning Approach, which will provide:

- Greater clarity of the work required to deliver against agreed 4-year, 10-year and 50-year biodiversity outcome targets that reflect DOC's strategies
- Resource allocation tools that support outcome-based investment decisions, with transparent trade-offs
- Streamlined multi-year planning, workplan scheduling and targeted monitoring

DOC is not well placed to reprioritise its baseline towards what matters most

s.9(2)(g)(i)

In order to be able to make prioritisation decisions, DOC needs clear direction from Ministers on the relative priority of different conservation outcomes and our core functions/responsibilities. DOC has work underway to provide advice that will enable and support Ministers to give this direction and to make decisions with clearer trade-offs identified.

Local context impacts on effectiveness of national-level prioritisation

DOC's local operations often have a critical role to give effect to national de-prioritisation decisions. However, DOC's local operations face external pressure from the community to maintain existing delivery (e.g. the planned divestment of "low-value" huts in 2006 which was not always given effect at place), as well as internal pressures felt by individual rangers to spread resources thinly in an attempt to protect all species everywhere. These are issues DOC will need to address.

Ongoing investments in data and systems will support better prioritisation

DOC continues to make decisions about undertaking conservation activity and interventions without the underpinning of reliable and up-to-date data sets. There is a need for DOC to utilise existing tools better to support prioritisation (e.g. ecosystem and species management units).

DOC has significantly ramped-up investment in data systems over the last three years, including regulatory and enabling systems. This means that DOC can now monitor and manage maintenance and capital works undertaken at each property (e.g. huts and campsites). Continued focus on the implementation of these systems is a necessary investment to enable DOC to deliver better conservation outcomes.

More resource is required to continue delivering the same level of performance; DOC's workforce is biggest driver of costs

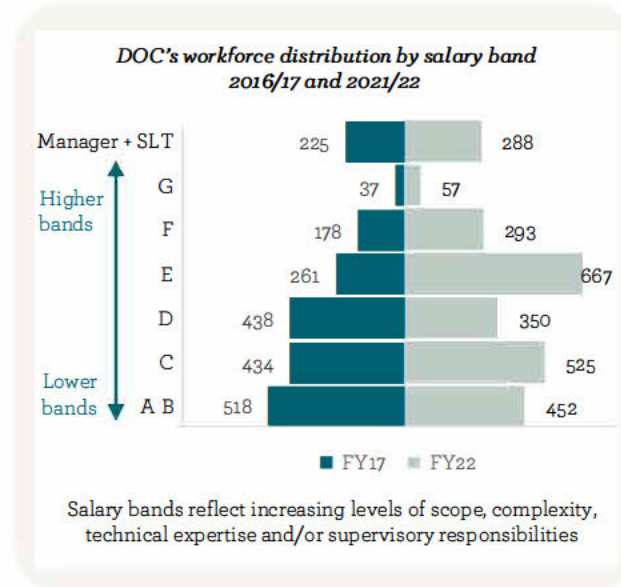
DOC's workforce looks very different compared with five years ago, and is the biggest driver of supply-side costs

Over the past five years, DOC's workforce has become more expensive. This has been driven by an upwards shift in salary bands as DOC's workforce distribution has changed from a 'pyramid' to 'convex' structure.

This reflects management's response to salary and market pressures via job sizing, FTE growth following specific funding initiatives, and investment in service and support functions to enable frontline roles to do their work (67% of new FTE roles relate to enabling functions and corporate services).

Growth in the workforce (540 additional FTE; see following page for further detail), combined with a 19% increase in average FTE costs, means that DOC is spending a larger proportion of its total cost*

on personnel (increasing from 43% in 2016/17 to 49% in 2021/22). This trend is consistent with the wider public sector and is reflective of the labour-intensive nature of delivering conservation work at place. As a proportion of the workforce, Manager & SLT roles remain unchanged (11% of the workforce).



More resources are required to deliver the same level of output performance

Inflation has eroded the level of services DOC delivers in some areas and is expected to be an ongoing pressure requiring a response.

The cost of maintaining a large and aging asset base has now grown beyond a point that DOC can affordably manage, and capital investment has not kept pace with asset revaluation uplifts of existing assets. This means that the gap between what is needed to maintain 80% of assets to standard requires a level of capital investment above current funding.

NFPLs relating to assets are also percentage-based and do not capture the growth in the underlying asset base, and therefore the associated cost increases to maintain the assets. For example, the length of track being maintained has grown from 11,000km to 15,000km over the last 14 years.

Climate change, weather events and other external factors impact DOC's work

DOC increasingly needs to divert personnel to respond to climate and weather events, which impacts on its ability to keep other priority/planned work on track.

Pest and predator control is under pressure from climate change. More favourable climate conditions for pests and predators (e.g. in alpine zones) is likely impacting the amount of work required to control a given hectare and influencing DOC's assessment of which interventions are most effective.

Asset maintenance work is also becoming increasingly reactive rather than planned, driven by a need to respond to increasingly frequent weather events. On average, \$12m annual operating & capital expenditure is projected to respond to annual weather events. The disruption constrains DOC's ability to plan and reprioritise work, further increasing total deferred asset maintenance. How DOC responds is reactive, unsustainable, and diverts staff and resource.

* Total costs include personnel, operating and centrally managed costs



In greater focus: There's been sustained and unsustainable workforce growth

The workforce has been through a period of sustained growth

DOC's workforce grew by 26% (540 FTE) from 2016 to 2022. Most of this growth was in rangers and other frontline staff (174 FTE), and in technical/other roles that directly enable the front line (257 FTE).

The remaining growth was in corporate and other support functions, including business support (34 FTE) and organisational development (35 FTE), reflecting DOC's commitment to improve how it does things, as well as specific investment in capability.

DOC's ability to map the increase in FTE to specific Budget funding (attempted in the middle table) is limited due to poor HR systems, a restructure in 2022, and funding being repurposed or deferred.

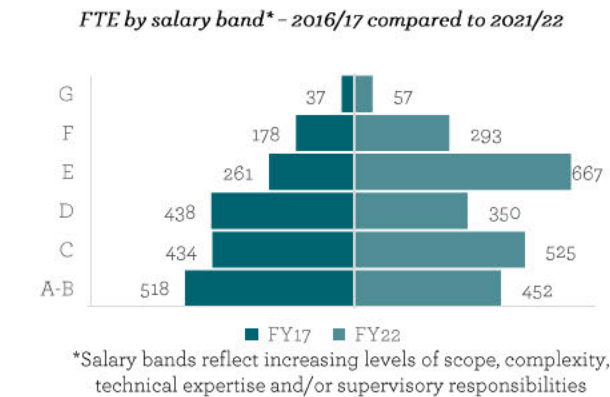
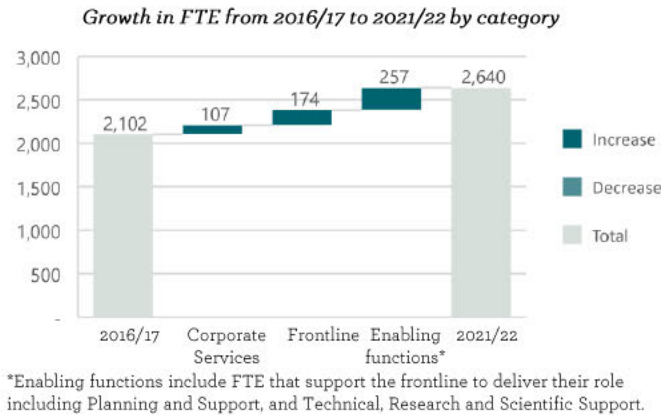
During this period, the workforce structure has changed

The structure of DOC's workforce is also different. In 2016, DOC had a traditional 'pyramid' structure, with most staff sitting in the lower pay bands (A-D). By 2022, there had been a marked shift away from lower pay bands into mid-range bands (C-F).

This shift was driven by a combination of new technical roles paid for by specific budget funding, and job revaluations that moved many staff up a band.

The composition of the workforce has also changed

One noticeable change was that the number of staff on fixed-term contracts reduced, from 23% of the workforce in 2016 to 20% in 2022. This change was driven by legislative requirements to move staff on rolling fixed-term contracts to permanent contracts. However, average spans of control did not change (11% of staff remained in management and SLT roles).



Examples of new roles linked to new Budget funding

Budget 17	Budget 18	Budget 19	Budget 20
63 FTE: tourism infrastructure	50 FTE: biodiversity programme	1080 security team established	20 FTE: Jobs for Nature

As a result, workforce costs increased by 50% over five years

DOC's average cost per FTE increased a higher rate than the public sector average over the period (19% compared to 17%, or in real-terms 3.6% compared to 1.6%). However, it remains below the public sector average.

The combination of workforce growth and salary increases has resulted in total workforce costs increasing by around 50% in five years. This means that more and more of DOC's core funding is being spent on payroll, and less and less is available to cover other operating costs, including front-line fieldwork, maintenance of assets or delivering new policy initiatives.

Much of the growth has been reactive and unplanned

Changes to DOC's workforce are symptomatic of:

- A tendency to recruit rather than exploring other ways to deliver new work or respond to priorities
- A reactive rather than planned approach to recruitment

Implications for the future

In a fixed or constrained budget environment, the current workforce will become quickly unsustainable. DOC already relies on vacancies to balance its spending. Wage pressures will require further reductions to current FTE numbers to be affordable.

Without a strategic review and redesign of its workforce, DOC will remain locked into greater inflationary pressures, will struggle to employ the capabilities it will need in the future, and will not have the flexibility needed to respond to emerging challenges.

A range of persistent challenges is holding back DOC's performance

Relying on the workforce rather than operational or innovative solutions

DOC tends to resort to a 'do it ourselves' mindset, rather than considering different service delivery or sourcing models. Innovative use of emerging technologies (e.g. remote sensing, genetic technologies) and data could transform how conservation work is delivered, monitored and managed (2021 Long-term Insights Briefing).

Less of DOC's overall funding is being spent on operating costs, (decreasing from 38% of total costs* in 2016/17 to 36% in 2021/22), likely limiting the effectiveness of frontline delivery.

Funding over the last five years has been weighted towards rebuilding backbone functions to improve how DOC operates and address capability gaps. The impact of these investments on DOC's frontline-focused NFPLs is unclear.

The current statutory planning framework is not fit-for-purpose

With Treaty settlements, conservation boards and an array of prioritisation and planning instruments, DOC operates in a complex, likely duplicative, contested and potentially over-planned and/or governed system.

Most statutory plans are out of date, some by more than 10 years, indicating that the current framework of national policies, strategies and plans is not manageable.

Frontline staff spend a lot of time determining and agreeing priorities at place or planning and governing areas due to the wide range of interests at play. Local interests include conservation board priorities, local engagement priorities and relationships, community group priorities, Treaty partner relationship agreements and sometimes joint operational plans to develop and agree.

There is evidence that DOC can strengthen its commercial disciplines

Third-party revenue available to support DOC's outcomes has reduced over the last five years, impacted by COVID-19 and other external events. Increasing such revenue is an opportunity to reduce future funding gaps, however it is risky to rely on given its susceptibility to externalities outside of DOC's control. There is evidence that DOC doesn't have the commercial disciplines needed to achieve significant growth in a short period of time. Symptoms of this include inconsistent fees and charging policies; fees set that don't fully recover administrative costs; and not being able to match costs with revenues.

As a result, DOC is increasingly cross-subsidising work related to concessions and permissions from baseline funding. Further investment in the systems and data DOC needs to operate a more commercial system including fees, charges and concessions is required, along with a more comprehensive policy framework for charging and potential use of tools such as memorandum accounts.

Challenges of delivering with a volatile and unsustainable funding profile

Some of DOC's funding is time-bound or one-off, without sustainable levels of ongoing funding. This means that in subsequent years, DOC struggles to maintain the benefits achieved. The national Wilding Pine Programme is an example of this where funding levels are insufficient to support ongoing wilding conifer control efforts, meaning that previously treated areas may be reinfested.

Jobs for Nature funding (\$485m) over five years has created volatility within DOC's funding profile including the challenge to scale-up and quickly reduce activity and spending when it ends in 2025/26.

DOC struggles to spend the additional funding it receives, especially where it is non-departmental spending without necessary departmental funding for administration. This can lead to repeated underspends or expense transfers.

* Total costs include personnel, operating and centrally managed costs

Labour market and economic pressures will further reduce DOC's ability to maintain outputs or deliver new policies over the next four years

Workforce and inflationary pressures are projected to cause a funding deficit

Bringing together known non-discretionary cost pressures, it is projected that a funding gap will emerge from 2024/25

s.9(2)(b)(ii)

s.9(2)(b)(ii)

It is unlikely DOC's workforce will be sustainable in the medium to long term. As more of DOC's funding will increasingly need to be directed towards maintaining the existing workforce, rather than delivering new policy and cost pressure initiatives.

DOC will need to find operational efficiencies and other savings opportunities to respond to these cost pressures and to maintain current service delivery levels. This will impact the outcomes that DOC is able to deliver, and its ability to meet future demands and pressures. Any decisions DOC makes will need to include consideration of potential unintended consequences and how they may impact the productivity of frontline service delivery.

There are growing risks associated with increasingly aged visitor assets

DOC has built more assets than it has funding for, without considering affordability and the associated maintenance of the asset base. Inherited or donated assets are further expanding the asset base for example the Tongariro Chateau. These are often low-value and DOC incurs ongoing operating costs to maintain or dispose of them.

s.9(2)(b)(ii)

There are also liability risks if concessionaires on PCL go bankrupt or end their leases, leaving behind infrastructure that DOC needs to remove or maintain.

Assumptions applied to forecast projection:

- Funding reflects core baseline funding from 2022/23 to 2026/27
- Depreciation, capital charge and time-limited funding such as Jobs for Nature and International Visitor Levy (IVL) are excluded
- Third-party revenue is excluded except for concessionaire revenue which has been maintained at 2022/23 (OBU) levels of \$11.5m. Concessionaire revenue was \$20m in 2022/23 however was maintained at \$11.5m to demonstrate the sensitivity of the cost pressure.
- FTE growth reflects an uplift from current FTE of 2,640 in March 2023 to 2,904 reflecting roles under recruitment as at March 2023. DOC's assumed establishment FTE of 3,127 is reached in 2024/25
- Operating costs remain at 2023/24 budget levels (reflecting no change to activity delivered) and are adjusted only for inflation

DOC is also facing a number of external demand pressures

Demand side factors are driving additional cost pressures

Expectations around what DOC can deliver are increasing. The examples below are four of the most significant demand-side cost pressures DOC will need to manage over the next five years (with cost estimates, where available). Managing these pressures will not be enough to improve conservation outcomes. Trade-offs, new ways of working and potentially further investment will be needed to deliver step changes in visitor and asset management, adapting to climate change, and reduce biodiversity decline (covered on page 16). DOC is also expected to support the Government's economic goals in areas such as tourism, aquaculture and renewable energy.

Climate change is impacting priority work

- Climate change is making DOC's job harder and more expensive, increasing pressure on asset management and habitats and species.
- Based on recent severe weather events, Cyclone Gabrielle 2023, Cyclone Dovi 2022 and Southern South Island Flood 2021, DOC can expect to face annual cost pressures of at least \$12m (opex & capex).
- Current reactive approach is unsustainable as frequency of events increases. Diverts staff and budget from core activities, with unclear impacts on DOC's baseline and performance over time.
- DOC must also invest in new ways of doing things to reduce its carbon footprint.

Role for MOC and DOC in RM system implementation

- DOC's RMA system costs are increasing due to overlap between implementing new system and working within the old one – but also due to increased demand for DOC expert advice
- Under the current system, there are specific responsibilities for MOC and a broader role for DOC. The activity survey undertaken (see Appendix 2) indicated around 3% of current ranger time relates directly to RMA, however this excludes wider costs associated with our science inputs, national operations, policy, legal and other supporting activity, and does not capture senior leadership engagement at place with Councils and on large RM-related proposals.
- There will be new responsibilities and requirements for MOC and DOC under the new system, which will require additional DOC staff to support. Estimated to cost \$43.3m over four years. On top of this, there is increasing demand for better spatial layer data on biodiversity from Central Government, Local Government, developers, and hapū/iwi.

Regulatory system is not fit-for-purpose

- The conservation regulatory system is increasingly difficult to engage with, including backlogs in processing applications, delays in conservation management planning (e.g. 17 out of 19 Conservation Management Plans out of date in 2024) and uncertainty around how DOC's Treaty responsibilities play out in regulatory context is having a chilling effect.
- As an organisation driven by statute, this impacts on DOC's work at all levels. Current and future costs of this are unknown, and work is needed to clarify DOC's regulatory role and prioritise improvements. Increasing time and cost slows work down further, which creates further costs such as legal cases.

Increasing Treaty relationship expectations and obligations

- Increasing number of Treaty settlement obligations (over 3,000 in Te Haeata) adds pressure and regulatory and operational complexity, but working with iwi at place also has enormous benefits.
- Significant aspirations of iwi for different opportunities and arrangements prior to and post settlement (e.g. co-management, access to resources, economic opportunities, decision-making). These come directly from Māori and indirectly from the Waitangi Tribunal and other Court decisions, and many require a Government policy response
- While DOC has a key role to play, improvement in some areas requires a co-ordinated response from government (e.g. consideration of remuneration for iwi, reducing engagement burden and costs).

Trade-offs will be needed to maintain and lift performance

Current delivery is not sufficient to maintain or improve outcomes

Across all areas of DOC's work there are opportunities to do more and to do things better or differently (e.g. through innovative use of technology) to deliver substantive change in outcomes. The Government has choices around where to focus its investment, how far and fast to go, the scope and scale of DOC's role, and the overall funding mix. The examples below would each require significant trade-offs, reprioritisation, and additional investment over the next 5 to 10 years to enable DOC to increase its contribution to achieving the Government's ambitions around supporting sustainable tourism growth and thriving biodiversity.

Increasing resilience of New Zealand's biodiversity and PCLW to the impacts of climate change

- Climate change impacts on DOC's work on the land, ecosystems, species and assets it manages; the costs of this are increasing every year.
- DOC's 2020 Climate Change Adaptation Action Plan set out actions (most are unfunded) to address these impacts - aligned with government response, e.g. managed retreat.
- In Budget 2023, DOC estimated that up to \$200m is needed over the next four years to enable:
 - Climate-risk informed decisions, to secure priority species, habitats and to retreat/relocate some visitor assets
 - Nature-based solutions, such as coastal wetland and peatland restoration and management, to increase resilience of communities - with biodiversity co-benefits.
- Other opportunities (not included in Budget 23 proposal) include additional wilding pines and browser animal control for forest health, and soil and water conservation outcomes to reduce down-stream impacts from weather-related events.

Transitioning to sustainable visitor management

- Across the visitor and heritage system, DOC has a role as a steward, supplier/provider and regulator. However, the current visitor network is unaffordable and unsustainable; substantive change is needed to address this - acknowledging tension between visitor expectations and conservation efforts.
- 2021 Heritage and Visitor strategy frames DOC's approach to visitor management. It informs DOC's Future Visitor Network programme, which aims to:
 - Provide clear direction on what the future visitor network should look like to help prioritise investment
 - Confirm what DOC is best placed to provide (and what it should not)
 - Transition the visitor management system from asset-focused to actively managed products that facilitate visitor-focused experiences.
- This is a complex, multi-year work programme that will require significant investment and decisions around divestment, cost recovery and DOC's role.

Addressing the continued decline of New Zealand's ecosystems and species

- The scale of New Zealand's biodiversity challenge requires DOC to prioritise its efforts on the critical areas that will make the biggest difference.
- Alongside national goals, the UN's Kunming-Montreal Global Biodiversity Framework (adopted in December 2022) includes 23 global targets for urgent action, including to protect 30% of the planet by 2030. New Zealand joined this agreement; our contribution is currently undefined.
- DOC doesn't have the resources, systems or technology for intensive management across all PCLW. For example, DOC has estimated the costs of activities needed to achieve long-term persistence of 547 terrestrial and wetland species at \$76m - \$95m per annum. Extending this to the rest of the estimated 4,000 species requiring conservation management would be an additional \$480m - \$601m per annum (DOC LTIP (draft), 2019).
- Foundational investment also needed to improve data systems and accelerate development of new and innovative solutions to delivering predator control.

Strategic choices and efficiencies will be required to manage conservation within an affordable and sustainable funding path

Phase 1 has demonstrated that there are some strategic choices and trade-offs for Ministers around their objectives for conservation outcomes, but also that there are opportunities to streamline DOC for more effective and efficient delivery against those outcomes.

DOC has undertaken initial work to demonstrate the potential scale of the costs associated with a range of high-level funding paths. Under each funding path there will be opportunities to offset some of the costs to government of delivering conservation work through greater value for money or increased third-party funding.

The proposed workstreams for Phase 2 (summarised in the diagram) will enable DOC to provide the advice to support Ministers to make strategic choices for outcomes and investment decisions.

In several of the areas the report has identified for improving effectiveness and efficiency, DOC already has work underway. The report has highlighted the need to ramp up work in the following areas:

- Embedding changes to DOC's investment governance and financial management systems, including controls
- Reviewing the current outcomes framework and output measures, and aligning business planning to priorities
- Implementing operational improvements (e.g. a new Enterprise Asset Management function)
- Establishing a Taskforce to identify immediate efficiencies and savings

The proposed Phase 2 workstreams and the immediate actions DOC is taking on effectiveness and efficiencies will proceed in parallel to enable DOC to support Ministerial decisions ahead of Budgets 2024 and 2025.

s.9(2)(f)(iv)

The themes uncovered in this report inform decisions about next steps

Phase 1 has provided the following insights:

Choices need to be made imminently about future service levels and funding priorities

- DOC is delivering important and impactful work as manager of one-third of New Zealand's land area, but is not holding the line on conservation outcomes or meeting all of its responsibilities.
- Financial pressures on DOC will further constrain delivery, while expectations and needs are increasing. DOC's work to lift performance within current settings is necessary but not sufficient to address this challenge.
- Choices are needed about what should be stopped, what needs to be done differently, what needs investment.

Work underway should generate a better evidence base for Ministers and officials to make these choices

- DOC's strategy includes clear outcomes, but DOC lacks systems and frameworks to enable funding decisions and prioritisation between them. Costed choices for changes are not clearly put to Ministers.
- Government's relative priorities need to be clearer, and investments tend to focus on new programmes or expanding visitor experiences, instead of sustainable delivery of core services and modernising the Department – but the impacts of this have not been transparent.
- DOC is considering how to demonstrate more clearly the impact of funding and strategic initiatives.

Revisiting appropriations and performance measures will help with reporting on progress

- DOC's appropriation structure and output reporting make it difficult to demonstrate where additional funding is spent and to show progress. Appropriations are too broad, and output measures miss important work.
- This means DOC does not adequately communicate the extent to which it spreads its baseline funding to meet the costs of other non-discretionary, but unreported, work associated with managing one-third of New Zealand's land area.

Innovative approaches to service delivery will also be needed to drive efficiency and effectiveness

- DOC's responsibilities are large and to meet the various expectations on it, innovative approaches to delivery will be needed.
- Solutions will need to draw on new technologies and models and leverage DOC's uniquely extensive regional delivery network of rangers and district offices, as well as its deep partnership relationships with iwi, business and communities.

Strengthened policy settings and commercial disciplines can play a part in generating revenue

- Third-party revenue can fluctuate and is taking time to recover from COVID-19.
- Current settings and DOC's current commercial framework/capability limits its ability to rely on third-party revenue – but DOC also under-recovers and cross-subsidises user-pays activities from taxpayer funding.
- There is potential to increase third-party revenue to support conservation in a way that manages risks – no Government can tackle the biodiversity challenge alone. More work is needed to determine the appropriate role and scope of wider sources of finance in supporting conservation outcomes through DOC and more broadly.

Phase 2 of the review will explore further how to:

Support the Government to set clear objectives and priorities across all of DOC's functions and responsibilities and to make choices for the scope and scale of DOC in the conservation system within potential funding paths.

Improve business planning, data and systems. Develop an evidence base on the most cost-effective interventions for achieving conservation outcomes. Develop a transparent prioritisation framework to inform business decisions and advice to Ministers on trade-offs.

Get clearer on the relationship between the costs of DOC's activities and DOC funding. Improve appropriations and output measures to better reflect DOC's activities and align planning with priorities.

Identify opportunities and costs of new service delivery options, sourcing solutions, technology and process improvements. Undertake work to support Government to achieve game changing large-scale interventions.

Provide realistic projections of future third-party revenues and the conditions needed to achieve revenue increases. Develop advice on cost recovery policy settings and the scope and role of third-party financing for conservation outcomes.

Appendices



1. DOC's strategy translates its statutory functions into outcomes

Papatūānuku Thrives

Toitū te marae a Tāne-Mahuta, Toitū te marae a Tangaroa, Toitū te tangata – if the land is well and the sea is well, the people will thrive

We are an honourable Treaty partner

In achieving our purpose and outcomes, we give effect to the principles of the Treaty of Waitangi by actively partnering with whānau, hapū, and iwi to protect and sustain our shared natural and cultural heritage

Our outcomes

Ecosystems and species across Aotearoa are thriving from the mountain to sea

- A full range of ecosystems on land, water and sea are protected and enhanced
- Indigenous species are not threatened with human-induced extinction
- Landscapes, ecosystems and species are resilient to climate risk

Public conservation land and waters are maintained and improved for future generations

- Conservation land and waters benefit from fewer pests and reduced pressures, including from visitors
- We understand whānau, hapū and iwi priorities
- Cultural heritage is managed and protected
- Our actions support Aotearoa to mitigate and adapt to climate change

Connection with nature and cultural heritage enriches people's lives

- The health and wellbeing of whānau, hapū, iwi and communities are linked to the health of nature
- From the city to the wilderness, people connect with nature and our cultural heritage
- New Zealanders care for and take action to preserve our special places and species
- A range of sustainable recreational experiences encourage New Zealanders to enjoy the outdoors

DOC is a great organisation

- We work as one to deliver on our strategy
- Our people thrive and grow
- We have regard to whānau, hapū and iwi priorities in our decision making
- We have the capability to be an honourable Treaty partner
- Mātauranga Māori informs all our work
- We are trusted and known as being good to work with
- We are excellent at managing finances and our assets
- We keep our people and visitors safe

Our principles

Nature-centred

Treaty-anchored

Intergenerational

Climate focused

Impactful

Kaimahi-centred

Our roles

Protecting land, species, ecosystems and cultural heritage for conservation purposes

Managing threats and adverse impacts

Being a voice for conservation

Connecting people to nature

2. The limited activity survey provides some initial insights into the time being spent by frontline ranger staff across DOC's key responsibilities

How the survey was conducted

An activity survey was completed by senior rangers, supervisors and rangers across five representative Districts spanning a range of contexts (*Auckland Inner Islands; Te Anau; Twizel; Waikato/Hamilton; Whakatāne*) over one week. These ranger roles represent more than one-third of DOC's permanent workforce and are the main delivery mechanism for DOC's conservation work.

The survey required participants to:

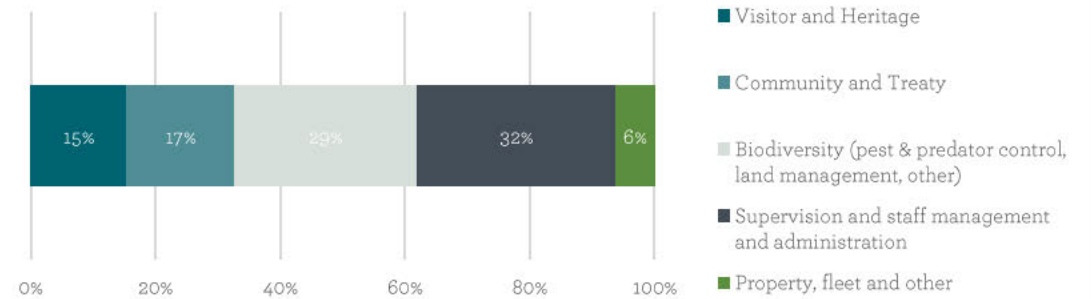
1. Estimate the share of time spent across pre-defined activity categories, in both average Winter and Summer months (or refer to July 23 and Nov 22)
2. For each category, identify three sub-activities they spend most time on

Follow-up sessions were held with Operations Managers (OMs) or equivalent to validate the activity survey results and capture additional insights.

The results are indicative of frontline ranger work, but with some key caveats:

- **Not statistically significant:** just over 80 responses from population of 850+, but results generally matched expectations of OMs in the sample
- **Not a comprehensive view of all DOC's delivery work:** did not capture support and delivery from wider regional or national teams, or work done by contractors or fixed-term summer staff. Responses affected by staff availability, e.g. supervisors on leave, or Treaty roles were vacant
- **Challenges with survey design:** some activities span multiple categories (e.g. planning or supervision of staff doing field work). The split was more reflective of how ranger roles are split rather than appropriations. However, time allocated to administration and supervision was 32%, similar to 30% assumption for work planning

Average proportion of ranger time spent across activities within DOC



Key insights (subject to caveats) include:

- As much time spent on visitor and heritage, and community and Treaty as on biodiversity
- Wide variation by District, dependent on the local context
- Around one-quarter of ranger time allocated on administrative tasks (email, new finance system, other meetings). May be opportunities to reduce this
- Districts manage tension between national priorities and local pressures, delivering both planned and reactive work (10-20% of work is reactive)
- Some of DOC's direct delivery work is not captured clearly by current output reporting, e.g. regulatory advocacy work (see Appendix 3)
- Low cost (<3% of time) to land management in place, if narrowly defined as work DOC wouldn't otherwise choose to do. But much greater cost of necessary land-related activities that at best only prevent outcomes getting worse, such as submitting on a proposal under RMA process or maintaining amenity areas for visitor or heritage assets (e.g. mowing lawns, cleaning toilets)

3. Some of DOC's output activities don't neatly align with the main way it measures performance, e.g. advocacy through regulatory systems

* Excludes Policy Advice and Search and Rescue Activities PLA

Dept Output Expenses*	Appropriation Output Description <i>This appropriation/category is limited to:</i>	NFPL (Estimates performance measures)	Examples of common frontline delivery activities that...		
			...align & are measured by NFPLs	...align but are not measured by NFPLs	...neither align, nor are measured by NFPLs
Conservation with the Community	<ul style="list-style-type: none"> Public awareness and educational services, and growing conservation through building partnerships with others, including iwi, councils, community groups, businesses, and individuals 	<ul style="list-style-type: none"> Number of community and funding agreements enabling conservation work by others Number of strategic partnerships supporting priority conservation work 	<ul style="list-style-type: none"> Processing pesticide applications and community agreements 	<ul style="list-style-type: none"> Co-management or support for Treaty-partner conservation work Hosting, meeting or communicating with the wider community Technical support and training of volunteers and community groups Visitor centre operations (including safety/recreation info provision) 	<ul style="list-style-type: none"> Remediation of contaminated sites Compliance monitoring associated with other regulatory systems (e.g., Crown Pastoral Land Act) Boundary fence and road maintenance
Crown Contribution to Regional Pest Management	<ul style="list-style-type: none"> Delivery of services to control weed and animal pests on lands administered by the Department of Conservation to meet statutory good neighbour obligations and negotiated outcomes of regional pest management plans 	<ul style="list-style-type: none"> Number of regional pest management strategies with completed Crown exacerbator weed and pest programmes 	<ul style="list-style-type: none"> Weed, pest and predator control associated with land management obligations 		
Management of Historic Heritage	<ul style="list-style-type: none"> The protection and conservation management of historic heritage 	<ul style="list-style-type: none"> Number of historic heritage assets for which remedial work is completed to standard during the year Historic heritage assets for which regular maintenance work is on track to standard during the year Percentage of historic or cultural heritage assessment reports completed to standard during the year 	<ul style="list-style-type: none"> Assessing and maintaining the condition of heritage assets Facilities and amenity management for heritage assets- including grounds maintenance, cleaning, and supplies 		
Management of Natural Heritage	<ul style="list-style-type: none"> Maintaining, restoring and protecting ecosystems, habitats and species 	<ul style="list-style-type: none"> Hectares of land receiving treatment for: rats and mustelids; possums; deer; goats Hectares of land receiving treatment for weeds [and wilding conifers] using a site-led approach # of island biosecurity programmes where a pest-free status has been maintained # of optimised ecosystem prescriptions providing active management of ecosystems Threatened species managed for persistence Species under active management to ensure local security 	<ul style="list-style-type: none"> Weed, pest and predator control Monitoring and surveillance of fences, traps, pest-free islands Species monitoring, surveying, banding Specifies feeding and health management Conservation work funded through strategic partnerships Biodiversity-related research 	<ul style="list-style-type: none"> Advocating for biodiversity and heritage outcomes in Resource Management Act (RMA) planning and other regulatory systems (e.g. Crown Pastoral Land Act) Processing permissions applications Fire control/response 	
Management of Recreational Opportunities	<ul style="list-style-type: none"> Recreational facilities and services, and the management of business concessions 	<ul style="list-style-type: none"> % of huts; tracks; structures meeting required service standard % of recreation longer-term concession permits, licenses, leases, and easements monitored annually % of other longer-term resource use concessions monitored annually 	<ul style="list-style-type: none"> Assessing and maintaining the condition of visitor assets Facilities and amenity management for visitor assets- including grounds maintenance, cleaning, and supplies 	<ul style="list-style-type: none"> Processing concession permits Visitor centre operations (including safety and recreation info provision) 	
Statutory Planning, Services to Ministers and Statutory Bodies	<ul style="list-style-type: none"> The provision of advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by ministers on government policy matters relating to conservation, including climate change mitigation 	<ul style="list-style-type: none"> # of ministerial briefings # of Official Information Act requests received and actioned within statutory requirements # of Parliamentary Questions received (range) with 100% meeting the ministerial deadline 	<ul style="list-style-type: none"> OIAs, Ministerials, PQs 	<ul style="list-style-type: none"> Updating statutory plans 	