

# Hon Tama Potaka

Minister of Conservation  
Minister for Māori Crown Relations: Te Arawhiti  
Minister for Māori Development  
Minister for Whānau Ora  
Associate Minister of Housing (Social Housing)



16 February 2024

Hon Nicola Willis  
Minister of Finance  
Parliament Buildings  
WELLINGTON

Tēnā koe Nicola,

Thank you for your email dated 21 December 2023 regarding Budget 2024 expectations, including the Department of Conservation's (DOC's) \$33.8 million per annum Baseline Reduction Target (BRT).

As you will be aware, the mahi that DOC teams undertake and facilitate is at the thin edge of environmental support for the highest conservation value areas of New Zealand. It is critical that Cabinet ensures value for taxpayer funding over time, as well as ensuring the environment which our country celebrates and uses to drive tourism.

## Financial Sustainability Review

You will be aware that DOC is undertaking a Financial Sustainability Review that will be completed in time for Budget 2025. This review will provide advice to me – for subsequent discussion with wider Ministers and Cabinet – on the options for the conservation outcomes and priorities our government wants to invest in, establishing what the cost of this is and the choices our government wants to make to ensure that DOC is on a financially sustainable footing to deliver our agreed outcomes and priorities. I recognise that this will require us to make challenging trade-offs given DOC does not have sufficient baseline funding to perform its current functions.

## I have identified initiatives to meet DOC's Baseline Reduction Target

I am proposing a package of savings initiatives as part of the Budget 2024 process as follows:

- Jobs for Nature outyears' funding - \$13.4 million;
- Kermadec Ocean Sanctuary - \$3.1 million;
- Contaminated sites programme - \$2.0 million;
- 'Enabling Functions' savings (that is, savings from parts of DOC that support frontline delivery) - \$13.7 million; and
- External Services saving (that is, savings from services delivered to external parties, such as regulatory services) - \$1.6 million.

I enclose my submission letter and Initial Baseline Exercise Summary template. This package impacts an estimated 90.5 FTE at DOC, 27 of which are operational planning and support roles. Additional FTE reductions are required on top of this to address wider cost pressures.

**Clarification of Jobs for Nature and Kermadec savings**

All existing Jobs for Nature projects are funded and time limited, and the remaining funding is unallocated. Funding for the Kermadec Ocean Sanctuary was set aside to facilitate an arrangement with iwi to progress the Sanctuary. The deal has been rejected by iwi and therefore the funding is no longer required. If the Government wants to progress a separate deal, funding can be sought at that time.

Initiatives have also been identified to meet significant cost pressures that s.9(2)(f)(iv)

[Redacted]

In addition to the proposed BRT savings package outlined above, DOC's wider financial position means that significant further savings are required to meet cost pressures estimated to be \$15.8 million in 2024/25 and increasing to a cumulative s.9(2)(i) in 2025/26 and rising further in outyears.

These cost pressures arise from a range of non-discretionary and demand-driven sources including inflation, the impact of extreme weather events, and legacy assets and their associated unforeseen costs (such as Chateau Tongariro, Ruapehu Alpine Lifts and the Metservice building). These factors impose real costs that must be met and reduce funding from critical activities such as threatened species management or weed control.

DOC has identified options for meeting these cost pressures and, given DOC's current funding constraints and the size of the savings needing to be found, s.9(2)(f)(iv)

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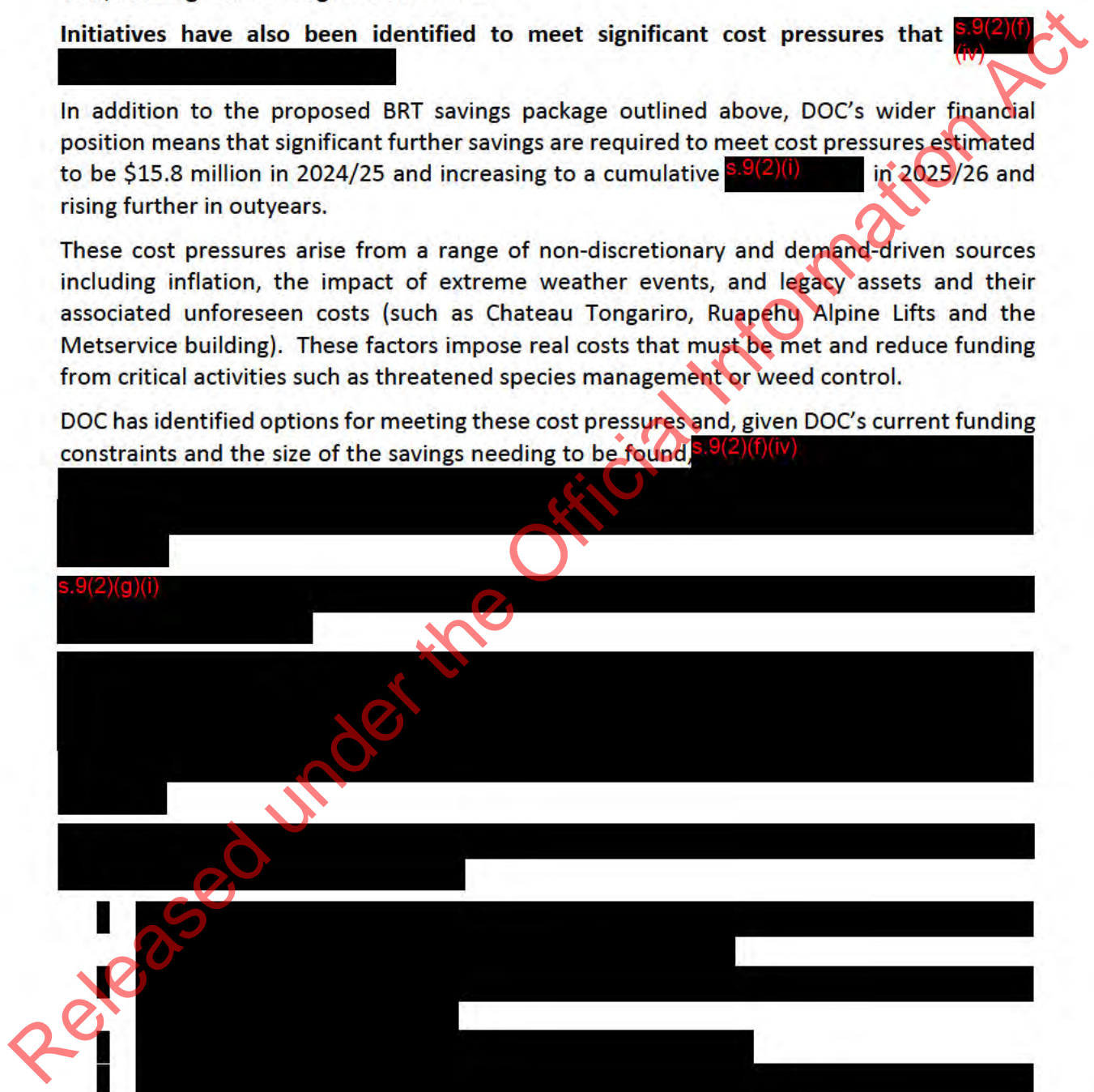
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I look forward to hearing from you.

Mauriora



Hon Tama Potaka  
Minister of Conservation

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