



# Department of Conservation

## ANNUAL REPORT

*For the year ended 30 June 2014*





Department of Conservation  
*Te Papa Atawhai*

**Annual Report**

*For the year ended 30 June 2014*

Presented to the House of Representatives pursuant  
to section 44 of the Public Finance Act 1989.

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ISSN 1176-7324 (print)

ISSN 1177-990X (online)

This document can be found online at [www.doc.govt.nz/annual-report-2014](http://www.doc.govt.nz/annual-report-2014)



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This publication is printed on paper pulp sourced from sustainably grown and managed forests, using Elemental Chlorine Free (EFC) bleaching, and printed with 100% vegetable-based inks.

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# Director-General's overview

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The Department of Conservation (DOC) was restructured in 2013 to grow conservation by working in partnership with others. We are now implementing the new structure and strategy, focusing on where we can make the most conservation gains.

New Zealand has some of the best natural and cultural features and ecosystems found anywhere in the world. However, much of New Zealand's biodiversity is at risk from introduced pests, weeds, biosecurity incursions and potential impacts from climate change.

Restoring natural ecosystems and species takes time but we are starting to see results. In the Catlins, for example, the threatened yellowhead/mohua population is now increasing after DOC's work with TBfree New Zealand on a pest control programme to treat 47,000 hectares of forest with aerial 1080 to control possums, rats and stoats. The relocation of 11 Coromandel brown kiwi to predator-free Motutapu Island in the Hauraki Gulf Marine Park is also contributing towards the establishment of a genetically robust, self-sustaining population of kiwi.

In response to a national beech mast event, the Battle for Our Birds is a cross-agency campaign to save birds and preserve ecosystems on a major landscape scale, and involves aerial 1080 pest control over 700,000 hectares. We also have major challenges in conservation of our marine environments, and the establishment of the three subantarctic islands marine reserves and the Akaroa Marine Reserve are positive steps in meeting this challenge.

DOC's commercial partnerships with businesses such as Fonterra, New Zealand Aluminium Smelters, Air New Zealand, Genesis Energy and Dulux New Zealand are contributing to conservation. We are working with Fonterra over the next 10 years on community projects valued at 20 million dollars to improve water quality and enhance biodiversity. This shows a long-term commitment by one of New Zealand's largest industries to protecting waterways and ensuring dairying works alongside natural habitats and healthy ecosystems. Philanthropic interest from the NEXT, Morgan, Tindall and Aotearoa Foundations also plays a key role in achieving New Zealand's conservation vision.

We have been working closely with iwi as our primary partner through the principles of kaitiakitanga and mātauranga Māori with respect to their interests in conservation. For example, we are working alongside

local iwi/hapū/whānau to improve the health of dune lakes in the Far North, and with iwi/hapū/whānau in the Bay of Plenty in the management of the Tarawera Trail. We look forward to continuing work with Ngāi Tūhoe in Te Urewera to ensure the best outcomes for existing biodiversity and visitor projects.

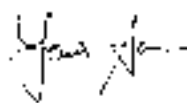
The opening of Stage 1 of the Tarawera Trail in December 2013 was a significant moment for local iwi and DOC. It facilitated the long-held desire of local iwi and hapū to return to their tribal lands and the birthplace of tourism in New Zealand, vacated as a result of the 1886 eruption of Mount Tarawera.

More than 600 community groups are involved in conservation with around 14,000 volunteers contributing their time. Non-governmental organisations such as Forest and Bird, Federated Mountain Clubs of New Zealand, World Wildlife Fund, New Zealand Deerstalkers' Association and the Environmental Defence Society continue to maintain an active interest in conservation in New Zealand. The New Zealand Conservation Authority and conservation boards, Heritage New Zealand, Fish and Game New Zealand, and the newly created Game Animal Council all have statutory interests in our work.

DOC actively manages 660 key sites that reflect many themes of New Zealand history and 20 Historic Icon sites continue to be developed as part of the Icon visitor destinations offering quality experiences for visitors. And last year we were delighted to help celebrate the 125th anniversary of the Milford Track.

As well as these achievements, we have been working hard during the past year to implement the new structure, and ensure our strategy reflects the new direction. Such a major change is complex and will take time and effort to implement fully. A significant focus has been placed on improving workplace safety through all the change management processes.

Further details of our progress over the past year are outlined in this report.



Lou Sanson  
**Director-General**  
30 June 2014

# Introducing the Department of Conservation

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## 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 as much as is possible, the integrity of New Zealand's indigenous ecosystems
- Acting as guardian to some 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 in accordance with section 4 of the Conservation Act 1987.

(See Appendix 1 for a description of DOC responsibilities, and the 'Organisational capability' section for the DOC operating structure.)

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 and protecting recreational freshwater fisheries and freshwater fish habitats. DOC is responsible for conserving protected native wildlife wherever it occurs. It advocates generally for the conservation of natural and historic

resources, provides conservation information, and promotes the economic, environmental and social benefits of conservation. DOC is the lead advisor on New Zealand biodiversity matters for the Convention on Biological Diversity.

Treaty of Waitangi settlement negotiations are a focus for the Government and DOC plays a key role in negotiations through developing 'cultural redress'. This redress covers a spectrum, from formalising the ongoing relationship between the claimant group and DOC and the Minister of Conservation (for example through a protocol) to the transfer of significant areas of land with the claimant group fully responsible for managing conservation values into the future.

DOC works with central government agencies 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.

For the 2013/2014 year, the Minister of Conservation reconfirmed the Department's focus on the Better Public Services Programme\* by focusing on finding new and different ways of working that deliver greater value and better results for New Zealanders.

The Department's strategy is to build on the increasing public interest in conservation and willingness of many to be actively involved. Underlying all of DOC's work is the understanding that conservation is not done by the Department alone. Many threatened species occur on private land, and local landowners are often best placed to take appropriate action to ensure their survival.

Whether on or off public conservation lands and waters, DOC must become more focused on working with others in flexible and innovative ways.

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\* See the State Services Commission website [www.ssc.govt.nz/bps-background-material](http://www.ssc.govt.nz/bps-background-material).



# Department of Conservation outcomes

The Department's outcomes model links the intermediate outcomes and the outcome statement to its vision. The outcomes model 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.)

## Outcome statement

The long-term outcome the Department contributes to on behalf of the Government is:

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

## Five intermediate outcomes

DOC works towards the outcome statement through five intermediate outcomes that express the results it is seeking to achieve through its interventions over the medium term. The intermediate outcomes are:

1. The diversity of our natural heritage is maintained and restored
2. Our history is protected and brought to life
3. More people participate in recreation
4. More people engage with conservation and value its benefits
5. Conservation gains from more business partnerships.

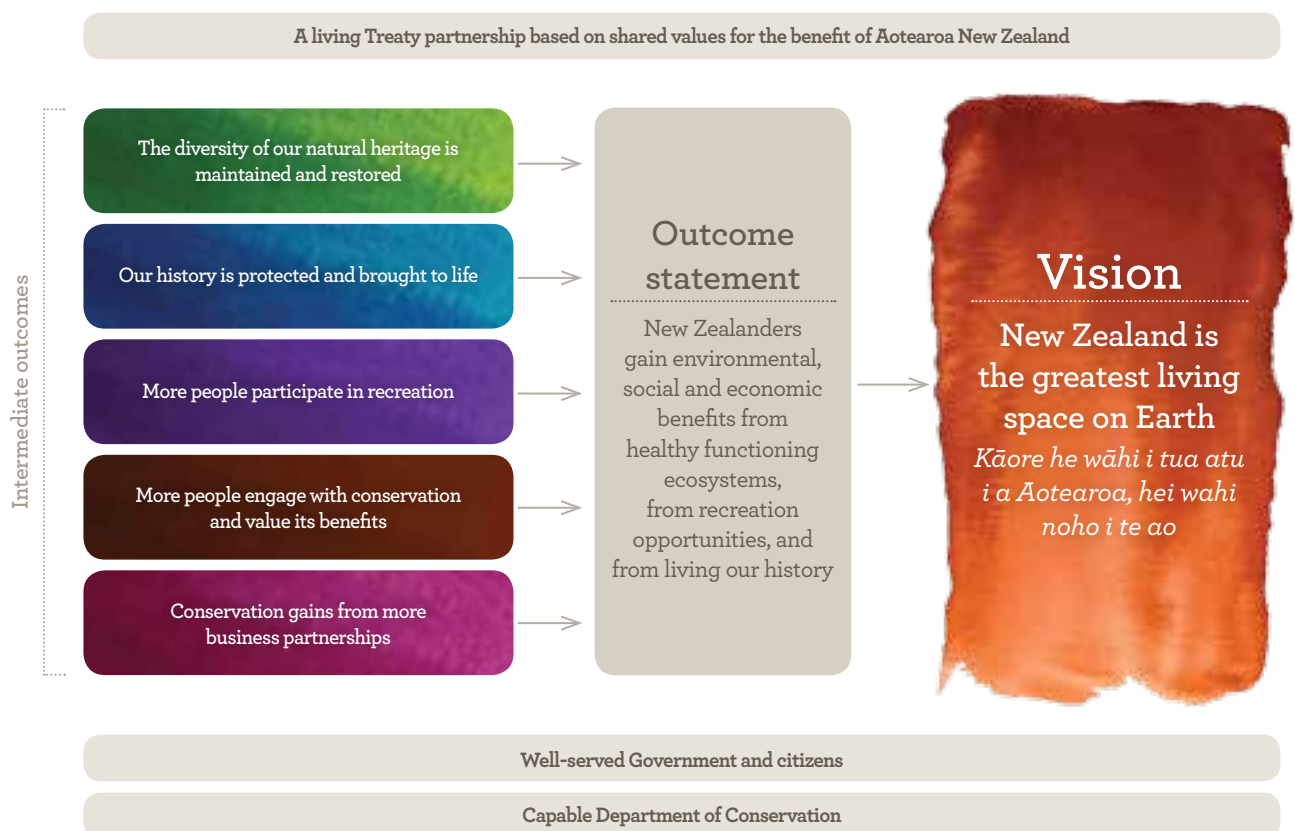


Figure 1: DOC's outcomes model.

# Delivering conservation outcomes for New Zealand

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## Opportunities and challenges in a changeable operating environment

### Challenges

#### *Building awareness within the community and its leaders*

The task of delivering conservation gains to ensure the security of native species and ecosystems is bigger than DOC can achieve alone. Ecosystems and the species within them have no regard for boundaries between public and privately owned environments. Conservation thinking, therefore, must be integrated into all activities that affect, or support, healthy ecosystems, be that central and local government policies, business resource use, waste disposal and supply chains, and individuals' own actions.

#### *Managing threats to biodiversity*

New Zealand is now experiencing a 'mast year', when certain forest trees (notably beech species) seed prolifically. The flow-on effect of this is mouse and rat population explosions in the spring due to the bountiful food source. This in turn, causes predator numbers to increase rapidly, which puts huge pressure on many of our native birds, bats and insects, threatening local extinction for species such as the yellowhead/mohua. DOC needs to be able to periodically mobilise to undertake rat and stoat control on a much more extensive scale than during the years in between. This means adjusting priorities and undertaking rapid operational planning, including engaging with communities over planning this pest control, which involves large-scale poison operations. An agile workforce and flexible planning systems are essential for DOC to be able to respond to changing threats and pressures.

### Opportunities

#### *Understanding the benefits of conservation*

Society benefits from successfully delivered conservation. Ecosystem services provided by natural environments include water capture and purification, flood control,

climate regulation, and influences on nutrient cycles. As well as having responsibility for protecting natural resources, DOC's functions in managing historic heritage and recreation opportunities strengthen New Zealand's cultural identity, enrich people's leisure time, encourage healthy lifestyles and increase awareness of and support for conservation. Businesses directly benefit where they are involved in contributing to conservation delivery, for example, through revenue derived from providing services to visitors and the brand association with New Zealand's image of abundant natural wonders and a cared for environment.

Many New Zealanders think that conservation is at the heart of what it means to be a New Zealander (Nielsen 2014).<sup>\*</sup> This means DOC can work with communities, iwi, whānau, hapū, businesses and individuals to harness their efforts to achieve conservation gains. A prosperous business sector is a component of a prosperous society. The aim is to ensure that natural capital<sup>†</sup> is a positive and growing component of the economy.

#### *Being more effective*

The Department has a new structure that is designed to be more effective in engaging others in conservation and focusing delivery staff on clear conservation tasks. DOC's Growth Framework sets the Department's direction from which to drive high-value conservation return. As well as seeking to maximise conservation growth from its existing work and partnerships (the main focus of its effort), DOC is also taking a developmental focus to conservation. This involves improving approaches to planning and delivering conservation, increasing engagement and removing barriers to others' involvement in conservation. Some initiatives will involve deliberately pursuing transformational change that may result in large-scale return for conservation.

Building the capability of DOC managers and staff will help them to work within this context and to take opportunities to improve how conservation is delivered and how much is achieved across New Zealand.

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\* References can be found in the bibliography at the end of this report.

† Ecosystems, biodiversity and natural resources – these underpin economies, societies and individual wellbeing. In addition to traditional natural resources such as timber, water, and energy and mineral reserves, it also includes biodiversity, endangered species and the ecosystems that perform ecological services.

## Our response: Growing conservation in partnership and valuing natural capital

### Growing conservation in partnership

Although New Zealanders can be proud of many conservation achievements, as a country we still face big environmental challenges.

While a general decline in the status of many species and ecosystems is still occurring, where DOC and others are working, great results are being achieved for conservation. A lot more work needs to be done across all of New Zealand to halt the decline of the natural environment.

It has become apparent that no one organisation, including DOC, can tackle these challenges on its own. To have a significant impact on conservation, and to deliver increased benefits to New Zealanders, work to protect indigenous species and ecosystems must continue nationwide and on a much broader scale, wherever they occur throughout New Zealand. This means engaging many more people in conservation and enabling others to play their part.

Over the past year, DOC has made organisational changes that will enable an increase in conservation efforts by working more effectively with others. We are working with businesses, communities, iwi, whānau, and hapū, to take conservation beyond DOC's traditional boundaries and into communities and people's back gardens and onto farms.

We are also working with NRS colleagues and local authorities to ensure a coordinated governmental approach to how we measure, monitor and manage New Zealand's natural assets.

### Valuing natural capital

The Department of Conservation is charged with managing New Zealand's natural and historic resources to protect their intrinsic values, safeguard them for future generations and provide for their recreational use and enjoyment by the public. Managing the state of native species and the health of New Zealand's public conservation lands and waters is core work for the Department. This work is increasingly seen within the country's broader economic, environmental, social and cultural contexts.

The natural and historic heritage resources managed by the Department make a considerable contribution to the prosperity and wellbeing of New Zealanders (see figure 2). In addition, the quality and extent of ecosystems, and their resilience to stressors such as climate change, disease and land use change, are critical to the country's ability to prosper and underpin our wellbeing and standard of living.

The Department is working to increase its understanding of the services and benefits provided by the natural and historic heritage assets it administers so it can clearly articulate what the New Zealand public receives from this investment in conservation management. This will help policy and decision makers to increase their understanding and take into account the impact of potential resource-use decisions on ecosystem functioning, social-ecological resilience and the ongoing provisioning of services.

Demonstrating that everyone has an interest in the conservation, management and use of natural resources will support the Department's goal of increasing engagement with partners, business and the New Zealand public in conservation.

Over the next year, the Department will continue to integrate the natural capital concept within its core work programme through:

- Initiating planning to integrate status and trend reporting on ecosystem functioning, resilience and wellbeing within its monitoring and reporting framework
- Contributing to the Natural Capital Assessment (NCA) process, as a member of the NRS
- Including ecosystem services within the 2000 Biodiversity Strategy refresh process
- Researching the environmental limits it is necessary to work within to maintain the ongoing existence and functioning of ecosystems, including the provision of ecosystem services.

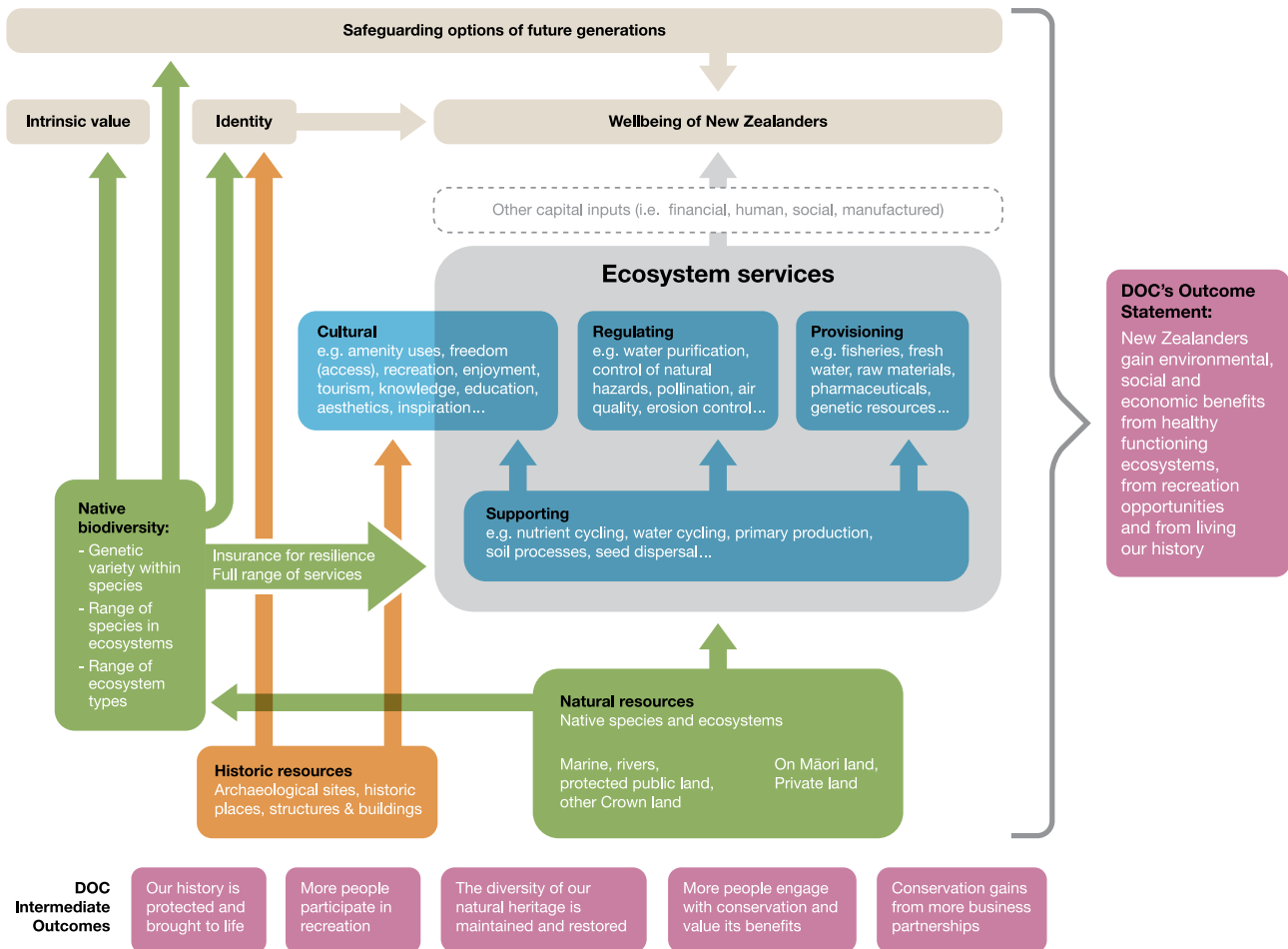


Figure 2: The relationship of DOC outcomes, ecosystem services and wellbeing.

## New Zealand Natural Capital Assessment

DOC co-sponsored the Valuing Nature conference in Wellington in July 2013, along with the NRS agencies, Victoria University of Wellington and the Sustainable Business Council. This conference was attended by around 400 people from the business sector, local and central government, academia and community organisations. Building on the momentum generated by the conference, DOC worked with NRS agencies and others to prepare a business case for the development of a New Zealand natural capital assessment (NCA).

In February 2014, NRS chief executives agreed in principle to support the development of an NCA for New Zealand as an NRS collaborative initiative. The proposed NCA is an ambitious multi-disciplinary collaboration to assess the state, trend and value of ecosystem services that are derived from New Zealand's natural capital.

The NCA will include an assessment of the direct and indirect benefits that ecosystems provide to New Zealanders in terms of relative value. It will focus on the links between ecosystems, the services they provide and their contribution to economic prosperity and human wellbeing. These ecosystem services include provisioning services such as food, fibre and energy; regulating services such as the regulation of floods, the climate, and water quality; supporting services such as nutrient cycling and soil formation; and cultural services such as recreational opportunities, inspiration and aesthetic, existence\* and bequest† values.

The NCA will contribute towards a comprehensive assessment of the true wealth of New Zealand, how it is changing and future prospects. This will enable better decision making, more certain investment, new avenues to wealth creation and jobs, increased human wellbeing and a more sustainable future.

\* Existence values are the values that people place on something simply because it exists even if they never experience it directly.

† Bequest values are the values that people place on the knowledge that something will be passed on for future generations.

# The year in focus

This section summarises DOC's main achievements for the year, including through partnerships with others.

DOC, in collaboration with others, is undertaking work that began more than 4 decades ago under the Wildlife Service to bring species back from the brink of extinction.\*

We are increasing our understanding of the health of New Zealand's indigenous ecosystems across the country, which is providing a valuable baseline for reporting the difference made in pest and weed control and species management activity. This baseline is systematic and nationwide, measuring multiple biodiversity indicators. It allows specialists to look at relationships between components of biodiversity and to evaluate status and trends in biodiversity alongside our previous understanding based on anecdotal evidence, case studies or individual studies.

Following the modifications of more than 200 years of introduced animal browsing, New Zealand's native forests now appear to be relatively resilient to further change, albeit supported by widespread animal control operations. However, some ecosystem types have been severely reduced in scale and condition, and many threatened species require specific protection to reduce the risk of local, and possibly total, extinction. Our knowledge base about freshwater and marine ecosystems is limited. Planning is under way to establish robust information sets to inform decisions for conservation of these environments.

Work continues on the establishment of more systematic approaches to improving ecosystem health at priority places and increasing the populations of threatened species. The biodiversity status and trend monitoring programme is also revealing the value of forests as carbon sinks.

All the signs suggest that the country will soon be experiencing a predator plague brought on by high seed fall in beech forests, putting populations of native birds, lizards and invertebrates at even more risk.

This year we supported

605

community partnerships...

...and more than

35,000

volunteer days.



\* Conservation efforts so far have saved the kākāpō, takahē, black robin, Chatham Island tāiko, petrel and oystercatcher, parea, Forbe's parakeet, rowi, New Zealand fairy tern, orange-fronted parakeet, North Island kōkako, and brown teal/pāteke.

We manage

**8.5**  
million

**hectares** on behalf of 4.5 million New Zealanders

This year we treated

**1.2**  
million

hectares for  
**goats...**



**180,000**

hectares for  
**possums...**



and

**454,000**

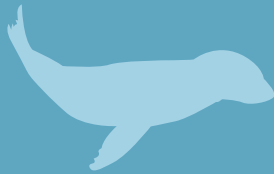
hectares for  
**weeds.**



We also manage just under

**40,600**

square kilometres of marine protected areas ...



... which have increased  
from just under

**30**

square kilometres since  
our creation in 1987.

In response, the Department has initiated the Battle for Our Birds predator control programme.

The richness of New Zealand's history is appreciated as people continue to visit the Historic Icon sites DOC manages, which profile early industries and events that shaped and defined the character of New Zealand today. We are tracking the condition of these historic sites and managing those that are more significant or at risk. We have halted a decline in the overall condition of the actively conserved places and now need to build on this success. One highlight during the year was the 125th anniversary celebration of the opening of the Milford Track, an icon of the Great Walk opportunities now available. Also, the restoration of the Manganuku Bridge in eastern Bay of Plenty has begun. This is one of only two exceptional wooden highway bridges left in the country.

Visits to DOC-managed land continue at a positive level and we have learnt more about the reasons that individuals either increased or decreased their level of participation recently. Visitor satisfaction appears to remain high. Planning for visitor facility provision draws on our understanding of visitor preferences and includes taking a measured approach to ensuring visitor safety. Following recent volcanic activity on Mount Tongariro, a new eruption detection system has been installed. This includes lighted signs at either end of the Tongariro Alpine Crossing and in the middle section, to warn walkers of possible risk. DOC has been promoting the Great Walks in partnership with Air New Zealand, and visitor numbers continue to grow. Road access at Aoraki/Mount Cook National Park has been improved in a joint project with the New Zealand Transport Agency.

New Zealanders continue to rate conservation as important. This achievement is supported by activities such as the use of social media (for example, the Facebook page for Sirocco New Zealand's official 'spokesbird' for conservation), and engaging the public in the development of conservation management strategies. The challenge is to shift more people from just acknowledging the importance of conservation to actively taking part in it, which will ultimately increase the benefits everyone gains from conservation.

DOC's new Community Conservation Partnerships Fund (CCPF) has increased the funding available to community groups to help them engage in practical conservation work. Plus, important conservation projects are being supported through the efforts of others, and philanthropists and thought leaders are fronting the challenge of ridding New Zealand of its pests and weeds, and protecting important ecosystems.

DOC, by engaging with others and focusing on mutual benefits, has formed important partnerships with business in New Zealand. This is enabling more significant conservation to be delivered, and businesses to reach out to their customers in new ways.

In 1987, when DOC was formed, it had less than 200 concessionaires; now it has over 4000, with adventure tourism the big growth area. This growth is both good for local economies and enables many more visitors

to engage in conservation. DOC is exploring visitor opportunities that offer commercial operators new experiences around which to build their businesses (such as Manaaki Trails and Coastal Gems).

DOC, in coming out of significant organisational change, is focusing on the capability development needed to ensure staff have the right skills and behaviours to grow conservation using the operating model that engages others in conservation. DOC has strengthened its Kahui Kaupapa Atawhai team to increase overall capability in managing relationships with iwi partners and obligations coming from Treaty of Waitangi settlements. There is a deliberate focus on supporting strong leadership across the organisation and within the wider NRS. The shared service model is now being thoroughly road-tested. For example, the Services Planning Team is helping enhance business planning by implementing a 'prescriptions' approach (whole of life planning for ecosystems and species). Information technology is providing applications to help field staff capture needed data, improve data management and share information more widely.

An 'injury free and safe home every day' vision is being promoted, and greater focus put on reducing risk in high-hazard work areas. These threads draw together to enable DOC to undertake its work efficiently, effectively and safely and to be able to engage with others to tackle the conservation challenges ahead.



We have

9

Great Walks

An agreement with our national airline now promotes the **Great Walks** on the world stage



Each year we welcome more than

1.5 million

visitors ...

... to our

24

visitor centres ...



... supporting a network of

14,000

kilometres of track ...

976

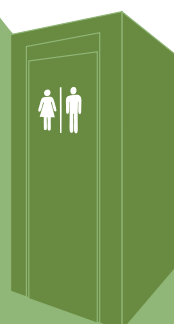
huts ...



... and more than

1,950

toilets ...



... making us one of the **biggest** tourism operators in New Zealand!

# Performance summary

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

## Natural heritage

*The diversity of our natural heritage is maintained and restored.*

## Historic heritage

*Our history is protected and brought to life.*

## Recreation

*More people participate in recreation.*

## Engagement

*More people engage with conservation and value its benefits.*

## Business partnerships







*Conservation gains from more business partnerships.*

## Capability

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

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

## Key

-  Performance improving
-  Performance maintained
-  Performance declining
-  Performance maintained, but limited dataset
-  Performance data being collected or between surveys
-  Performance measures yet to be developed

One or more of the conditions listed may apply. These results are for some outcomes, notably natural heritage, reflecting a composite of indicators and measures that may individually be improving or declining, therefore, 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

<b>Natural heritage</b>	<b>Overall Status</b> 
Indigenous dominance—ecological processes are natural	
Species occupancy—the species present are the ones you would expect naturally	
Ecosystem representation—the full range of ecosystems is protected somewhere	
<b>Historic heritage</b>	<b>Overall Status</b> 
Increase in the number of key historic sites where heritage assessment reports have been completed	
Increase in visitor numbers at Historic Icon sites	
Increase in the percentage of key historic sites categorised as stable and not deteriorating	
<b>Recreation</b>	<b>Overall Status</b> 
Increase in New Zealanders' awareness of DOC as a recreation provider	
Increase in participation in recreation on public conservation lands and waters	
Increase in visitor satisfaction with the quality of the experience and opportunities provided	
<b>Engagement</b>	<b>Overall Status</b> 
Change in the importance of conservation to New Zealanders	
Change in the quality of DOC's engagement with key associates	
Change in the satisfaction of tangata whenua with DOC's activities to help them maintain their cultural relationships with taonga	
<b>Business partnerships</b>	<b>Overall Status</b> 
Increase in engagement of the commercial sector in conservation partnerships	
Change in the level of investment from the commercial sector in conservation	
Improvement in level of return on investment for key DOC products and services	
<b>Capability</b>	<b>Overall Status</b> 
Leadership: DOC has the leaders it needs to perform well now and in the future	
Relationships: DOC identifies, builds and manages relationships critical to achieving results	
Culture: DOC has the type of culture it needs to achieve results now and in the future	
People: DOC has the skills and competencies to achieve its results in collaboration with others	
Information and communications technology (ICT): DOC has the ICT it needs to achieve results and contribute to others	
Asset management: DOC's asset-related decisions support current and future service delivery	
Structure: DOC's structure is linked to its future business needs	

# Outcome statement: measuring progress

As previously discussed, the outcome that DOC is working towards is:

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

People having respectful attitudes towards the environment and being supportive of conservation is an important foundation for achieving this outcome. We believe this will result from people having a wider understanding of how conservation makes a difference to their wellbeing.

## How we measured progress towards the outcome

DOC monitors two indicators to show its progress in achieving this.

*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' views of the benefits received from natural, historic and cultural heritage. Work is currently underway within DOC and externally (nationally and internationally)\* which will help to increase understanding and enable these benefits to be demonstrated.

The following reports have been completed in the 2013/14 financial year and are part of a body of work

that will contribute to DOC's understanding about the benefits people receive from conservation:

- *Health and wellbeing benefits of conservation in New Zealand* (Blaschke 2013)
- *Ecosystem goods and services in marine protected areas* (van den Belt & Cole 2013)

DOC is continuing a quantitative survey which provides a measure of the benefits people believe they are gaining from conservation. This survey was first reported in the year ended 30 June 2006,<sup>†</sup> was reported again in 2007/08 and has been reported each year since 2010/11. A new survey methodology was tested last year, asking the same questions but using postal responses and the internet instead of a telephone survey (Nielsen 2014). Results were similar between the two survey techniques.

Table 1 shows the most common responses given in 2013/2014 when asked about **the main benefits of conservation personally** compared to the previous 3 years. Almost all respondents (97 percent) mentioned at least one personal benefit.

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

The 2013/14 survey found that 80 percent of the 4363 respondents felt that conservation was important to them (see table 2).

Also of note are the findings of New Zealand General Social Survey (Statistics NZ 2013), which showed that 85 percent of respondents were very satisfied or satisfied with the state of native bush in New Zealand. In addition, the 2013 Lincoln triennial national survey on public perceptions of New Zealand's environment (Hughey et al. 2013) had similar findings.

\* For example, The Economics of Ecosystems and Biodiversity (TEEB) at [www.teebweb.org](http://www.teebweb.org) (accessed 21 July 2014); Millennium Ecosystem Assessment (MEA) at [www.maweb.org](http://www.maweb.org) (accessed 4 August 2014); United Kingdom National Ecosystem Assessment (UK NEA) at <http://uknea.unep-wcmc.org/> (accessed 4 August 2014); Common International Classification of Ecosystem Services (CICES) at <http://cices.eu/> (accessed 4 August 2014).

† At that time, DOC had two high-level outcomes: Protection and Appreciation. The 2006 indicator report was for the Appreciation outcome.

**Table 1: The main benefits of conservation to you personally.**

Main benefits of conservation (personal)	Percentage of respondents			
	2010/11 (n=3614) (%)	2011/12 (n=3885) (%)	2012/13 (n=4829) (%)	2013/14 (n=4363) (%)
Protecting plants and animals	20	20	21	35
Protecting the natural environment for my children	19	22	17	31
Preserving, protecting and looking after the natural environment and green space	7	20	13	18
Ability to access and enjoy a healthy, safe and natural environment	17	9	14	16
Green spaces to go to (access to experiences and enjoyment of natural habitat)	12	15	22	15
To have a clean, healthy and safe environment	3	2	13	11
Protect our native species	1	0.2	5	11
Healthy forests	7	7	5	10

(Responses receiving 10 percent or more in the 2013/14 survey are included here. All topics with 10 percent or more in previous years are listed. Multiple responses were accepted, so all results total to more than 100 percent.)

**Table 2: Percentage of New Zealanders who consider conservation is important or very important to them personally.**

Thinking about conservation overall, how important is conservation to you personally?	2010/11 (%)	2011/12 (%)	2012/13 <sup>‡</sup> (%)	2013/14 (%)
Rated 4 or 5 out of 5, with 5 being 'very important'	86	83	81	80

Despite this, in DOC's 2013/14 quantitative survey (Nielsen 2014) only 54 percent of New Zealanders indicated that they had undertaken at least one action in the last 12 months specifically relating to a New Zealand conservation issue, such as donating money to a conservation cause (23 percent) or seeking information about an issue (19 percent).

It is unlikely that most people have a clear understanding of the ecological health of New Zealand's natural heritage, and their satisfaction levels might change

if they were more aware of its current condition, particularly as the economy is dependent on healthy native functioning ecosystems.

There is a growing interest in describing and quantifying (where possible) the benefits New Zealanders receive from nature (referred to as ecosystem services). New Zealand is one of several nations taking steps to reveal these benefits and factor them into capital accounting models.<sup>§</sup> Examples of ecosystem services provided to New Zealanders by natural ecosystems are provided next.

<sup>‡</sup> New survey methodology commences.

<sup>§</sup> See Government Economics Network Living Standards Hub [www.gen.org.nz/tiki-index.php?page=LS+1:+Sustainability+for+the+Future](http://www.gen.org.nz/tiki-index.php?page=LS+1:+Sustainability+for+the+Future) (accessed 21 July 2014).

### Examples of ecosystem services derived from functioning ecosystems

- New Zealand's primary industries (including agriculture, horticulture, viticulture, apiculture, forestry and fisheries) make a significant contribution to the economy. These industries depend on many services provided by native (indigenous) species and intact natural ecosystems, including regulating water quality and quantity. For example, tall tussock grasslands play a role in maximising the supply of freshwater compared with other land-cover types (Ingraham & Mark 2000; Mark & Dickinson 2008). Butcher Partners Limited (2006) estimated that water from Te Papanui Conservation Park, which is dominated by these grasslands, was worth \$136 million in total net present value (applying a 7.5 percent discount rate) for Dunedin City drinking water, hydro-electricity generation and irrigation. Many New Zealand studies (for example, Galbraith & Burns 2007; Quinn et al. 1997; Quinn & Stroud 2002; Ballantine & Davies-Colley 2014; Unwin et al. 2010; Unwin

& Larned 2013) also indicate that intact ecosystems generally provide water of higher quality than modified landscapes.

- Indigenous forests in many of New Zealand hill country areas reduce mass-movement erosion and sedimentation of waterways when compared with other land uses such as pastoral grazing. In a recent study by Dymond et al. (2010) of the Motueka Catchment, an erosion model was used to predict alternative management scenarios and associated sediment discharge. Three scenarios were explored: (1) where the whole catchment was still under indigenous forest; (2) where it was under current land use that includes a mix of production forestry, indigenous forest and pastoral grazing; and (3) where all production forestry in the present land use was converted to pastoral grazing. Under scenario 1 (indigenous forest cover), the modelled mean sediment discharge was less than half that under scenario 2 (present land use) and five times less than that under scenario 3 (production forestry converted to pastoral grazing).

## Summary of output performance

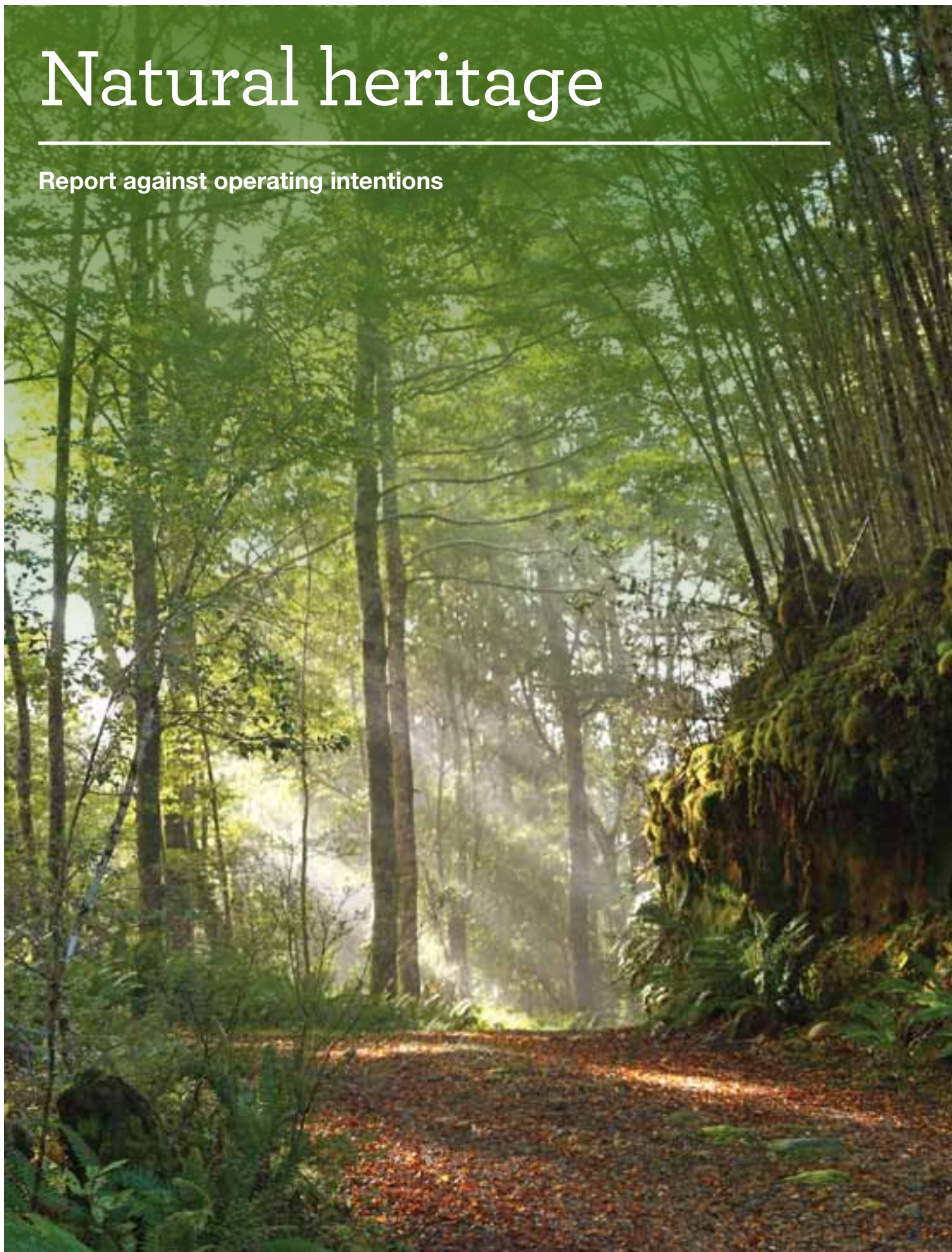
### Performance trend by financial year

Significant output measures	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14	Target 2014/15
Possums – hectares sustained	1,023,846	1,080,120	1,024,448	1,010,770	939,395	1,044,800
Possums – hectares treated	285,338	223,523	234,636	184,179	180,069	213,129
Goats – hectares sustained	2,184,817	2,221,403	2,357,373	2,310,738	2,156,704	2,221,394
Goats – hectares treated	1,468,262	1,313,036	1,410,088	1,353,319	1,222,053	1,438,732
Deer – hectares sustained	720,495	732,203	732,203	549,638	540,756	541,000
Deer – hectares treated	360,120	375,724	367,376	376,010	372,458	374,000
Weeds ecosystem – hectares sustained	1,653,010	1,748,522	1,806,266	1,752,995	1,851,778	1,366,965
Weeds ecosystem – hectares treated	504,013	475,439	475,568	492,263	454,074	544,901
Threatened species – improved security	241	242	238	212	196	192
Threatened species – managed for persistence	-	-	42	111	104	159
Ecosystems – managed for ecological integrity	-	-	-	151	185	289
Beech mast response – hectares under restoration	-	-	-	-	-	613,000
Historic assets – remedial work to standard	33	26	29	27	17	21
Historic assets – maintenance work to standard	849	944	1,169	962	984	1,110
Recreation assets – huts to standard (%)	86	83	87	87	70	90
Recreation assets – tracks to standard (%)	55	58	61	58	47	45
Recreation assets – structures to standard (%)	95	94	95	93	92	95
Engagement – volunteer workday equivalents	30,007	32,507	31,806	35,135	35,149	34,000
Engagement – partnerships	133	508	548	595	605	713

# Natural heritage

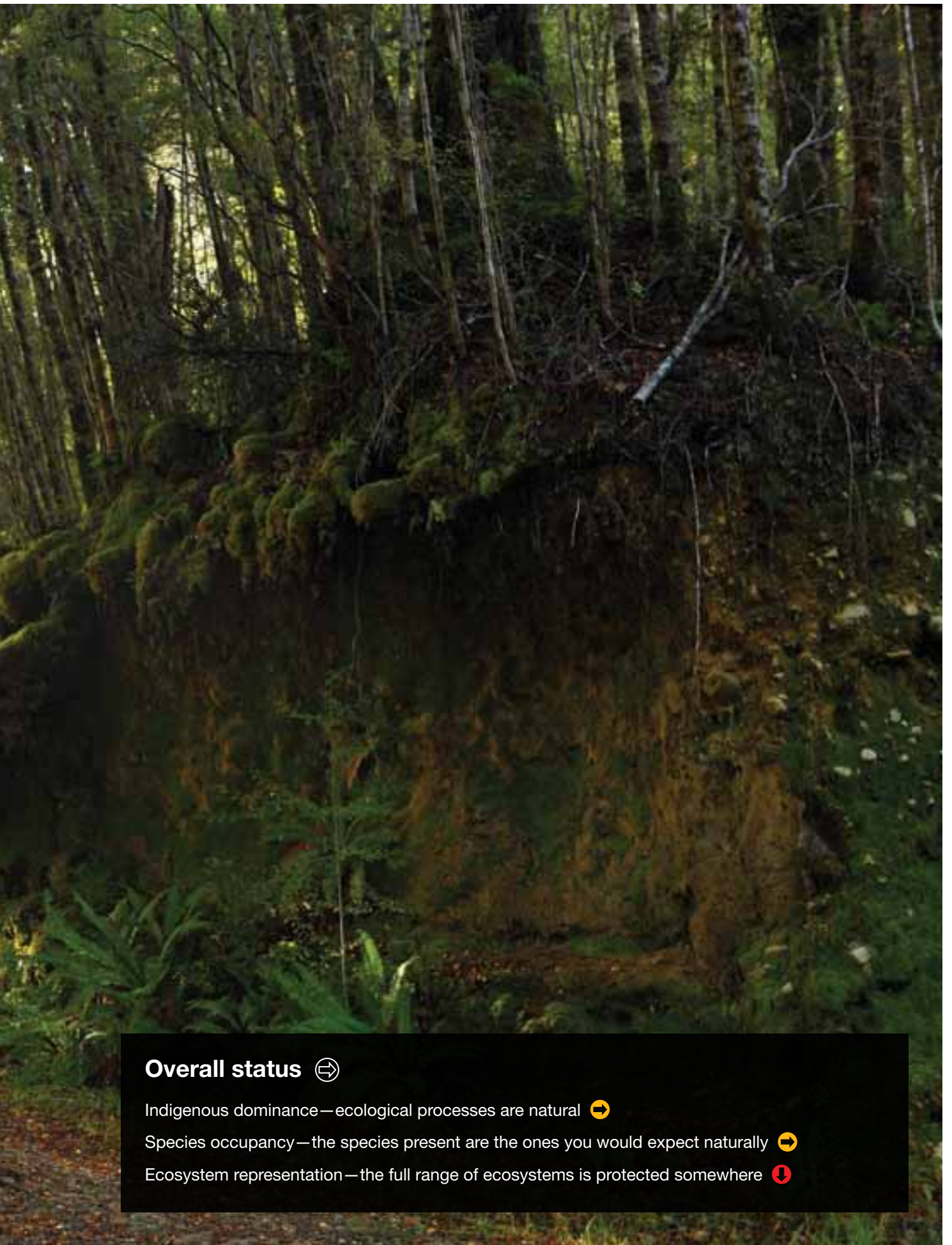
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## Report against operating intentions



Forest road through beech trees, Buller. *Photo: Rob Suisted / www.naturespic.com*





## Overall status ↻

Indigenous dominance—ecological processes are natural →

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

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

The New Zealand Biodiversity Strategy 2000 was created in the context of declining biodiversity in New Zealand and around the world generally. While this unfortunate state of decline is generally accepted as occurring, and we often know why it is occurring, the status and trend of New Zealand's natural biodiversity is not well understood. This limits the confidence we can have in the choice of management actions to take to halt and reverse this decline. The review of the New Zealand Biodiversity Strategy completed in 2005 (Green & Clarkson 2005) supports DOC's development of inventory and monitoring tools (as part of the Natural Heritage Management System, NHMS) to underpin an outcomes-based management approach.

DOC is developing a three-tiered monitoring approach to provide the evidence base it needs to determine whether the diversity of our natural heritage is being maintained and restored. It has been investing in selecting sites aimed at ensuring that a full range of New Zealand's ecosystems is conserved to a healthy functioning state. DOC has continued to maintain its long-term trend monitoring of threatened species and communities at a number of these sites.

This objective, national-scale monitoring across all public conservation land, provides the context against which to determine whether trends in these managed sites depart from what is happening across the rest of the country, and therefore provides an evaluation of the difference being made by DOC's management. DOC, in partnership with the Ministry for the Environment (MfE), is in the third year of its national-scale monitoring of the measurement of forests and shrublands (but draws on historical data where trends can be shown). MfE began an assessment of the carbon stored in forests and shrublands nationally between 2002 and 2007, including on all public conservation land. This was principally to meet New Zealand's international reporting obligations under the United Nations Framework Convention on Climate Change. DOC worked with MfE to measure the diversity of plant communities using the same measurement points. We can report change, that is, the maintenance of diversity, following a remeasurement of the same points between 2009 and 2013, and it provides an opportunity to link these trends to other measures of biodiversity, such as bird communities that DOC has measured since 2012.

Findings from the monitoring programme are summarised below. Full details can be found in the companion reference reports published by the Department of Conservation (2014a) and Bellingham et al. (2014).

### Growing capability in understanding marine biodiversity

The Department of Conservation's Marine Ecosystems Team has been developing a new monitoring and reporting framework for marine reserves, based on the concept of 'ecological integrity'. Progressive implementation of this initiative will complement that occurring for terrestrial and freshwater ecosystems and will result in DOC being able to better monitor and report on the effectiveness of its management on the ecological integrity of sites it manages in the marine environment. This research and development work will build on the existing monitoring programmes in place in a number of New Zealand's marine reserves.

### Growing freshwater biodiversity monitoring

This year further development of the national monitoring and reporting programme focused on freshwater ecosystems. Data on water and soil chemistry, hydrological change as well as native species is needed to determine whether lake, wetland and river sites managed by the Department are maintaining natural processes. Information on water chemistry will identify the risk of eutrophication (being high in nutrients) and monitoring of water levels and flows is needed to ensure the hydrological regime is appropriate (in other words, that natural water flows are occurring). Degradation of natural processes is also observed through data on the abundance and distribution of native species. Data presented in the DOC *Biodiversity indicators: 2014 assessment* (2014a) highlights the potential for regional summaries of the status of freshwater ecosystems and information on the status and trend of high priority sites. Progressive implementation of national monitoring will enable DOC to report on the integrity of freshwater ecosystems on public conservation lands.

Indigenous forests on public conservation land store

1.3 billion

metric tonnes of carbon of which ...

66% is in live stems

13% is in dead wood (fallen logs and standing dead trees)

5% is in litter

16% is in roots



## How are we doing?

In 2014, possums occupied 77 percent of indigenous forest on public conservation land with a relative abundance of 4.9 percent (Trap Catch Index) and wild deer and/or feral goats occupied 73 percent of indigenous forest with a relative abundance of 41 percent (Faecal Pellet Index). Forest locations with possum management had lower relative abundance than those not subject to control. Put simply, possums and introduced deer, goats and pigs are spread across the country, occurring in most native forests. Sustained control operations are reducing possum numbers.

## Is plant diversity being sustained?

### Overview

**Today's forests bear the legacy of past high numbers of deer and goats and these mammals feed selectively on some native trees, shrubs and herbs. However, the plants these mammals prefer are regenerating widely in forests and have done so throughout the past decade. Therefore the local-scale damage that these mammals have been shown to cause is the exception, not the norm. Non-native plants have progressively invaded many native forests over the past decade.**

Maintenance and restoration of diversity is a key goal for the Department. Eighty-two percent of New Zealand's native vascular plants are endemic. Many of these are

confined to native forests; these are not just canopy trees and understorey shrubs but also herbs, ferns, epiphytes and vines.

Some of the native plant species in forests are known to be the preferred food source of introduced invasive mammals. As introduced herbivorous mammals such as deer, goats, and possums spread throughout the main islands of New Zealand, mostly during the early to mid-20th century, there was often rapid growth in their numbers and they depleted forest understoreys and canopies of the species that they prefer to eat, so the forests now bear that initial impact.

At local scales, it's clear from fenced areas of forest compared with adjacent areas, that deer or goats can retard regeneration of some trees. Yet an objective systematic assessment of New Zealand's forests since 2002, including national parks, showed that there is very little, if any, evidence that populations of common tree species are failing to regenerate, and there is little, if any, change in the populations of these trees. This includes species that commonly feature in the diet of these mammals, such as kāmahī, māhoe, and broadleaf, so areas of forest where mammals cause regeneration failure are the exception, not the norm. Populations of these trees are being maintained throughout New Zealand, as are the widespread herbs and ferns—their presence has remained largely unchanged over the last decade.

Invasion of forests by non-native plant species is widespread but at a low level (on average about 3 percent of plants at any given site nationally were non-native species). Sixty-eight percent of forest plots in each measurement period contained only native plant species. Non-native herbs and grasses are the most frequent invaders, with non-native pines invading forests too; although most pine invasions occur into shrublands and grasslands. The extent of this for non-forested sites will be reported next year. In areas surveyed between 2009 and 2013, either radiata pine or lodgepole pine or Douglas fir had invaded one in 110 sites (0.9 percent of sites). There is a growing pool of non-native plant species that can invade forest understoreys and some of these will respond to disturbance to forest canopies such as the damage caused by Cyclone Ita in April this year, so the current low levels of invasion may not endure. Widespread surveillance is desirable to understand the dynamics of weed species.

## Are forests on Public Conservation land a sink or source for carbon?

### Overview

***It is important to understand the extent to which forests capture atmospheric CO<sub>2</sub>, this being a main greenhouse gas affecting climate change. DOC is the steward of the great majority of New Zealand's natural forests. These store a large amount of carbon in live and dead tree and plant stems (such as those that fall during storms). They have been an important sink for carbon over the past decade, offsetting New Zealand's emissions. They also have benefits for biodiversity. The more carbon that forests store, the richer the native bird communities and the fewer non-native birds and non-native plant species occur in them. It is important to understand whether the forests are carbon-neutral or a net carbon sink. If the latter, this can, in part, offset greenhouse gas emissions.***

About 70 percent of New Zealand's remaining indigenous forests are on public conservation land. They fulfil many key ecosystem services, including the provision of clean water, resources for pollinators,

Forests in New Zealand's national parks store on average

17%

more carbon per hectare in **live stems** than forests on the remainder of New Zealand's public conservation land



and storage of carbon. Indigenous forests on public conservation land store 1.3 billion metric tonnes of carbon (based on systematic measurements between 2009 and 2013), 65 percent of which is in live stems, 16 percent in roots, 13 percent in dead wood (fallen logs and standing dead trees), and 5 percent in litter. Forests in New Zealand's national parks store on average 17 percent more carbon per hectare in live wood than forests on the remainder of New Zealand's public conservation land—an unexpected additional ecosystem service provided by national parks.

The role of New Zealand's native forests in sequestering carbon has been highlighted through the re-measurement of permanently marked sites throughout New Zealand. Between a first measurement in 2002–2007 and a second in 2009–2013, there was a net increase in carbon stored of 0.56 metric tonnes of carbon per hectare per year.

This re-measurement programme also showed that the more carbon is stored at a point, the more the proportion of native to non-native bird species increases, and the number of native birds increases with the amount

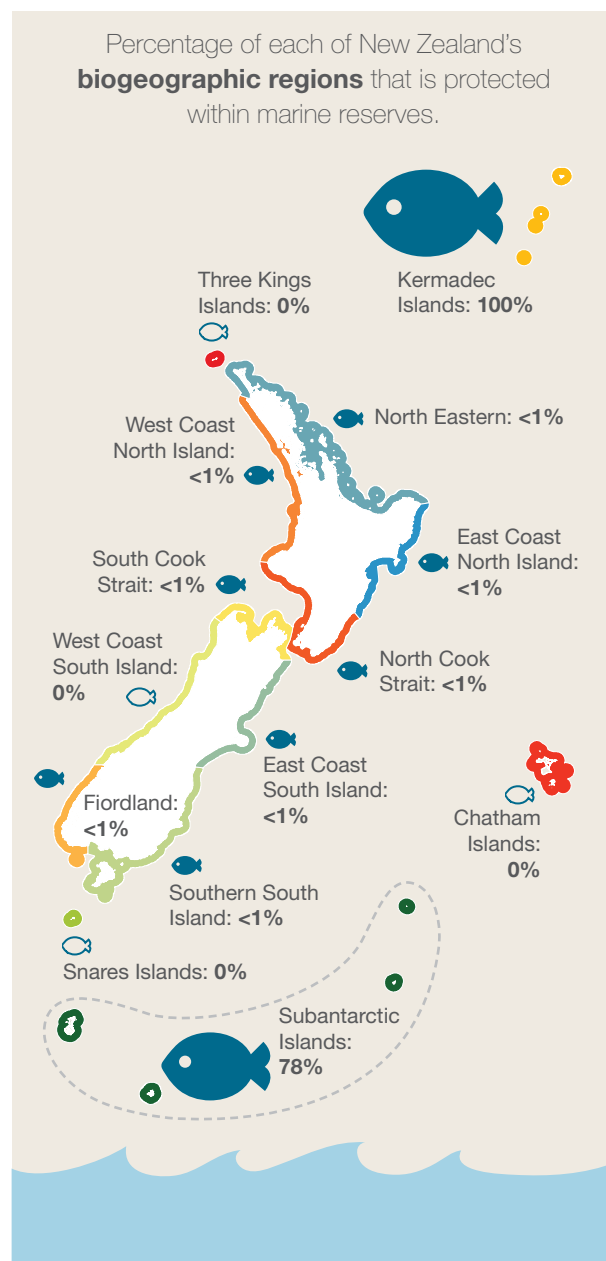
of carbon stored. High carbon storage in live stems provides diverse habitat: more foraging area for birds, and roosting sites and feeding opportunities for some birds (such as kākā) and also bats, as well as supporting highly diverse communities of fungi. Dead wood also contributes by providing nutrients to soils, supporting the agents of wood-decay such as fungi and invertebrates and it is a key habitat for the regeneration of some trees.

The re-measurement work also showed that non-native plant species are most frequent in forest stands that support low amounts of carbon. In forest stands that store more than 300 tonnes of carbon per hectare there are very few non-native plant species.

### Is the full range of ecosystems protected in New Zealand?

#### Marine ecosystems

Significant progress on implementing marine protection in New Zealand's waters was made in 2013/14. Four new marine reserves (three around subantarctic islands and one in Akaroa Harbour) were established, bringing the total number of New Zealand marine reserves to 38, with a total area of about 1.7 million hectares covering approximately 9.5 percent of New Zealand's Territorial Sea. The three new marine reserves around the subantarctic Antipodes Island, the Bounty Islands and Campbell Island/Motu Ihupuku were established through the passing of new legislation, the Subantarctic Islands Marine Reserves Act 2014. Additionally, the Kaikōura (Te Tai o Marokura) Marine Management Bill was drafted and progressed in 2013/14 to provide for the protection and sustainable use of the Kaikōura marine environment, including the establishment of Hikurangi Marine Reserve. Five new marine reserves were also approved in 2013/14 for the South Island's West Coast as a result of a collaborative stakeholder-based planning process. A new marine protected area planning process for Otago was also announced and progressed in 2013/14. Approximately 25 percent of the total marine reserve area implemented in New Zealand over the past 39 years was put in place or significantly progressed to near completion during 2013/14.



While substantial legal protection is now provided through marine reserves in some marine biogeographic regions, in particular the ecologically significant Kermadec and subantarctic islands, habitats and ecosystems in some of New Zealand's 14 coastal marine biogeographic regions remain significantly underrepresented in marine protected areas (for further

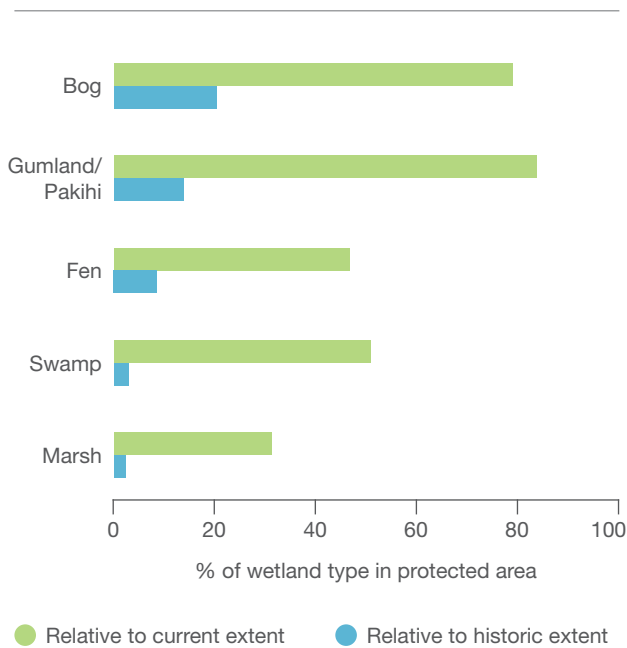


Figure 3: Percentage of different wetland types in protected areas

details see DOC *Biodiversity indicators: 2014 assessment*, 2014a). The development of a longer-term strategy for addressing these gaps in marine protection through collaborative planning processes remains a priority for the Department of Conservation to progress in 2014/15.

### Estuaries

There are almost 400 estuarine systems in New Zealand, which include tidal rivers (such as Manawatu and New River Estuaries), tidal lagoons (such as Porirua Harbour), drowned valleys (such as Kaipara Harbour), coastal lakes (such as Lake Onoke) plus many smaller estuarine sites at river and stream mouths. As part of its work in estuarine management and conservation, DOC is currently undertaking an assessment of estuarine protection. An update on this work will be included in next year’s report.

### Freshwater ecosystems

The land status of freshwater ecosystems has an impact on the protection options available. The percentage of

freshwater ecosystems in protected areas administered by the Department ranges from 29 percent for rivers to 60 percent for wetlands. However, relative to their historic extent, only 6 percent of wetlands are in protected areas. The marsh, fen and swamp wetland types have lower levels of protection across New Zealand. Relative to the historic extent of wetlands, marsh and swamp wetland types have the lowest proportion in protected areas (3 percent for each), and bogs the highest (20 percent) (see figure 3). Swamps, fens and marshes are a priority for protection in terms of wetland ecosystems.

### Naturally uncommon ecosystems

Naturally uncommon ecosystems, such as shell barrier and shingle beaches, coastal turf and volcanic dunes, frequently occur outside public conservation lands and waters. They often exist because of a distinct set of environmental conditions, and are often associated with rare and threatened endemic species. The 72 threatened ecosystems are progressively being mapped to help understand the remaining extent. Four of the 35 mapped threatened ecosystems have less than 20 percent of their total area protected as public conservation land. Because of this they are a high priority for future protection efforts. For more information on these uncommon ecosystems, go to [www.landcareresearch.co.nz/science/plants-animals-fungi/ecosystems/rare-ecosystems](http://www.landcareresearch.co.nz/science/plants-animals-fungi/ecosystems/rare-ecosystems).

### Threatened species

Information on New Zealand Threat Classification System (NZTCS) status is gathered over a 3-year cycle. The data-gathering process for the 2012-14 cycle is close to completion. Completed reports are available on the DOC website: [www.doc.govt.nz/publications/science-and-technical/products/series/new-zealand-threat-classification-series](http://www.doc.govt.nz/publications/science-and-technical/products/series/new-zealand-threat-classification-series). A comprehensive update on this indicator will be included in the 2015 report.

The conservation status of New Zealand’s freshwater fish and freshwater invertebrates was assessed. Of the 54 resident native fish, 74 percent are considered to be Threatened or At Risk, compared with 65 percent in the 2009 list. Just over a quarter of the resident native fish (26 percent) have a higher threat classification in 2013 than in 2009.

Also assessed were 644 freshwater invertebrate species (across five Phyla, 28 Orders and 75 Families), with 25 percent classified as either Threatened or At Risk. This is the most comprehensive assessment of freshwater invertebrate threat rankings to date. Many species listed have small natural ranges restricted to specialist habitats, so the loss and/or degradation of habitat is a significant threat to the persistence of these species. DOC will now identify where it should focus its protection efforts for freshwater invertebrate conservation.

### Occurrence and intensity of mast flowering and fruit production

Periodic, high seed production by a number of forest trees and tussocks has been shown to be an important driver of plant and animal population dynamics. Large infrequently occurring seed crops represent an important resource for birds, insects and mammals. Seed production varies greatly both geographically and in the timing of when this will occur among and within species that mast. In New Zealand, these high seed fall events result in a cascade of responses by both native birds and insects and introduced mammals. Irruptions in mouse and rat numbers typically follow this event, which then triggers the breeding of stoats, which in turn increases the predation pressure on native fauna, such as the yellowhead/mohua and kākā and long-tailed bats.

Seed fall monitoring has confirmed widespread mast seeding by the South Island beech forests this year. Although seed collection and counting is still underway, 22 of the 42 monitoring locations have already produced more than 2000 seeds/m<sup>2</sup>, the approximate trigger level for concern about rodent numbers and predator irruptions. For example, approximately 12,000 seeds/m<sup>2</sup> have fallen at monitoring locations in the Poulter valley, and 8000 seeds/m<sup>2</sup> have fallen in neighbouring Hawdon and Hurunui valleys of

Canterbury; all home to yellowhead/mohua (Nationally Vulnerable), orange-fronted parakeet/kākāriki karaka (Nationally Endangered), great spotted kiwi (Nationally Endangered) and kea (At Risk). Further north at locations in the Lewis-Maruia catchments, up to 13,000 seeds/m<sup>2</sup> have been recorded, home to these species and the vulnerable long-tailed bat.

Very high numbers of seeds have also been recorded at locations in the Catlins, Kahurangi and Mt Aspiring areas, home to a variety of threatened species including Powelliphanta snail species, blue duck/whio and rock wren/tuke. It is important to note that currently widespread forest bird species such as robins/toutouwai, bellbirds/korimako, tūi and kererū, along with native lizards and insects, are also vulnerable to periodic irruptions of rodents and stoats. Effective management during these irruptions is critical for the recovery and long-term survival of a range of native species within mainland native forests.

Data from monitoring of beech seed fall and rodent and stoat abundance is currently being used to plan for approximately 700,000 hectares of aerial 1080 operations in South Island beech forests – the Battle for Our Birds (Department of Conservation 2014b). The objective is to ensure protection for native bird species during the spring nesting season and provide opportunities for the ongoing maintenance and recovery of vulnerable populations. The outcomes of these interventions will be monitored and reported on next year.

Figure 4 below shows the beech seed fall rates where these have been measured as part of DOC's status and trend tier 1 monitoring programme. Other sites are also monitored using a different methodology in the lead-up to a beech mast event, once the event appears likely to occur. This additional monitoring helps to fine-tune the management response.

**Beech seedfall to forest floor** (per m<sup>2</sup>) February – July 2014

- 0–2,000
- 2,001–4,000
- 4,001–13,000
- Public Conservation Land

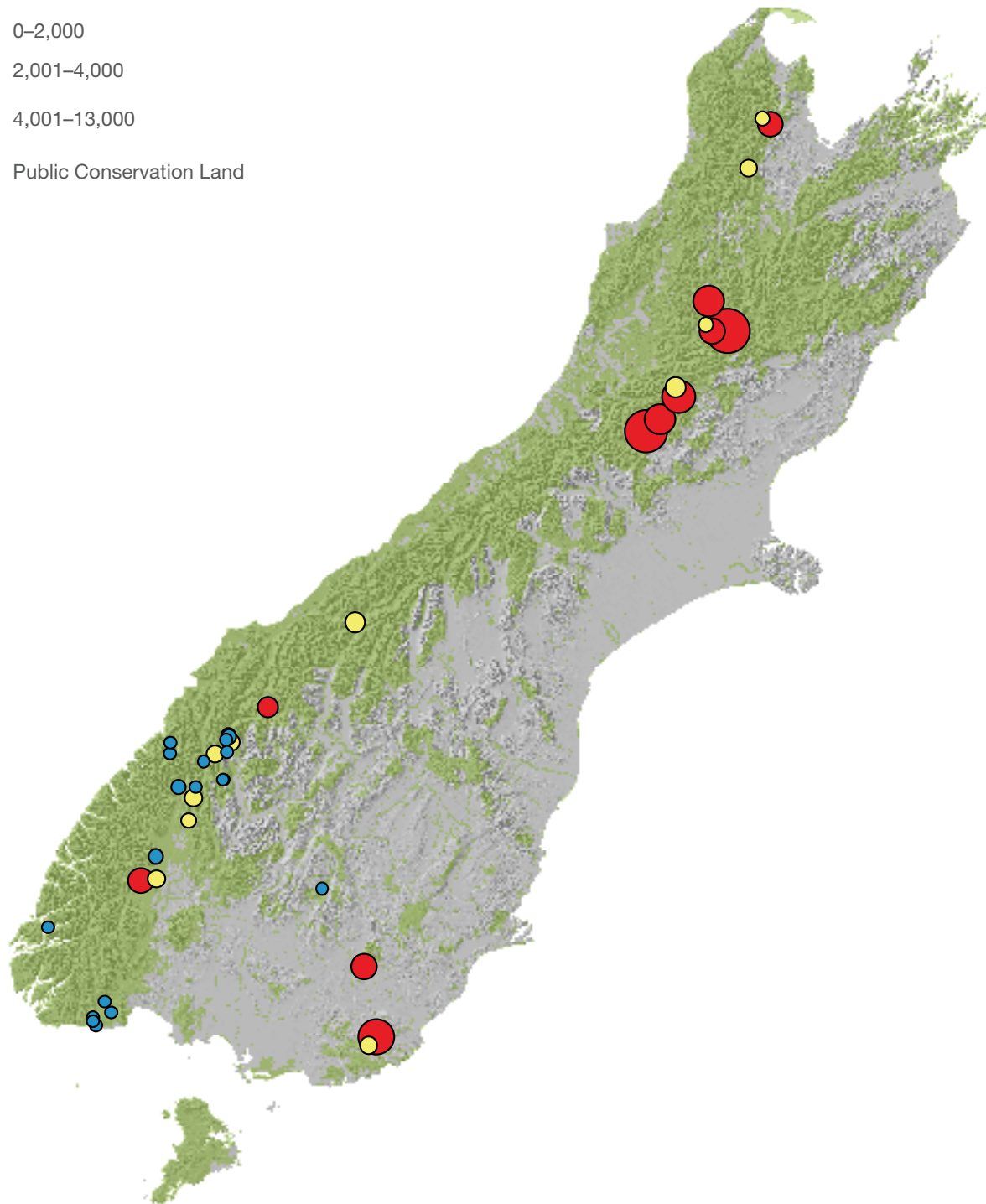


Figure 4: Beech seed fall rates at Tier 1 monitoring sites.



## Statement of service performance 2013/14: Managing natural heritage

Performance measures and targets: 2013/14	National commentary*
<b>Fire control</b>	
<p>8 conservancies will operate within a fire response and / or action plan published in accordance with the National Departmental Fire Plan.</p> <p>In September 2013 the Department reorganised from 11 conservancies to 6 Conservation Services regions.</p>	<p>10 conservancies operated within a fire response and/or action plan published in accordance with the National Departmental Fire Plan. These plans now apply across the six new Conservation Services regions instead of the 11 conservancies previously in place.</p> <p><b>Achieved</b></p>
<p>3 conservancies will operate within the Fire Plan of a Rural Fire District.</p>	<p>3 conservancies operated within the Fire Plan of a Rural Fire District. These are Nelson Marlborough, Southland and the West Coast conservancies. These plans now apply across the three South Island Conservation Services regions instead of the 11 conservancies previously in place.</p> <p><b>Achieved</b></p>
<b>Pest and weed control: Possums</b>	
<p>206,015 hectares of land will receive treatment this year for possums.</p>	<p>180,069 hectares of land received treatment for possums.</p> <p><b>Not achieved.</b></p> <p>Southern South Island reported postponement of 8,500 hectares in order to incorporate treatment into the Battle for Our Birds beech mast response in 2014/15.</p> <p>South-east South Island reprioritised possum resources to weed work, affecting 1,562 hectares.</p> <p>Lower North Island and Central North Island regions also reported postponement of operations affecting 9,300 hectares as a result of weather events and deferment of related species work (kōkako translocation).</p> <p>Northern North Island region reported postponing 20,000 hectares as a result of changes to the regional structure which occurred during the planning phase of field operations.</p>
<p>1,042,536 hectares of land will be under sustained control for possums.</p>	<p>939,395 hectares of land were under sustained control for possums.</p> <p><b>Not achieved.</b></p> <p>There has been a small reduction in the area under sustained control due to some rationalising of the boundaries of treatment blocks following the change in the organisational structure, and aligning with ecosystem prescriptions.</p>

\* 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 plus or minus 10 percent of the projected performance target. For significant outputs however, as shown on the 'Summary of output performance' table, this tolerance is plus or minus 5 percent. When outside these ranges, a variance comment is provided.

Performance measures and targets: 2013/14

National commentary

**Pest and weed control: Possums**

89 possum operations will be undertaken and meet their targets for operational success.

51 possum control operations have been undertaken with 46 (90 percent) meeting their targets for operational success.

**Not achieved.**

The main variance in numbers of operations is described above in the possum treatment measure.

**Pest and weed control: Deer**

378,314 hectares of land will receive treatment for deer.

372,458 hectares of land received treatment for deer.

**Achieved**

506,288 hectares of land will be under sustained control for deer.

540,756 hectares of land were under sustained control for deer.

**Achieved**

**Pest and weed control: Goats**

1,378,198 hectares of land will receive treatment for goats.

1,222,053 hectares of land received treatment for goats.

**Not achieved.**

North and Western South Island region reported that reprioritising resources to undertake marine mammal work and pig control at Farewell Spit affected 64,000 hectares.

Lower North Island region reported that the move from a single focus on goats to more integrated pest management at priority sites affected 54,000 hectares of goat control.

Northern North Island region reported that difficulty engaging contract hunters affected 24,000 hectares.

2,283,451 hectares of land will be under sustained control for goats.

2,156,704 hectares of land were under sustained control for goats.

**Not achieved.**

The lower North Island control programme is being reviewed, taking into account priorities derived from ecosystem prescriptions.

**Pest and weed control: Other terrestrial animal pests**

48 pest control operations will be undertaken against other terrestrial pests.

49 pest control operations were undertaken against other terrestrial pests. 48 met the criteria for success set out in their programme plan.

Number that met the criteria for success set out in their programme plan will be reported at year end.

**Achieved**

## Performance measures and targets: 2013/14

## National commentary

**Pest and weed control: Aquatic animal pests**

No aquatic animal pest eradication operations were planned.

1 aquatic animal pest eradication operation was undertaken. This met the criteria for success set out in the programme plan.

**Achieved**

**Pest and weed control: Weeds (including aquatic weeds)**

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

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

**Achieved**

494,902 hectares of land will receive treatment this year for weeds using a site-led approach.

454,074 hectares of land received treatment for weeds using a site-led approach.

**Not achieved**

Northern North Island and North and Western South Island regions reported that more detailed assessment of the areas initially targeted resulted in a reduction in treatment of 33,000 hectares.

Lower North Island region reported a reduction in treatment of 14,000 hectares due to staff shortages arising from redeployment of staff and a number of vacancies.

1,781,967 hectares of land will be under sustained weed control using a site-led approach.

1,851,778 hectares of land were under sustained weed control using a site-led approach.

**Achieved**

**Natural heritage restoration**

58 restoration programmes will be undertaken. (90 percent will meet the criteria for success set out in their programme plans at year end).

53 restoration programmes were undertaken. Of these all met the criteria for success as set out in their programme plans.

**Achieved.**

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

65 island biosecurity programmes maintained a pest-free status.

**Not achieved.**

There were mouse incursions on Maud, Blumine and Waikareiti islands. Some reprioritising of work programmes is also occurring against priority ecosystem prescriptions.

**Ecosystem management**

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

185 ecosystems were under active management through optimised ecosystem prescriptions.

**Achieved**

Performance measures and targets: 2013/14

National commentary

**Species management**

More than 100 threatened species will be under active management through optimised species prescriptions.

104 threatened species were under active management through optimised species prescriptions.

**Achieved**

27 'acutely threatened' species or subspecies will have improved security for one or more populations as a result of active species conservation programmes.

25 'acutely threatened' species or subspecies have improved security for one or more populations as a result of active species conservation programmes.

**Achieved**

14 'chronically threatened' species or subspecies will have improved security for one or more populations as a result of active species conservation programmes.

13 chronically threatened' species or subspecies have improved security for one or more populations as a result of active species conservation programmes.

**Achieved**

7 'at risk' species or subspecies will have improved security for one or more populations as a result of active species conservation programmes.

7 'at risk' species or subspecies have improved security for one or more populations as a result of active species conservation programmes.

**Achieved**

50 reclassified 'at risk' vascular plant and bird species or subspecies will have improved security for one or more populations as a result of active species conservation programmes.

49 reclassified 'at risk' vascular plant and bird species or subspecies have improved security for one or more populations as a result of active species conservation programmes.

**Achieved**

110 reclassified 'threatened' vascular plant and bird species or subspecies will have improved security for one or more populations as a result of active species conservation programmes.

102 reclassified 'threatened' vascular plant and bird species or subspecies have improved security for one or more populations as a result of active species conservation programmes.

**Not achieved**

Eastern South Island region reported that no work was completed on one species due to Port Hills access issues arising from the Christchurch earthquake.

Central North Island and Lower North Island regions reported staff shortages arising from redeployment of staff and a number of vacancies meant planned work affecting three species was not carried out.

Northern North Island region reported one species was now covered by a national ecosystem management prescription, while another species was more widespread than initially thought and planned work did not proceed.

The Department will have achieved improved understanding of status and threats for 30 'acutely threatened' species or subspecies through survey monitoring and research.

Improved understanding of status and threats has been achieved for 27 'acutely threatened' species or subspecies through survey monitoring and research.

**Not achieved**

Central North Island, Lower North Island, North and Western South Island regions reported staff shortages arising from redeployment of staff and a number of vacancies meant planned work affecting three species was not carried out.

## Performance measures and targets: 2013/14

## National commentary

**Species management**

The Department will have achieved improved understanding of status and threats for 19 'chronically threatened' species or subspecies through survey monitoring and research.

Improved understanding of status and threats has been achieved for 15 'chronically threatened' species or subspecies through survey monitoring and research.

**Not achieved**

Eastern South Island region reported delays in two Galaxias species programmes – one due to site access issues, the other as a result of an urgent response to a pest fish incursion.

North and Western South Island region reported a delay affecting one species as scarce specialist technical support was not available, while Central North Island region reported a delay to a survey programme due to poor field conditions.

The Department will have achieved improved understanding of status and threats for 9 'at risk' species or subspecies through survey monitoring and research.

Improved understanding of status and threats has been achieved for 9 'at risk' species or subspecies through survey monitoring and research.

**Achieved**

Improved understanding of status and threats will be achieved through survey, monitoring, and research for 49 reclassified 'at risk' vascular plant and bird species or subspecies.

Improved understanding of status and threats has been achieved for 39 reclassified 'at risk' vascular plant and bird species or subspecies.

**Not achieved**

Eastern South Island region reported delays in one Galaxias species programme due to site access issues.

Central North Island reported planning errors affected two species which were not due for work this year, while one species was on hold pending further advice on a monitoring programme.

Lower North Island region reported staff shortages arising from redeployment of staff and a number of vacancies meant planned work affecting one species was not carried out.

Eastern South Island region reported it did not proceed with planned work on two species as technical advice suggested they no longer existed in the area. One further species received no work as the nursery site was full.

North and Western South Island region reported a lack of available technically skilled staff meant one planned programme did not proceed.

Northern North Island region reported two species were now covered by a national ecosystem management prescription, while one species programme had been included at planning, but had finished in the previous year after planning data was finalised.

Performance measures and targets: 2013/14

National commentary

**Species management**

Improved understanding of status and threats will be achieved through survey, monitoring and research for 120 reclassified 'threatened' vascular plant and bird species or subspecies.

Improved understanding of status and threats has been achieved for 103 reclassified 'threatened' vascular plant and bird species or subspecies.

**Not achieved**

Northern North Island region reported three species were now covered by national ecosystem management prescriptions.

Central North Island region reported three species had been included in error at planning time. The region also reported four species programmes did not proceed as scarce specialist technical support was not available.

Lower North Island region reported staff shortages arising from redeployment of staff and a number of vacancies meant planned work affecting four species was not carried out.

Southern South Island and North and Western South Island regions reported five species programmes did not proceed as scarce specialist technical support was not available.

Eastern South Island region reported one species programme did not proceed due to Port Hills access issues arising from the Christchurch earthquake.

The Conservation Services Programme will meet its agreed performance criteria and milestones.

Achievement will be reported at year end.

In 2013/14, 1499 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 was run relating to seabird species, the New Zealand sea lion, protected corals and the oceanic whitetip shark. Final reports can be found on the DOC website ([www.doc.govt.nz/csp](http://www.doc.govt.nz/csp)).

Mitigation projects focused on inshore and offshore bottom longline, surface longline and trawl fisheries; a newsletter was produced to communicate such findings to commercial fishermen.

(See Appendix 3 for a detailed explanation of the Conservation Services Programme.)

**Achieved**

Hectares of marine areas legally protected during the year:

**Fully approved marine reserves – yet to be gazetted:**

452,691 hectares (subantarctic islands).

435,673 hectares. Three subantarctic marine reserves and the Akaroa Marine Reserve were established in 2013/14.

**Achieved**

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

Marine reserves (33) 1,732,395 hectares

Marine mammal sanctuaries (6)

2,345,820 hectares

Marine reserves (38 reserves) 1.7 million hectares – change since June 2013 is the addition of the subantarctic islands and the Akaroa marine reserves.

Marine Mammal Sanctuaries (6 sanctuaries) 2.35 million hectares

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 geographic information system tools, because of aspects such as differing projection.

**Achieved**

44,276 hectares of terrestrial environment legally protected during the year.

26,145 hectares of terrestrial environment were legally protected.

**Not achieved**

Fewer hectares were protected than had been predicted, because not all tenure review negotiations were concluded by year end. However 17 High Country Tenure Reviews have been progressed to an agreement stage, which relate to substantial areas of high country, and these will hopefully be concluded in 2014/15.

## Output class operating statement 2013/14: Management of natural heritage

	Actual 30/06/13 \$000	Budget 30/06/14 \$000	Revised budget 30/06/14 \$000	Actual 30/06/14 \$000
<b>Revenue</b>				
Crown	140,116	145,107	147,196	147,196
Other	17,561	14,369	14,369	14,075
<b>Total revenue</b>	<b>157,677</b>	<b>159,476</b>	<b>161,565</b>	<b>161,271</b>
Expenses	154,354	162,847	164,936	162,995
<b>Surplus/(deficit)</b>	<b>3,323</b>	<b>(3,371)</b>	<b>(3,371)</b>	<b>(1,724)</b>

## Statement of service performance 2013/14: Regional pest management strategies

Performance measures and targets: 2013/14

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 2013/14: Regional pest management strategies

	Actual 30/06/13 \$000	Budget 30/06/14 \$000	Revised budget 30/06/14 \$000	Actual 30/06/14 \$000
<b>Revenue</b>				
Crown	3,199	3,191	3,514	3,514
Other	109	100	100	-
<b>Total revenue</b>	<b>3,308</b>	<b>3,291</b>	<b>3,614</b>	<b>3,514</b>
Expenses	3,160	3,291	3,614	2,927
<b>Surplus</b>	<b>148</b>	<b>-</b>	<b>-</b>	<b>587</b>

# Historic heritage

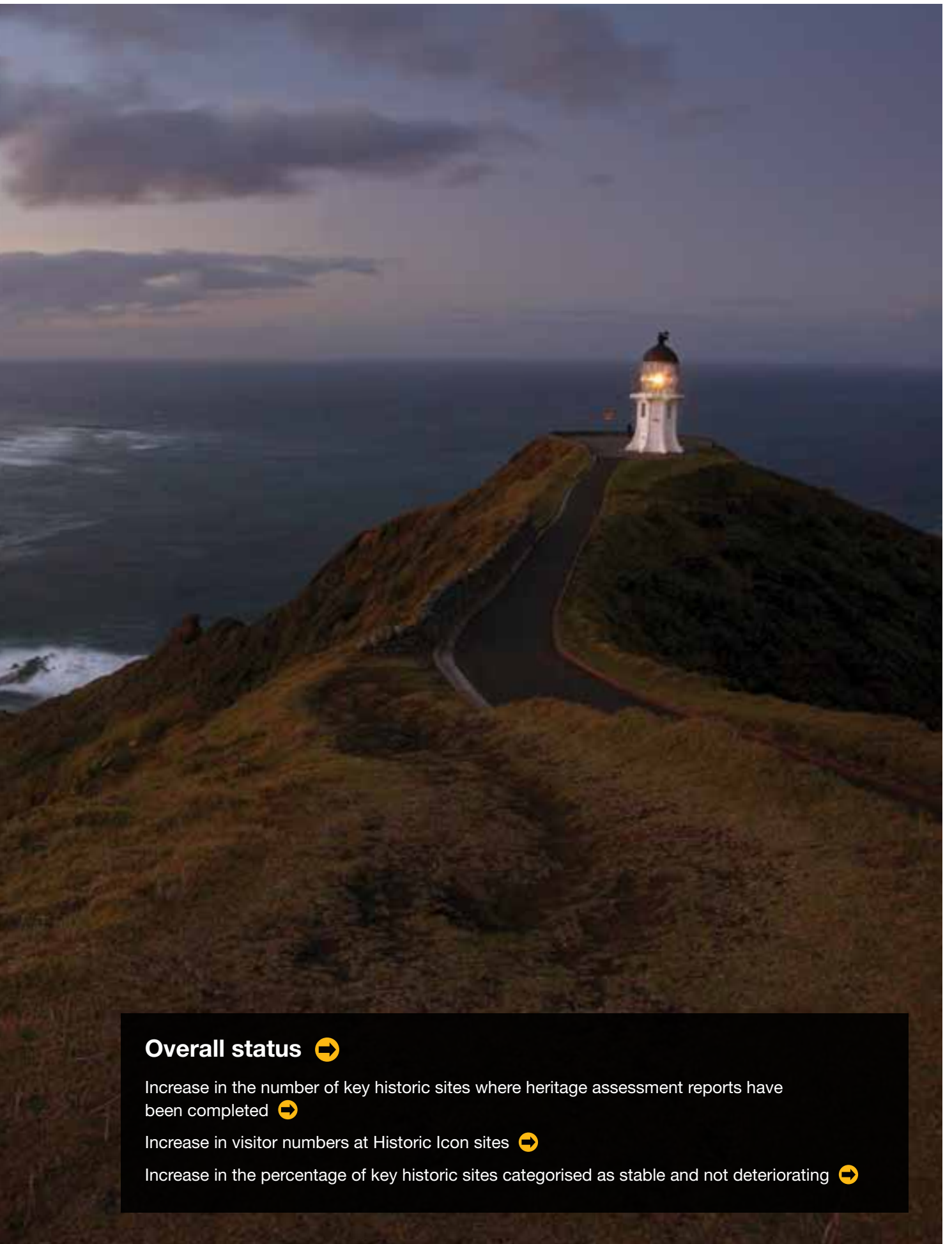
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Report against operating intentions



Cape Reinga (Te Rerengawairua) lighthouse at dusk. Photo: Rob Suisted / [www.naturespic.com](http://www.naturespic.com)





## Overall status ➡

Increase in the number of key historic sites where heritage assessment reports have been completed ➡

Increase in visitor numbers at Historic Icon sites ➡

Increase in the percentage of key historic sites categorised as stable and not deteriorating ➡

DOC’s historic heritage work aims to protect New Zealand’s heritage places and to bring New Zealand history to life. To do this, DOC is continuing to focus investment on the following: Icon destinations, providing a top-quality visitor experience and telling engaging and exciting stories about New Zealand’s identity; actively conserved historic places, to ensure a representative sample of heritage is conserved; improving the visitor experience at these places; and at more than 13,000 historic places on public conservation land and waters we protect fabric from avoidable harm.

### Benefits of protecting heritage and bringing history to life

- Historic heritage provides evidence of the origins of New Zealand’s distinctive society and the events and processes that have shaped its character.
- In preserving, protecting and interpreting these places, important links to the past and to New Zealanders’ sense of identity are maintained.
- Heritage teaches people about New Zealand’s culture and the lifestyles of those who settled here, and helps people to understand the issues faced today.
- Working with communities and encouraging collaboration in heritage management helps sustain New Zealanders’ sense of identity.

### Change in the percentage of key heritage sites that are categorised as stable or deteriorating

The objective of DOC’s work at actively conserved historic places is to minimise the physical impacts that are threatening their integrity and survival. The number of places categorised this way changes slightly each year,



because of the changing nature of threats and the need to prioritise where work proceeds. By actively managing the most significant sites, we are able to ensure the most important examples of New Zealand’s history are protected for future generations.

From 2010/11 to 2012/13 the number of sites categorised as stable had declined. This trend has been halted, and the number of stabilised sites has increased from 269 in 2012/13 to 273 in 2013/14 (see table 3).

**Table 3: Number of key heritage sites that are categorised as stable or deteriorating.**

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

**Table 4: The number of key heritage sites at which the core history is safeguarded, the values identified and communicated.**

	2011/12	2012/13	2013/14
Places with heritage assessments	12	52	53

### Increase in the number of key heritage sites at which heritage assessment reports have been completed

To safeguard New Zealand's history it is essential to first understand it. To do this, DOC prepares heritage assessments. These describe a historic place and the significance of its history, fabric and cultural connections. The publication of these assessments on the DOC website is one way of bringing history to life. Fifty-three actively conserved historic places have now had heritage assessments published on the website (see table 4).

### Change over time in New Zealanders' awareness of DOC as an administrator of historic heritage sites

DOC surveys New Zealanders (Nielsen 2014) to gain an understanding of their level of awareness of its heritage conservation work, whether they visit historic sites and, if they do, what sort of experience they have at those places.

Public awareness of DOC's role in managing 13,000+ heritage sites is important for conservation partnerships. We are now seeing a relatively high level of public awareness. Public awareness rose from 61 percent in 2012/13 to 67 percent in 2013/14.

### Change over time in New Zealanders' participation in historic heritage on public conservation lands and waters

DOC's population survey (Nielsen 2014) indicates 48 percent of New Zealanders visited DOC historic sites compared with 47 percent in 2012/13. This is a new indicator, so the data does not yet show an evident trend of participation in historic heritage by New Zealanders.

### Change in the number of visitors at Historic Icon sites for 2013/14

Engaging New Zealanders with their heritage includes encouraging them to visit Historic Icon sites. Selected for

their potential to bring history to life, these sites are New Zealand's best places to tell great stories about the Kiwi identity, increase tourism and generate economic benefits.

Visitation is monitored to determine trends in use, and use levels reflect the effectiveness of promotion and appeal of the site itself. Visitation is one way of reflecting on the benefit of heritage sites. Visitor count data is used to show visitation trends (see figures 5, 6 and 7). Note that the scale for figure 5 is much larger than the scale for figures 6 and 7.

Visitor counts for 2013/14 show that visitation to the majority of Historic Icon sites is stable, with the exceptions noted below.

- Denniston Mine continues its strong trend, increasing by 39 percent compared with 2012/13, and visitation more than doubling since 2010/11.
- Waitawheta Valley continues its strong trend, increasing by 23 percent compared with 2012/13.
- Visitation to the Arrowtown Chinese Settlement increased by 13 percent compared with 2012/13.
- The Bridge to Nowhere continues its strong trend, increasing by 10 percent compared with 2012/13.
- Kerikeri Basin continues a downward trend, decreasing by 7 percent compared with 2012/13.

### Change over time in New Zealanders' satisfaction with the quality of historic heritage opportunities provided

Bringing history to life is essential for ensuring visitors have a memorable and satisfying experience. We can assume that visitor satisfaction leads to their gaining an understanding of the value of heritage and, therefore, to support for protecting it.

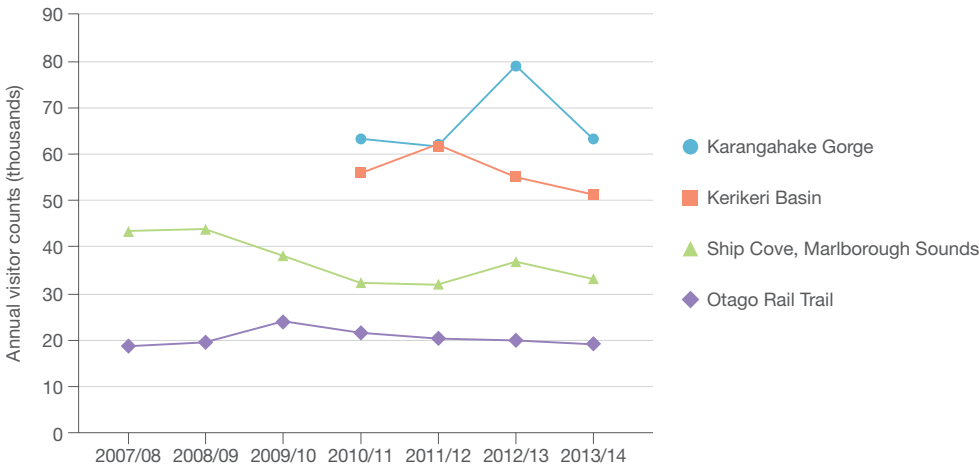


Figure 5: Change over time in the number of visitors to Historic Icon sites: Kerikeri Basin, Karangahake Gorge, Ship Cove, and Otago Rail Trail.

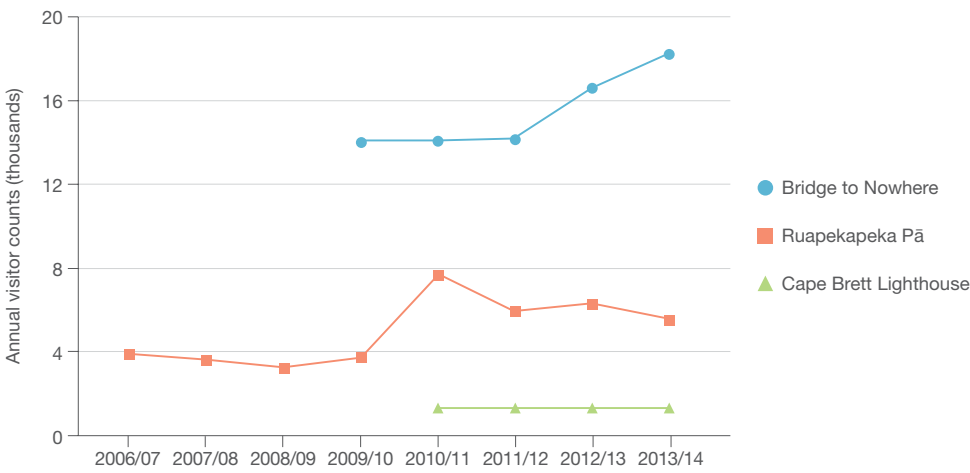


Figure 6: Change over time in the number of visitors to Historic Icon sites: Cape Brett Lighthouse, Ruapekapeka Pā, Bridge to Nowhere.

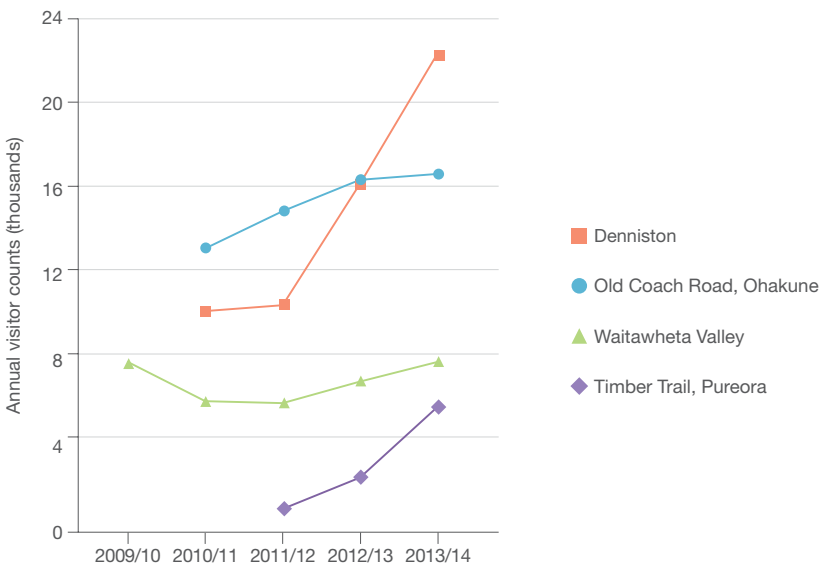


Figure 7: Change over time in the number of visitors to Historic Icon sites: Old Coach Road, Denniston, Waitawheta Valley, Timber Trail/Pureora.

Since 2012/13, when measurements started, a relatively high rate of visitor satisfaction with visits to heritage places has been reported. The number of dissatisfied visitors decreased compared with the previous year, and overall level of satisfaction was maintained. This is a new indicator, so the data does not yet show an evident trend of visitor satisfaction.

Figure 8 shows the satisfaction with the quality of the historic heritage opportunities provided, combining the results for people rating 4 and 5 on the 5 point scale (5 = very satisfied) and also combining results for 1 and 2 (1 = very dissatisfied). A rating of 3 is considered here to mean 'neither satisfied not dissatisfied'.

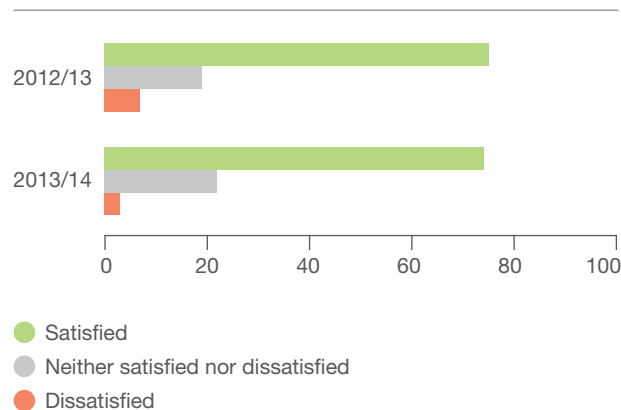


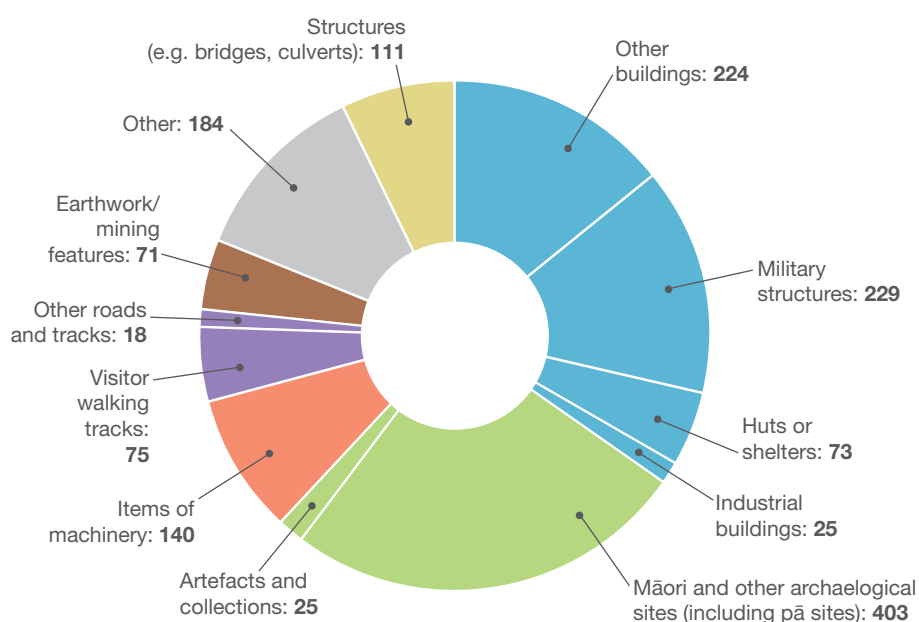
Figure 8: Percentage of New Zealanders' satisfaction with the quality of historic heritage opportunities provided.

### Achievements in 2013/14

- A book entitled *Historic Places of New Zealand* is due to be released in September 2014. Produced in collaboration with the well-known photographer Rob Suisted and New Holland Publishing, it provides a highly visual introduction to New Zealand's heritage places. Most of the sites featured are on public conservation land. This publication also takes an inter-agency approach, and includes many places managed by Heritage New Zealand.

- The Milford Track, one of the Great Walks and a historic track, celebrated its 125th anniversary this year. As a special event, 40 walkers in period costumes went on a 4-day experience, fundraising towards the reconstruction of the historic Beech Hut, which will be rebuilt alongside the track to recreate the style and atmosphere of the historic experience. This will be done in conjunction with Fiordland Museum Trust and other Milford Track stakeholders.

### Heritage features at actively conserved historic places



- Restoration of the Manganuku Bridge has started. The bridge is one of only two exceptional wooden highway bridges in New Zealand. Located in the Waioeka Gorge adjacent to State Highway 2, it is a focal point in the area, next to a DOC campground and the start for several walking tracks.
- At Mason Bay, West Ruggedy, and Fortrose (Stewart Island/Rakiura), early Māori remains have been excavated and reinterred to save them from coastal erosion and subsequent destruction. Partnering up with Ōraka-Aparima Runanga, Awarua Runanga, Waihōpai Runanga, Heritage New Zealand and the University of Otago, scientific analysis will be carried out on some of the remains, providing iwi with new information on their ancestors.

- The Department led a collaborative partnership training initiative that up-skilled 28 heritage professionals from Heritage New Zealand, the Ministry for Culture and Heritage and DOC. The professional training on using comparative analysis to identify New Zealand’s very best heritage sites will help prioritise investment in heritage restoration and tourism initiatives.

### 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 and are reported on in the statement of service performance below.

## Statement of service performance 2013/14: Management of historic heritage

### Performance measures and targets: 2013/14

### National commentary\*

#### Historic heritage restoration

27 historic 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

Southern South Island, Central North Island, and Northern North Island regions all reported a change in priorities during the year affecting eight heritage assets.

Central North Island region also reported deferring one project at the request of iwi pending Treaty Settlement.

1,338 historic or cultural heritage assets for which regular maintenance work is on track to standard.

Maintenance work is on track for 984 historic and cultural heritage assets.

#### Not achieved

All regions except Southern South Island reported reviewing priorities during the year as the new regional structure was bedded in. Northern North Island reported the biggest change affecting 242 heritage assets at North Head which were consolidated into a more manageable ongoing maintenance programme.

26 historic or cultural heritage assessment reports completed to standard.

Six historic or cultural assessment reports were completed to standard.

#### Not achieved.

All regions reported difficulties achieving targets while bedding in the new regional structure as scarce technical input was often required to complete projects and was unavailable while vacancies were being filled. This affected 19 heritage assessment reports.

\* 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 plus or minus 10 percent of the projected performance target. For significant outputs however, as shown on the ‘Summary of output performance’ table, this tolerance is plus or minus 5 percent. When outside these ranges, a variance comment is provided.

## Output class operating statement 2013/14: Management of historic heritage

	Actual 30/06/13 \$000	Budget 30/06/14 \$000	Revised budget 30/06/14 \$000	Actual 30/06/14 \$000
<b>Revenue</b>				
Crown	5,188	5,360	5,151	5,151
Other	13	414	414	15
<b>Total revenue</b>	<b>5,201</b>	<b>5,774</b>	<b>5,565</b>	<b>5,166</b>
<b>Expenses</b>				
Expenses	4,717	5,774	5,565	4,763
<b>Surplus</b>	<b>484</b>	<b>-</b>	<b>-</b>	<b>403</b>

# Recreation

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Report against operating intentions



Mountain bikers on Macetown Historic Reserve, Arrowtown. Photo: Rob Suisted / [www.naturespic.com](http://www.naturespic.com)





**Overall status** ➡

Increase in New Zealanders' awareness of DOC as a recreation provider ➡

Increase in participation in recreation on public conservation lands and waters ➡

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

DOC’s recreation work aims to increase the number of New Zealanders and international visitors who enjoy the outdoors because an outdoor experience adds real value to all our lives. To do this we are continuing to focus investment in visitor and tourism needs in the following ways. At Icon destinations we are providing a top-quality experience for visitors that is encouraging them to return. At Gateway destinations we are focusing on new audiences, introducing the next generation and growing family participation. At the places they value the most, we are empowering and helping local communities to take greater ownership. In the unique adventure playground that is New Zealand’s backcountry, we are empowering people to be self-reliant and ‘at one with nature’.

At all places we want people to enjoy themselves.

### Benefits of increasing people’s enjoyment of the outdoors

- New Zealanders improve their health and wellbeing through taking part in outdoor recreation.
- New Zealanders are provided with opportunities to learn about and contribute to the protection and enhancement of natural and historic heritage.
- International visitors see New Zealand’s most beautiful and iconic locations and promote New Zealand as a desirable destination to their friends and family.
- Outdoor recreation supports transport, accommodation, equipment suppliers and local businesses near conservation areas.



### How are we doing?

The Department surveys the New Zealand population to gain an understanding of the level of awareness of DOC’s recreation opportunities, overall participation rates and levels of satisfaction.\*

**Table 5: Percentage of New Zealanders aware that DOC is a provider of recreation opportunities.**

	2009/10	2010/11	2011/12	2012/13	2013/14
Percentage of New Zealanders (Telephone survey)	60%	78%	77%	82%	
Percentage of New Zealanders (Online/postal survey)				81%	79%

\* Statistics quoted in this section are from the *Survey of New Zealanders*, 2014. Report prepared for the Department of Conservation. The Nielsen Company, Wellington.

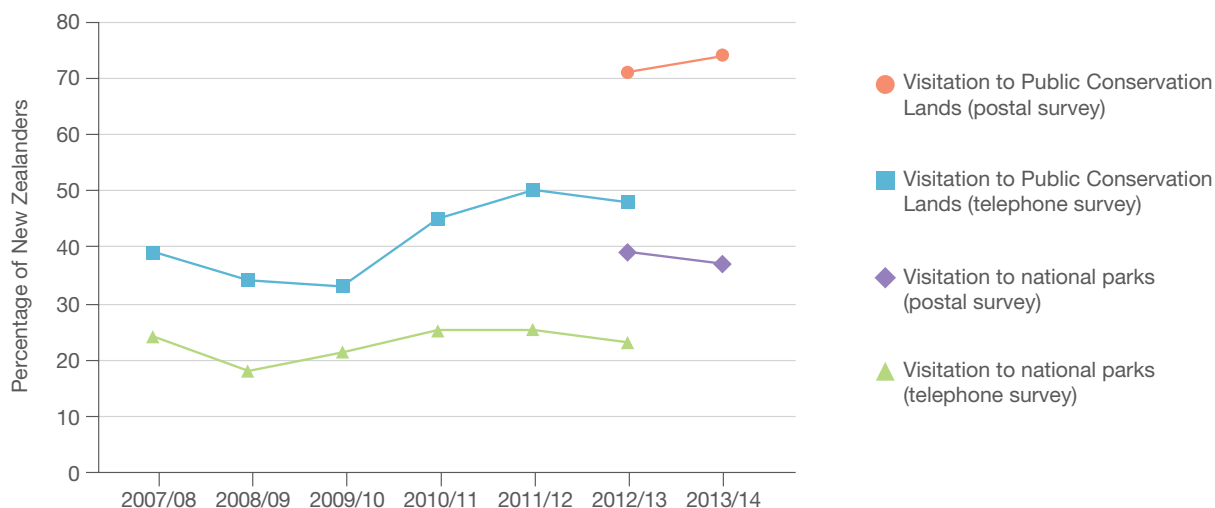


Figure 9: Percentage of New Zealanders participating in recreation on public conservation lands and waters.

This survey shows that there is a relatively high level of awareness of DOC as a recreation provider, and we extrapolate from this that our efforts at promoting recreation on public conservation land are encouraging more people to visit. The frequency of visitation is also increasing, and the level of satisfaction is constant.

#### New Zealanders' awareness of DOC as a recreation provider

Overall, New Zealanders' awareness of DOC as a recreation provider has been high for the past 4 years, although a minor decrease in awareness occurred, from 81 percent in 2012/13 to 79 percent in 2013/14. The 5-year trend shows a significant rise in awareness at the start of the period. Compared with 2012/13, awareness levels have been maintained (see table 5).

#### New Zealanders' participation in recreation on public conservation lands and waters

Previous years showed a trend of increasing participation in recreation by New Zealanders. Having declined briefly between 2011/12 and 2012/13, participation rose notably from 71 percent in 2012/13 to 74 percent in 2013/14 (see figure 9). This increase may be because of promotional efforts and the economic downturn, which may have prompted New Zealanders to look for holiday options

closer to home. A new survey methodology has provided more confidence in the results.

#### New Zealanders' frequency of visiting public conservation lands and waters

Compared with 2012/13, the frequency with which New Zealanders have been visiting public conservation lands and waters has increased. Participation once a month or more often increased from 8 percent to 11 percent in 2013/14. Participation between once a month and once every six months also increased, from 27 percent to 30 percent.

#### New Zealanders' reasons for visiting more or less often

People surveyed were asked if there had either been an increase or a decrease in their participation in the last 12 months compared with the previous 12 months. Those who said their use was more compared with 12 months ago made up 15 percent of respondents and those who reported they were now participating less often made up 23 percent. Table 6 shows the main reasons given.

DOC can directly influence people's choices and encourage more active participation through the access, facilities and information it provides to visitors to public conservation lands and waters. However, some of the

factors that influence people's leisure choices are beyond DOC's immediate influence. Further management actions can be made in this context.

### Activities enjoyed by New Zealanders on public conservation lands and waters

Understanding the activities most enjoyed by New Zealanders in DOC-managed areas enables DOC to invest in the more popular options.

Sightseeing appears to now be more popular than short walks as the activity enjoyed by most New Zealanders visiting public conservation lands and waters. However, walks of less than a day (short and day walks together) remain by far the most popular activity. A small overall increase can be seen for family and friends outings and mountain biking and cycling, while overnight and multi-day tramps, camping and hunting experienced a minor decline compared with the previous year (see table 7).

### Activity insights

**Walking:** Walks of less than one day (short walks and day walks) remain the most popular activity on public conservation land and for New Zealanders generally. Popular walks such as the Tongariro Alpine Crossing, Franz Josef Valley Walk and Huka Falls are significant tourist attractions, continuing to support tourism and provide economic benefits to local communities.

**Table 6: New Zealanders' reasons for visiting public conservation lands more or less often.**

Top five reasons for visiting more often (%)	
Increased awareness, appreciation, and involvement in the environment	23
Family activities—children now a good age for outdoor activities	18
Have more free time for recreation	14
Closer and/or better access to DOC areas	10
Enjoy walking, hiking, tramping in DOC areas	9
Top five reasons for visiting less often (%)	
Health issues	18
Too busy with work commitments	15
Have less spare time (unspecified)	14
Age related	11
Change in personal circumstances	9

**Table 7: Activity rates by New Zealanders on public conservation lands and waters.**

Main activity carried out on last visit	2010/11 (%)	2011/12 (%)	2012/13 (%)	2013/14 (%)
Sightseeing	11	10	24	26
Short walks	29	35	25	25
Family or friends outing	7	7	15	16
Day walk	12	10	10	10
Mountain biking or cycling	N/A	N/A	3	4
Overnight or multi-day tramp	3	3	4	3
Camping	4	5	4	3
Hunting	3	4	3	2
Other activities	31	26	12	11

**Table 8: Facilities used by adult New Zealanders during the past 3 years.**

Facility type used	2008–11 (%)	2009–12 (%)	2010–13 (%)	2011–14 (%)	2014–17 (%) (5-year target)
Stayed at campsite*	21	20	20	19	20†
Stayed in hut/lodge/house	13	13	13	13	15
Been to DOC visitor centre	51	49	47	43	60
Walked a Great Walk	15	14	15	16	N/A

**Tramping:** DOC's premier tramping opportunities continue to be a success, with overall visitation to the Great Walks having increased by 9 percent over the past year to reach around 95,000 visits. The Great Walks continue to support various commercial operators, enabling guided and independent visitors to enjoy the outdoors. Across the backcountry, DOC is working with stakeholders, including Federated Mountain Clubs of New Zealand, New Zealand Deerstalkers' Association, Trail Fund and community groups, to encourage a wide range of users to enjoy and look after these special places.

**Camping:** Around 110,000 New Zealanders choose to have tent-camping holidays each year (Roy Morgan Research 2012). Almost 50,000 overseas visitors stayed at a DOC campsite in 2013/14 (Statistics NZ 2014). DOC is one provider in a larger sector, and generally caters for more basic and self-sufficient experiences. Since 2010, DOC has upgraded several high-use coastal campgrounds in Northland, Coromandel and Nelson-Marlborough, where demand for camping is greatest.

**Hunting:** Recreational hunting on public conservation land remains a chosen recreation (and, in many cases, food gathering) activity for 2 percent of the population. Various types of hunting are available, ranging from big game hunting in the backcountry to hunting gamebirds, typically on wetlands closer to home. The backcountry

network, enabling access and providing facilities, supports hunting, including guided hunting.

**Cycling and mountain biking:** In the past decade there has been a considerable growth in demand for trail-based cycling opportunities in New Zealand (Tourism Resource Consultants 2009). DOC currently has 1,600 kilometres of track available for mountain bikes. Also, 19 of the 22 Great Rides developed as part of national cycleways are on public conservation land, and DOC has opened three tracks in the Kahurangi National Park for biking. Advances in electric bike technology are allowing less fit or able people to enjoy the outdoors. With growing numbers of sales of these bikes, including mountain bike models, DOC can expect more use of the trails it manages, leading to an increase in the number of cycling visitors.

#### DOC facilities used by adult New Zealanders during the past 3 years

Information on New Zealanders' participation in activities in DOC-managed areas is summarised in table 8 and has been compared with DOC's participation targets in the 2013–17 Statement of Intent. Respondents were asked to recall their participation in selected activities over the past 3 years, hence the year ranges shown. This information about DOC's more popular destinations is used to guide provision of facilities and services.

\* For 2008–11 and 2009–12 the proportion of New Zealanders who had visited a basic, standard and/or serviced campsite was measured separately. This indicator was changed for 2010–13 onwards, and now measures the proportion who have visited any kind of campsite. Because of a lack of data for the total proportion staying at campsites from 2008–11 and 2009–12, the proportion saying that they stayed at a basic DOC campsite was used, as it was by far the most frequented type of campsite.

† Previous reports provided targets for basic (25 percent), standard (20 percent), and serviced (15 percent) campsites. With the indicator having changed to measure the proportion of people who had visited any kind of campsite, the target has been based on the average of the previous targets.

The proportion of New Zealanders using DOC accommodation has been stable over the past years. The number of New Zealanders walking Great Walks has been on the increase, while visitation at DOC visitor centres continues to decline.

**New Zealanders’ satisfaction with the quality of the experiences and opportunities provided**

We can assume that satisfied visitors are more likely to become repeat visitors and tell positive stories about their experiences. This can lead to an increase

in visitations to DOC destinations. From comments received from visitors via the DOC website, we can also assume that the condition of facilities people encounter will influence their levels of satisfaction (Department of Conservation 2014c). Figure 10 from the population-based survey shows both the overall level of satisfaction with the quality of the experience and opportunities provided and the performance of facilities to standard, as measured by onsite inspections against service level criteria. The relationship between these sets of dates is not proven but interesting to consider.

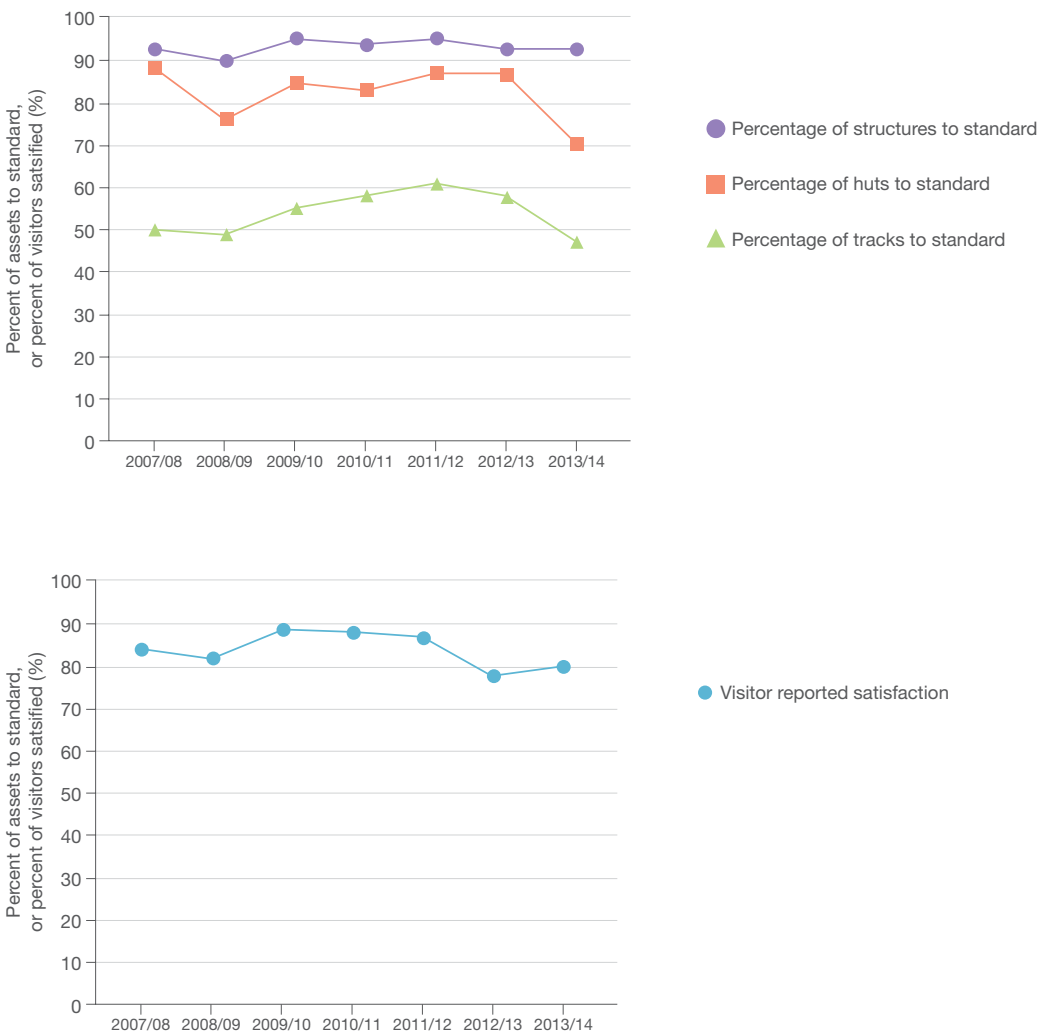


Figure 10: New Zealanders’ satisfaction with the quality of visitor facilities and opportunities provided compared with the standard of three main facilities provided.

From 2007/08 onwards a high rate of visitor satisfaction has been reported. The satisfaction level roughly tracks the performance standard at facilities, but in 2013/14 visitor satisfaction went up by 2 percent while the percentage of facilities meeting standards went down. The drop in performance of facility maintenance is attributed to the disruption caused by DOC's organisational review and restructure over the past couple of years.

### Achievements in 2013/14

- An eruption detection system was installed on Mount Tongariro, enabling the Tongariro Alpine Crossing to be reopened to visitors after being closed by the Te Maari vent eruption. A lighted sign system at each end of the track and in the middle section indicates the status of the area's volcanic activity, helping visitors to make sound decisions about safe travel.
- The Tarawera Trail was opened, forming the first stage of a three-part project which will link Lakes Tarawera, Rotorua, Tikitapu/Blue Lake, Rotokakahi (Green Lake), Ōkareka, Rotomahana and Ōkātina. The project has been driven by the Tarawera Trail Trust, a partnership between landowners, Māori land-owning trusts, and DOC, and aims to develop a world-class experience.
- After a 3-year trial, seasonal mountain biking on the Heaphy Track has been approved as an ongoing activity. The trial showed a 22 percent increase in visitor numbers. This result is expected to have a positive impact on the local economy.
- The Tasman Glacier road in Aoraki/Mount Cook National Park has been realigned and sealed in partnership with the New Zealand Transport Agency, making it easier and safer for visitors to access the valley. The new alignment keeps visitors safe from rockfall and avalanches, and the new road surface has enabled vehicle hire companies to allow their vehicles to be driven on this road.
- With 16 percent of New Zealanders having enjoyed a Great Walk over the past 3 years, the use of this resource is now the highest it has ever been, and a major contribution has been the partnership with Air New Zealand. Most of the Great Walks recorded significant gains in participation, with the Tongariro Northern Circuit alone gaining 35 percent in total visitation.

### 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 and are reported on in the statement of service performance below.

## Statement of service performance 2013/14: Recreation opportunities

Performance measures and targets: 2013/14	National commentary*
<b>Recreation opportunities management</b>	
Number of visitor recreation and interpretation publications meeting publication standard with a target of 90 percent.	254 visitor recreation and interpretation publications out of a total of 270 met publication standard (94 percent) (target 259). <b>Achieved</b>
<b>Asset management</b>	
Number of huts meeting required service standard with a target of 90 percent to standard.	679 huts out of 976 met the required service standard (70 percent). <b>Not achieved</b> 175 of the 297 huts not to standard were as a result of outstanding service standard tasks. These tasks are part of the normal ongoing maintenance programme and are not considered serious or critical. 148 huts had outstanding inspections at year end. This represents a lag in inspections as a result of moving during the year from the locally-run inspection programme to a Regional approach aimed at improving overall effectiveness of the asset management programme.
Kilometres of tracks meeting required service standard in each visitor group with a target of 45 percent to standard.	6819 kilometres out of 14,529 kilometres of tracks met the required service standard (47 percent). <b>Achieved</b>
Number of structures meeting the required service standard with a target of 95 percent.	12,261 structures out of 13,259 met the required service standard (92 percent). <b>Achieved</b>
<b>Business opportunities management: Recreation concessions</b>	
403 active one-off recreation concessions will be managed.	266 active one-off recreation concessions were managed. <b>Not achieved.</b> The demand for these types of permission varies. There has been less demand this year than for the previous year.
A target of 15 percent of active longer-term recreation concessions will be monitored annually.	39 active longer-term recreation concessions were monitored out of 1349 that were managed (3 percent) (target 187). <b>Not achieved.</b> The regions reported difficulties achieving targets, in part due to capability issues as they bedded in the new regional structure, and also a focus this year on planning how to work better with concessionaires.

\* 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 plus or minus 10 percent of the projected performance target. For significant outputs however, as shown on the 'Summary of output performance' table, this tolerance is plus or minus 5 percent. When outside these ranges, a variance comment is provided.



## Performance measures and targets: 2013/14

## National commentary

**Business opportunities management: Recreation concessions**

1245 active longer-term recreation concession permits, licences, leases and easements managed.

1349 active longer-term recreation concession permits, licences, leases and easements were managed.

**Achieved**

**Business opportunities management: Other resource use concessions**

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

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

**Not achieved**

The demand for these types of permission varies. While there was an increase in demand for gravel extraction in the southern South Island, there was less demand for other types of application this year.

A target of 15 percent of active longer-term other resource use concessions will be monitored annually.

217 active longer-term other resource use concessions were monitored out of 3145 managed concessions (7 percent).

**Not achieved**

The regions reported difficulties achieving targets, in part due to capability issues as they bedded in the new regional structure, and also a focus this year on planning how to work better with concessionaires.

2860 active longer-term other resource use concession permits, licences, leases and easements managed.

3145 active longer-term other resource use concession permits, licences, leases and easements were managed.

**Achieved**

**Output class operating statement 2013/14: Management of recreation opportunities**

	Actual 30/06/13 \$000	Budget 30/06/14 \$000	Revised budget 30/06/14 \$000	Actual 30/06/14 \$000
<b>Revenue</b>				
Crown	122,536	121,052	122,966	122,966
Other	20,582	21,598	23,598	22,524
<b>Total revenue</b>	<b>143,118</b>	<b>142,650</b>	<b>146,564</b>	<b>145,490</b>
Expenses	137,950	144,650	148,564	144,169
<b>Surplus/(deficit)</b>	<b>5,168</b>	<b>(2,000)</b>	<b>(2,000)</b>	<b>1,321</b>

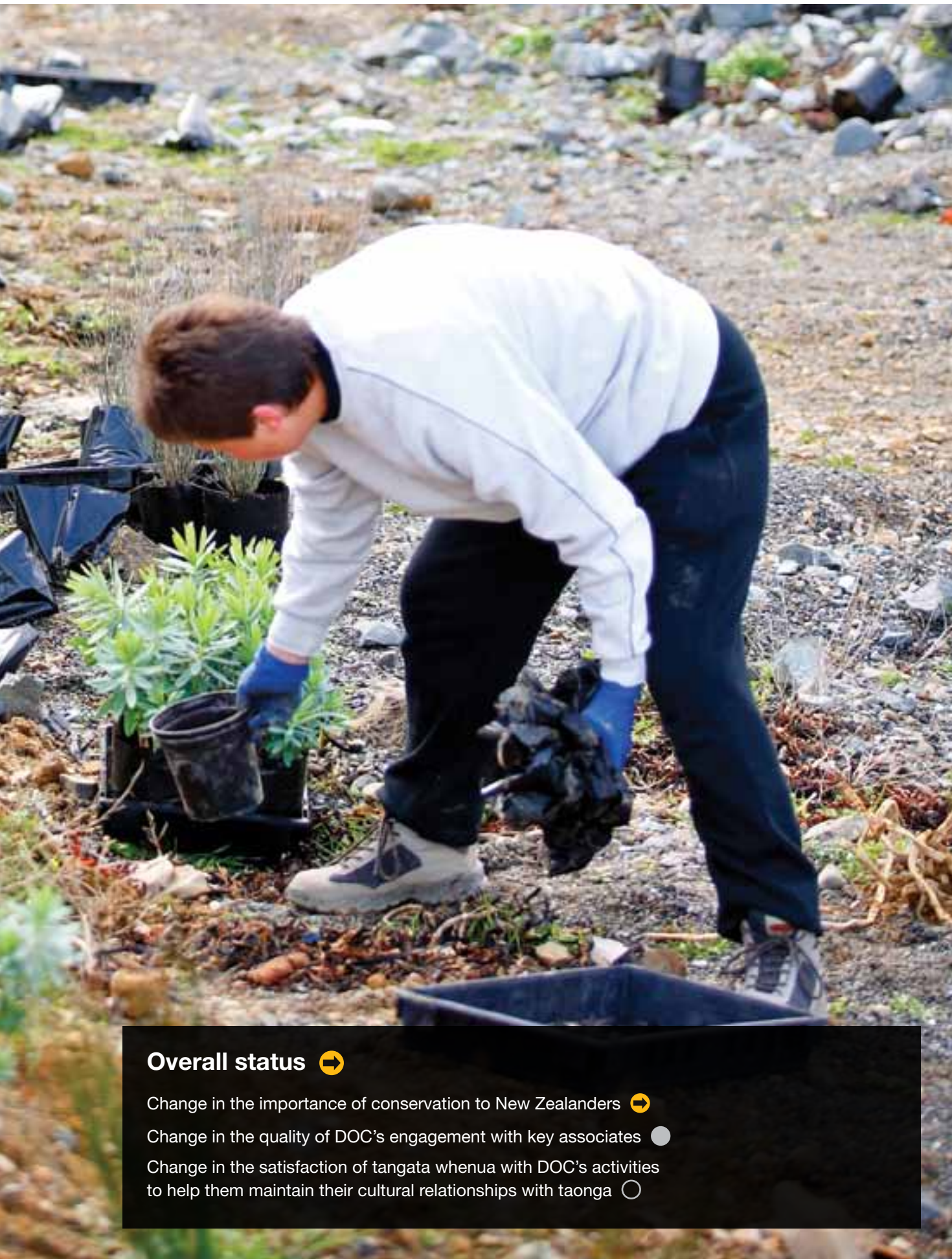
# Engagement

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Report against operating intentions





Conservation volunteers planting native plants to restore old quarry site, Wellington. *Photo: Rob Suisted / www.naturespic.com*



## Overall status

Change in the importance of conservation to New Zealanders 

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

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

## Benefits of more people engaging with conservation

Engaging with our historic sites and our natural world helps build our identity as New Zealanders. From increased engagement, we can expect to see a strong connectedness with nature and higher levels of physical and mental wellbeing.

In addition, participating in and contributing to conservation allows people to enjoy and learn about nature and heritage, and to connect with others with similar interests. People and organisations are then able to develop the skills and knowledge they need to do conservation work.

Ultimately, we would like to see all New Zealanders working alongside DOC to protect, restore and enjoy the nation's natural, historic and cultural heritage, contributing to our wellbeing and New Zealand's economic success.

DOC has made a significant shift in the past 12 months to focus more strongly on working with others to grow conservation in New Zealand. To achieve this, we are:

- Working to increase the public's awareness of and interest in conservation
- Engaging and partnering with and supporting others to contribute to conservation
- Profiling the importance of conservation as an investment in a healthy and prosperous New Zealand.

## Change in New Zealanders' understanding of important conservation issues

As noted previously, DOC uses an annual population-based survey (Nielsen 2014) to track New Zealanders' understanding and perceptions of conservation. The 2014 survey results showed that 80 percent of people felt that conservation is very important or important to them personally (figure 11). This level of importance is relatively stable, with 81 percent responding last year that conservation was important to them.



DOC uses social media to engage more people with conservation—helping to increase awareness, understanding and commitment amongst New Zealanders. In 2013/14 DOC increased its reach with the launch of its Wildside New Zealand community on Facebook and Twitter, and new DOC Pinterest and Instagram accounts. DOC's most popular account continues to be the Facebook page of Sirocco the kākāpō, New Zealand's official 'spokesbird' for conservation. At 30 June 2014, Sirocco's Facebook page was New Zealand's fastest growing community page (Socialbakers n.d.), with over 76,000 followers.\* This is a 348 percent increase on the same time last year† and makes Sirocco the 10th most popular community page in New Zealand.

\* As at 30 June 2014, the page had 76,108 followers.

† As at 30 June 2013, the page had 17,004 followers.

Conservation management strategies set out how DOC looks after natural and historic resources on behalf of all New Zealanders. The submission process is the public's opportunity to influence the strategy and the decisions and actions that result from it. The Canterbury, Otago and Southland strategies were publicly notified for submissions in late June 2013, and 1081 submissions were received for these strategies. The number and quality of the submissions indicated strong levels of engagement and interest in conservation management by members of the public, iwi, national agencies and businesses.

### Change in the quality of DOC's engagement with key associates

Research on DOC's engagement with key associates is held every 2 years and will next be undertaken in 2014/15. The 2012/13 research consisted of in-depth interviews with senior staff of 45 stakeholder organisations (at the chief executive and/or general manager level or their direct reports). The results indicated that DOC's

relationships with stakeholders were continuing to operate well although several stakeholder organisations felt there was opportunity for greater collaboration and resource sharing.

The Community Conservation Partnership Fund Pūtea Tautiaki Hapori (CCPF) was established in 2014 to provide funding and support to community-led conservation projects throughout New Zealand. The fund offers \$26 million over the next 4 years. Ninety-nine projects have been approved for funding over the next 3 years. Of these, six are national projects and the remainder are regional or local projects. Fourteen of the approved conservation projects are being led by whānau, hapū and iwi groups.

Volunteers continue to make an important contribution to conservation and to communities throughout New Zealand. In 2013/14, 35,149 workday equivalents were contributed by people volunteering, well exceeding the target set.

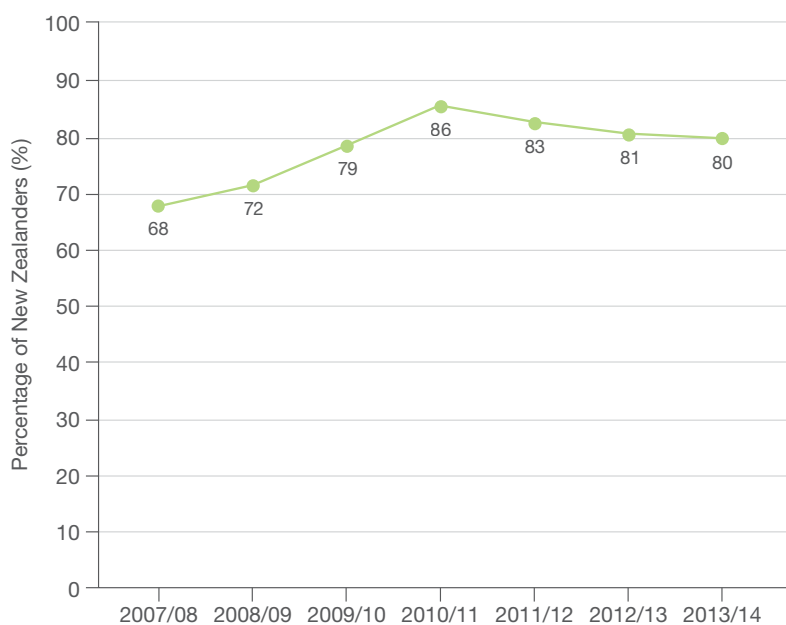


Figure 11: Percentage of New Zealanders who consider conservation is important or very important to them personally.

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

This indicator was not measured in 2013/14 because DOC is developing an integrated monitoring framework for its engagement and business intermediate outcomes. As part of this process, both the indicator and the methodology will be reviewed to ensure that all

indicators relating to tangata whenua engagement are aligned and integrated.

Effective engagement with tangata whenua enhances the conservation of natural resources and historical and cultural heritage. While DOC has a statutory responsibility under section 4 of the Conservation Act 1987, DOC also seeks to support partnerships with whānau, hapū and iwi based on Māori values (including kaitiakitanga). In 2013/14, 30 percent of DOC's partnerships involved tangata whenua.

### Abel Tasman National Park – Project Janszoon

Abel Tasman National Park's native forest and birdlife is transforming thanks to a \$25 million partnership between DOC and the Project Janszoon Trust.

Since its launch 2 years ago, Project Janszoon has taken big steps towards its goal of restoring the Abel Tasman National Park ecology by 2042, the park's 100th anniversary. In 2013/14 alone, pest control has been put in place, species and ecosystem restoration is progressing and a 'virtual visitor centre' phone app and park wi-fi network have been created to provide information about the project and park to visitors.

One significant achievement this year has been the release of 12 kākārīki (yellow-crowned parakeet) into the park. These are the first captive raised kākārīki to ever be released onto the New Zealand mainland.

Releasing the kākārīki was only possible because of an extensive stoat trapping network covering 70 percent of the park, which should provide a safe habitat for the native birds to flourish.

Alongside this, DOC and Project Janszoon are working with the Abel Tasman Birdsong Trust, which is also involved in the restoration of Abel Tasman National Park, particularly the wilding pine project and robin translocation to Adele Island. The 2013/14 year has seen the Trust progress work on significant areas within its wilding conifer project. Visitors to the park can now see large areas of this invasive tree species browning-off as part of the wilding conifer positioning programme. Once considered a job too big to tackle, the Trust has demonstrated that a systematic and sustained approach works.

### South-East Marine Protection Forum/Roopu Manaaki ki te Toka

In March 2014, the membership of the South-East Marine Protection Forum was announced by the Minister of Conservation. The 14-member forum is tasked with developing options for marine protected areas along the Otago coast, New Zealand's only region without a marine protected area. The process follows the planning principles provided in New Zealand's Marine Protected Areas Policy, which seeks to establish a network of marine protected areas that is comprehensive and representative of New Zealand's marine habitats and ecosystems. As set out in the

policy, the forum will take a collaborative approach by seeking to involve all stakeholders, local communities and interest groups. It is expected the forum will make its recommendations to the Minister of Conservation and Minister for Primary Industries by early 2016 on the locations and types of marine protected areas that should be established in the Otago region. Technical support, including innovative tools to aid collaborative and participatory planning, as well as information and advice will be provided to the forum by DOC and the Ministry for Primary Industries.

## Achievements in 2013/14

- Forty-three toutouwai/North Island robin were translocated from Waikato to Moturua Island, Bay of Islands, as part of the Project Island Song partnership between the Department of Conservation, Patukeha and Ngāti Kuta, and Guardians of the Bay of Islands.
- The successful Poutiri Ao ō Tāne partnership between the Department of Conservation, the Hawke's Bay Regional Council, Maungaharuru Tangitu Trust, Ngāti Pāhauwera, Ngāti Hineuru, Landcare Research and various Hawke's Bay landowners and businesses has resulted in the successful breeding of kākā following the release of six birds into the wild in February 2014.
- The Wakatipu Wilding Conifer Control Group is a joint multi-agency and community entity involving DOC, Land Information New Zealand, Queenstown Lakes District Council and landowners and the community in the Wakatipu district. This year, the partnership treated over 8000 hectares of wilding pine to control and contain its spread within the Wakatipu district.

## 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 and are reported on in the statement of service performance below.



## Greening Taupō

*‘Kia tangi ai te tini parirau’*

*To hear the sound of many wings*

Greening Taupō is a community conservation initiative aimed at bringing back the birdsong to Taupō. The concept came about following informal discussions between DOC, one of the key partners, Project Tongariro, and the owner of the Wairakei Golf and Sanctuary.

The goal is to replicate the intensive conservation work happening within the Wairakei Golf and Sanctuary at a landscape scale in the surrounding community. The Wairakei Golf and Sanctuary built a predator-proof fence around the sanctuary, enclosing approximately 160 hectares, to create a unique experience where golfers can experience New Zealand’s wildlife. Inside the sanctuary, with the exception of mice, all mammalian pests were eradicated in 2010.

Extensive areas of indigenous forest are being restored at the sanctuary to enhance the habitat for native birds, which already have increased in abundance and are spreading out into the surrounding area. The sanctuary has plans to reintroduce suitable species and is already being used as a kiwi crèche—juvenile kiwi that unfortunately would usually be killed by introduced predators are grown to a relatively safe size before being released back into kiwi sanctuaries.

The sanctuary plans to re-establish more threatened species capable of living within the area, such as kākāriki.

More than 3000 trees were planted at the first planting day held in conjunction with one of the many community partners, Contact Energy. As Greening Taupō will work closely with The EnviroSchools Foundation, it was encouraging to have 17 schools from all around the central North Island represented at the planting day.

### **Within 5 years Greening Taupō hopes to achieve a number of milestones:**

- Greening Taupō is a well known, financially sustainable entity within the Taupō community.
- At least 25 businesses, organisations, schools and community groups are undertaking restoration projects facilitated by a local coordinator.
- The Taupō community has planted at least 250,000 suitable plants under the Greening Taupō umbrella.
- Pest control to enhance native bird survival has been implemented within at least three key areas of native habitat.
- Lakeshore kōwhai forests are being successfully restored.
- Kākāriki have been introduced to the Wairakei Golf and Sanctuary, are increasing in numbers and are spreading out into the wider community.



## Statement of service performance 2013/14: Engagement

Performance measures and targets: 2013/14	National commentary*
<b>Education and communication</b>	
747 education initiatives will be provided during the year with greater than 70 percent of participants surveyed rating the initiatives as 'moderate' or 'significant' at meeting their objectives.	665 education initiatives were provided during the year. <b>Not achieved</b> The disruption and capacity issues arising from the organisational restructure were reasons for reduced events, as well as circumstances beyond DOC's control such as the cancelled Golden Bay A&P show. 950 participants were surveyed about the effectiveness of the initiatives, and 917 (96 percent) rated the initiatives as 'moderate' or 'significant' at meeting their objectives.
32,935 workday equivalents will be contributed by people volunteering.	35,149 workday equivalents were contributed by people volunteering. <b>Achieved</b>
<b>Participation</b>	
573 partnerships will be run during the year with greater than 80 percent of partners surveyed rating their contribution to conservation as 'effective' or 'partly effective'.	605 partnerships were run. 94 percent of participants (136 of 145 surveyed) rated the initiatives as 'effective' or 'partly effective' at meeting their objectives. <b>Achieved</b>
30 percent of partnerships involve tangata whenua.	180 of the partnerships run involved tangata whenua (30 percent). <b>Achieved</b>

\* 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 plus or minus 10 percent of the projected performance target. For significant outputs however, as shown on the 'Summary of output performance' table, this tolerance is plus or minus 5 percent. When outside these ranges, a variance comment is provided.

## Output class operating statement 2013/14: Conservation with the community (Engagement)

	Actual 30/06/13 \$000	Budget 30/06/14 \$000	Revised budget 30/06/14 \$000	Actual 30/06/14 \$000
<b>Revenue</b>				
Crown	20,474	20,322	24,415	24,415
Other	532	1,085	1,085	660
<b>Total revenue</b>	<b>21,006</b>	<b>21,407</b>	<b>25,500</b>	<b>25,075</b>
Expenses	21,222	21,407	25,500	25,224
<b>Surplus/(deficit)</b>	<b>(216)</b>	<b>-</b>	<b>-</b>	<b>(149)</b>

# Business partnerships

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Report against operating intentions





Gannet Beach Adventures taking visitors to the Cape Kidnappers gannet colony, Hastings. *Photo: Rob Suisted / www.naturespic.com*



## Overall status

Increase in engagement of the commercial sector in conservation partnerships 

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

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 needs to engage with others and work 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 work and deepen relationships with our current partners and to seek out new partnerships by:

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

How people relate to conservation already and the image DOC has within society (the 'DOC brand') are critical factors to DOC's successful engagement of the business sector in conservation endeavours. DOC's brand strength has shown a positive upward trend with the public since 2008 (BrandCapital International 2014) and DOC will maintain and build on this strength.

## Increase in engagement of the commercial sector in conservation partnerships

Through developing meaningful business partnerships with New Zealand organisations, DOC not only increases the investment in conservation, it also creates the opportunity to work alongside large corporates and communicate the conservation story, transforming how they think about and interact with conservation. Thus, a focus for the Department has been to work with its current national partners to deepen the relationships and connection they have with conservation. We have seen commitments by partners continued and, in some cases, increased. A good example of this is the additional commitment by Air New Zealand of \$1.95 million over a 5-year period for marine protection.

DOC currently manages national partnerships with eight significant New Zealand corporations: Air New Zealand, Bank of New Zealand, Crombie Lockwood, Dulux New Zealand, Genesis Energy, Fonterra, Mitre 10 and New Zealand Aluminium Smelters. While revenue is an important measure of success from our business partnerships, their true value is reflected in three other important areas.

- **Reach:** All of our partners have the ability to reach and influence audiences that have previously been beyond the resources of the Department. This represents a strong opportunity to engage others in conservation.
- **Recreation:** Support from partners like Air New Zealand in promoting recreation activities on public conservation land means more people will benefit from being active and, hopefully, more people will take an active interest in conservation.
- **Restoration:** All partners are providing resources to deliver more conservation gains on the ground.

The following examples of DOC partnerships show the progress that has been achieved to increase conservation.

- The Living Water Programme\* is a joint project between DOC and Fonterra working with local communities, dairy farmers, iwi and other stakeholders to improve sensitive water catchments. The programme's vision is 'A sustainable dairy industry is part of healthy, functioning ecosystems that together enrich the lives of all New Zealanders'. In all five catchment areas, start-up projects have been initiated after engagement with key stakeholders.
- Pure Advantage (a not-for-profit organisation promoting green business growth) has identified New Zealand's 'biodiversity advantage'+ as one of seven areas that can be built on to achieve sustainable economic growth. Fonterra and DOC have teamed up to act as the corporate leaders, developing a strategy to engage the business sector in ways that create

\* Further information on the DOC-Fonterra waterways protection partnership is available at [www.fonterra.com/nz/en/sustainability+platform/supporting+our+communities/new+zealand/new+zealand](http://www.fonterra.com/nz/en/sustainability+platform/supporting+our+communities/new+zealand/new+zealand).

+ Further information on Pure Advantage is available at [www.pureadvantage.org/our-campaign](http://www.pureadvantage.org/our-campaign).



relevance and amplify the protection and enhancement of biodiversity. Two workshops have been hosted by Pure Advantage with businesses such as Fonterra, Air New Zealand, Mitre 10, Crombie Lockwood, Sandford Fisheries and Kiwi Rail attending, along with Landcare Research, the Sustainable Business Council and Forest and Bird. A third workshop is planned to present options to the Pure Advantage Trustees.

- Kākāpō Recovery partners DOC, New Zealand Aluminium Smelters and Forest and Bird joined forces with DOC concessionaire Real Journeys to bring three kākāpō chicks to Arrowtown during the year to offer the public a once-in-a-lifetime viewing of three of the

six chicks successfully hatched this season. As the event sponsors for the day, Real Journeys staff worked alongside Kākāpō Recovery partners to pull together a hugely successful event that exceeded expectations in terms of public turnout, despite the poor weather (1070 people came through the doors, including seven schools with over 260 children, in 5 hours). As a company with guiding principles of conservation and hospitality, whose aim is to share the natural heritage and astounding beauty of New Zealand with visitors, Real Journeys was an ideal partner to help develop and host such an experience.

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

DOC enables commercial operations on public conservation lands and waters through the authority of permissions. A diverse range of commercial businesses is involved. This includes agriculture (particularly grazing), electricity generation and transmissions, telecommunications, transmission towers, wild animal recovery, filming and tourism. The Department has focused significant effort on improving the way that permissions are processed.

Tourism is one of the most important sectors operating on public conservation lands, taking advantage of the spectacular landscapes and treasured natural attractions found there. International visitors tell us that New Zealand's natural environment is front and centre for them when they are deciding where to go on holiday (Tourism NZ 2014). Tourist industry-related activities contribute at least half of all of DOC's permissions revenue (see note 1, page 124).

**Table 9: Department of Conservation concession and partnership revenue, 2013/14.**

	2011/12 Actual (benchmark) (\$000)	2012/13 Actual (\$000)	2013/14 Actual (\$000)	Change (%)
Revenue received				
Concessions, leases and licenses (Crown)	13,798	13,360	13,777	3.1
Partnership	3,293	5,238	6,473	21.3

**Table 10: Revenue from key DOC products and services.**

Revenue received	2011/12 Actual (baseline) (\$000)	2012/13 Actual (\$000)	2013/14 Actual (\$000)	Change (%)
Backcountry huts	1,525	1,588	1,606	1.1
Conservation campsites	3,196	4,222	4,738	12.2
Great Walks	4,240	4,806	5,293	10.1
Visitor centre network—gross retail	2,114	2,052	2,213	7.8

DOC's **core image descriptions** are within the top

**5%**

of New Zealand brands



Department of Conservation  
*Te Papa Atawhai*

**KNOWLEDGEABLE  
ENVIRONMENTALLY  
RESPONSIBLE  
SOCIALY  
RESPONSIBLE  
DOWN TO EARTH  
NOT OVER-PRICED**

### Increasing the return to conservation from key DOC products and service

DOC is continuing to focus on increasing the use of its visitor facilities (visitor centres, huts, campsites and the nine Great Walks). These facilities have been marketed to new customers, with the aim of increasing the number of people visiting public conservation lands and connecting people to conservation (see table 10).

Results over the past 2 years show success in marketing New Zealand’s Great Walks and DOC campsites, and encouraging people to get out and experience these places. The benefit is increased revenue from the sales of these products, which is then invested back into conservation.

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.

The multi-use campsite pass distributed through rental vehicle companies continues to be popular. Six companies are involved in promoting and selling the pass and several more are interested. This approach improves DOC’s reach in marketing its campsites and potentially reduces the incidence of illegal freedom camping.

DOC has also invested in developing three other new products (Manaaki Trails, Coastal Gems and Hut Breaks). Recreation opportunities have been packaged in new

ways, which will hopefully attract more participation. These products provide commercial operators with new experiences on which to build their businesses.

### Manaaki Trails

Manaaki Trails is a set of four, 2- to 4-day fully guided walks operated by existing concessionaires that are being promoted by DOC. Underpinned by the value of manaakitanga (giving hospitality), these walks share New Zealand's unique outdoor environment while providing some home comforts. They offer a great option for visitors or less-experienced walkers ([www.doc.govt.nz/manaakitrails](http://www.doc.govt.nz/manaakitrails)).



### Coastal Gems

Coastal Gems is an extension of the successful partnership with Air New Zealand. Our collective aim is to get more people experiencing marine reserve destinations. DOC is working with local hapū, tourism operators and regional tourism organisations to develop and promote compelling reasons for local people to visit and experience New Zealand's marine environments, and to grow as advocates for conservation ([www.doc.govt.nz/coastalgems](http://www.doc.govt.nz/coastalgems)).



# Organisational capability

Overall status 

The Department of Conservation operating and governance model is shown in figure 12. This reflects the ongoing cycle of planning, delivery and review required to sustain and improve organisational performance.

The Director-General, with the support of the Senior Leadership Team (SLT), authorises an enterprise-wide strategy and the portfolios that deliver on DOC's outcomes and enhance the growth of conservation. In doing so, SLT takes advice from the Risk and Assurance Committee and Finance Committee. The main elements of the strategy are set out in the Four-year Plan.

The investment approach (as reflected by the portfolios) is developed and prioritised by the Intermediate Outcome stream leads in collaboration with the wider business (as demonstrated by the matrix). The stream leads independently and collectively draw on and build best practice, and collaborate to ensure the delivery of the right things at the right time. The Outcomes Management Team then consolidates and further prioritises these portfolios into a whole-of-DOC investment approach (that enables the strategy). This step ensures that the Department is delivering agreed

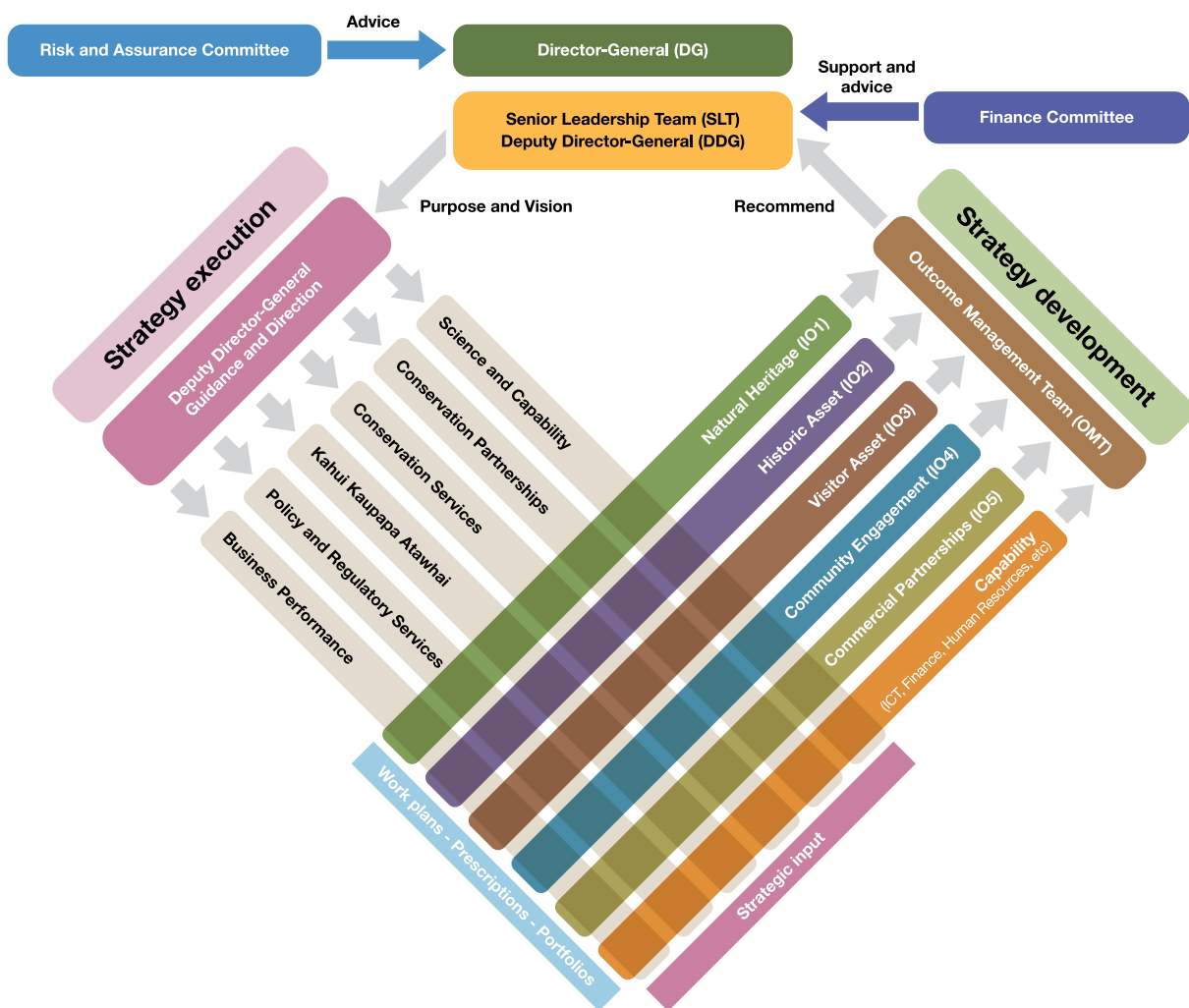


Figure 12: Department of Conservation operating structure.



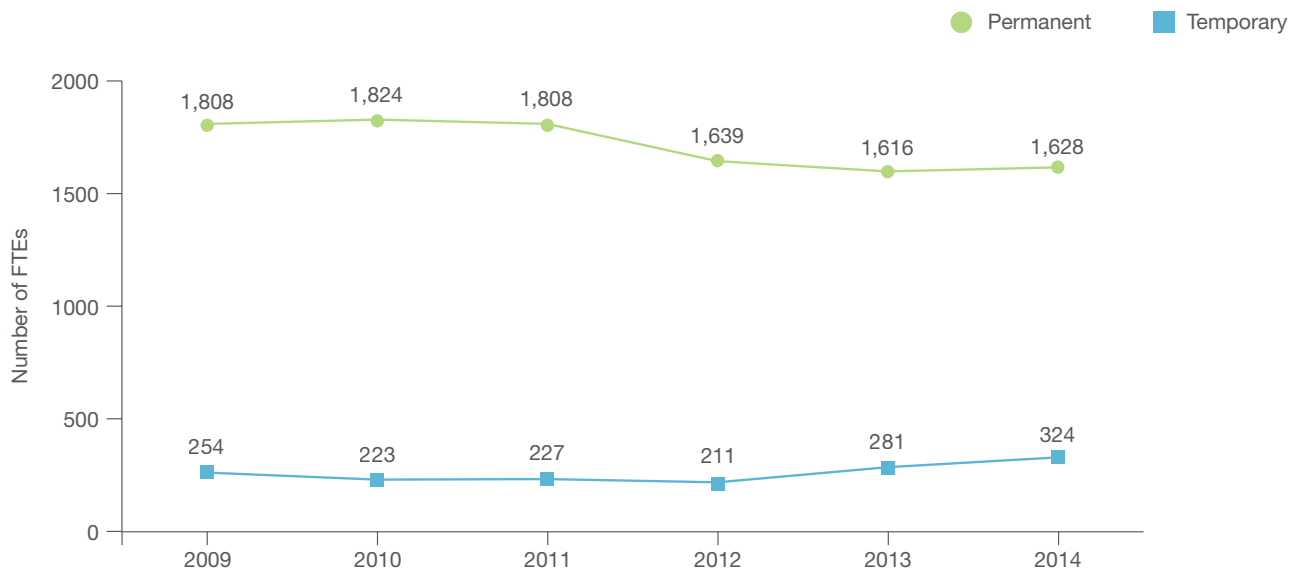


Figure 13: Full-time equivalent (FTE) employees as at 30 June.

outputs, continuously learning and improving, as well as living within its means.

The execution of the investment approach and portfolios is the responsibility of the functional groups led by the Deputy Director-Generals. These take the form of annual business plans and are delivered by means of work plans, prescriptions and sub-portfolios, which form part of the DOC Four-year Plan.

Review and reporting is a critical element of the model, to reveal performance against targets and support continuous improvement. Investment approaches are then adjusted accordingly.

The model requires collaboration and transparency, so that organisational resource can be effectively managed for the best conservation outcomes. The model also requires role clarity for accountability and decision making.

### Overall status: Capability and workforce

The capability and leadership shown by DOC's managers and staff are critical to the organisation's

current and ongoing success. DOC has several areas of focus all aligned with strengthening these aspects. These initiatives are outlined below.

### Organisational change

On 2 September 2013, the Department implemented a new organisational structure. This significant change was designed to transform how we work so that, along with others, we achieve more conservation.

DOC's new structure has two business groups, which each have a clear specialist focus. Our Conservation Services team is focused on getting great conservation work done on the ground, while our Conservation Partnerships team is focused on building strong partnerships that grow conservation. In addition, the Kahui Kaupapa Atawhai team, which leads DOC's relationships with iwi partners, has been strengthened. A new regional structure is in place that redefines the current geographical boundaries from 11 Conservancies to six Partnership regions and six new Service regions.

Overall staffing numbers have reduced over the past 5 years. Some roles in the new structure are still being filled. DOC continues to have a high number of temporary positions to cover for seasonal work. As at 30 June 2014, DOC employed 1628 permanent full-time equivalent staff and 324 temporary full-time equivalent staff.

The effort to make the new direction and structure effective has begun. In March 2014, just six months after implementation of the new structure and operating model, a series of organisation-wide workshops, led by the Senior Leadership Team, was initiated to understand how employees were experiencing working at DOC. Commentary was analysed and themed to inform a leader-led response to the most urgent issues, challenges and opportunities highlighted.

Many initiatives are now under way to address the issues and challenges raised by staff. Planning has also started to address longer term issues and maximise potential opportunities, that will, in time, contribute to the rebuilding of a connection culture across and beyond the Department.

The Senior Leadership Team led a staff culture survey of 200 staff in February 2014 entitled 'Working at DOC'. This formed the basis of key management interventions to improve employee engagement. Given the success of this, it is likely to be repeated in 2015.

We have been working hard through this past year to implement the new structure internally, and ensure our

strategy and structure reflects the new direction. Such a major change is complex and will take time and effort to implement fully.

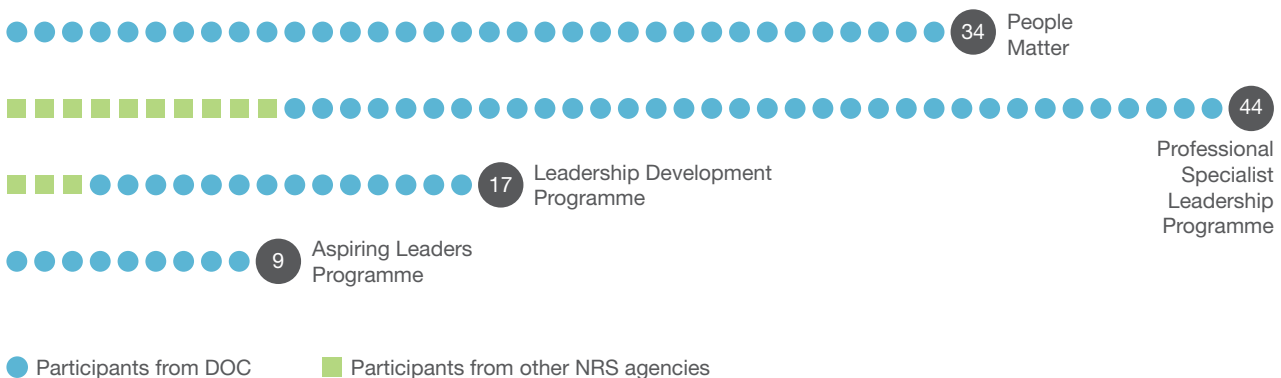
### Developing the capability of people across and outside DOC

New capabilities—skills, knowledge, specialist expertise and behaviours—are necessary to realise the goals and intent of DOC's direction and new operating model. Deepening our understanding of the ways in which New Zealanders identify with nature—how their interactions, decision making, and other behavioural choices are influenced by nature and their communities—is a crucial step in increasing the conservation effort.

We continue to build and reinforce capability. A recent focus has been on the business planning system, including standardising and simplifying financial and output planning and reporting procedures. Changes made this year need to be assessed and procedures simplified where possible.

A variety of methods is being used to build capability, including online learning modules, mobile 'apps', YouTube videos, internal and public face-to-face courses and coaching. This ensures we can meet the demands and needs of our staff as well as partners, iwi, volunteers and other agencies involved in conservation work.

#### 2014 training achievements by participants



So that we can report on the internal capability and competency status of our staff, we have implemented a learning management system (DOCLearn) that went live in early 2014. DOCLearn provides managers with improved reporting on current capability skills sets across teams, both regionally and nationally. Managers can deploy staff with a particular capability skill set and competency level for specific projects. DOC is working in collaboration with the Ministry for the Environment to share the learning management system platform, as part of a wider NRS initiative.

For other systems and process support, training has been delivered for the following projects: Work Manager (new software for mobile devices used by rangers); a NaPALIS (National Planning and Land Information System) introductory course for rangers, managers and specialist roles; a Windows 2007 upgrade at 61 office locations; and track, huts and structures ongoing inspections and audits completed for inspectors and works officers.

## Leadership development

Successful implementation of DOC's new strategy and structure relies on the ability of leaders to manage change effectively. Success in increasing conservation in partnership with others will also require DOC to continually improve its responsiveness to external demand. To be effective in responding to change, robust internal and external relationships are needed. This requires people to willingly exercise their discretion when making judgements.

A number of key leadership tools are being used to support a more participative and collaborative culture. Two of these, participant team process and task assignment, provide a backbone to support positive team functioning and build trust between leaders and team members to ensure that tasks will be completed on time and to the required standard. Other complimentary leadership tools will be introduced over time.

Results of the investment made in leadership development over the past few years are starting to show as several internal candidates have been promoted into management roles. An increase in the diversity of staff (women, Māori and Pacific peoples) in leadership roles has also occurred.

DOC recognises that effective leadership is central to its performance and success. A significant challenge and opportunity for the Department in the coming years will be to support and enable its leaders to drive the achievement of results through others.

In the last period, we selected a nationwide panel of coaching providers to help support and develop our leaders in their roles. In addition, several leaders have undergone 360 Feedback for development purposes. We are continuing to design and deliver leadership development programmes in collaboration with the NRS, to ensure all leaders are exposed to critical tools, models and resources that support them to be effective in their roles. We have been expanding the offer of tailored leadership development interventions to target the unique strengths and needs of individual leaders and help them focus on the areas that will make the most significant difference to their performance.

Leadership tiers 2014: **by gender**

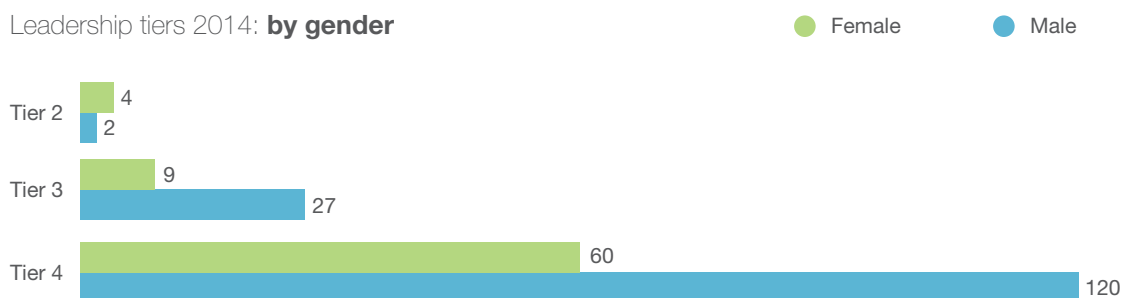


Table 11: Equal employment opportunity target group statistics, at June 2014

	2008/09 (%)	2009/10 (%)	2010/11 (%)	2011/12 (%)	2012/13 (%)	2013/14 (%)	Trend*
Women	36.5	37.6	37.3	36.2	36.6	39.4	↑
Māori	10.3	10.7	11.3	11.4	10.1	10.5	→
Pacific peoples	0.3	0.4	0.4	0.4	0.4	0.4	→
People with disabilities	3.3	3.2	2.9	2.6	3.0	2.5	↓

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

## Equal employment opportunities

Increasing diversity will help the Department's workforce reflect New Zealand's current and future demographic profile. Table 11 shows the statistics for several groups that have been a target within the public sector for recognising employment aspirations.

## Improving effectiveness of organisational systems

By continuing to adopt a shared service and centralised functional leadership, DOC is seeking to drive efficiency and deliver standardised results. The Conservation Services Planning Team now coordinates planning for the bulk of the delivery activity in ecosystem management, species protection, historic site management and recreation facilities. Working closely with the delivery staff, standard whole-of-life prescription approaches are increasingly being adopted, and national priorities are being applied. This team also provides a shared delivery service through works officers, inspectors and the bio-monitoring team.

The Property and Fleet team also operates as a shared service, now providing central control over budget to manage the significant offices, visitor centres, other buildings and vehicle portfolios. Greater visibility of the ownership and management decisions being made should contribute to efficiency outcomes in acquisition and maintenance costs; and in doing so contribute to all-of-government aims.

Over the past year DOC has continued to develop innovative tools to support the maintenance of our natural and historic heritage and to increase New Zealanders' awareness of, information about and engagement in conservation and recreation activities. These include the development of:

- DOC Maps, which is an online mapping application accessible to all that provides a map interface and option to display huts, campgrounds, tracks, hunting areas, historic sites, visitor centres and so on and that links to relevant websites for bookings or further information
- A new application supporting the response to the great white butterfly incursion in Nelson
- A Record of Fire application in support of rural fire fighting
- A whio/blue duck monitoring and pest trap management mobile application in partnership with Genesis Energy
- A marine mammal database to capture Māui and Hector's dolphin sightings
- A new bird banding tool to support observations across New Zealand.

In collaboration with Google Inc, DOC also facilitated the capture of Street View imagery for the Great Walks, as well as the incorporation of recreational data into the base maps of Google maps and Here.com, which feed into widely used international base maps.

DOC hosted several networking events for conservation geographic information system (GIS) users, and

arranged New Zealand's largest GIS Day event for 500 schoolchildren who came into National Office to learn about GIS, Global Positioning System, satellite imagery and how technology supports conservation information management. In collaboration with Te Kahui Manu Hokai | the Māori GIS Association, DOC supported the PLACE 2013 Māori GIS conference with over 200 attending. In partnership with Te Kahui Manu Hokai and the Google Earth Outreach team, DOC staff supported a Māori mapping workshop in Auckland with over 60 attending. DOC staff also presented at a variety of GIS user conferences, sharing knowledge and demonstrating lessons learnt with other NRS agencies and GIS users.



DOC has been actively involved in many all-of-government initiatives including cloud services, Telecommunications as a Service (TaaS), Result 10 (with the Digital Services Council), NRS Information Directorate and Geospatial Senior Officials Group.

Over the past year, a strong focus has also been placed on DOC's organisational capability, including establishment of the Business Analysis Centre of Excellence to ensure a common approach and analysis principles for new initiatives and the establishment of the Biodiversity Information Oversight Group. DOC has also been developing a common IT infrastructure and successfully implemented innovative web tools to manage services, operational activities, recruitment and financial reporting.

Increased use of collaborative tools such as video conferencing, Skype, GotoMeeting and the DOC Wiki across the Department, the sector and stakeholders, and upgrades to operating systems (Windows 7), geospatial software, hardware and servers have occurred.

## Safety and wellbeing

During the year, DOC began a safety culture and leadership programme to shift the focus away from a compliance-driven culture to one of ongoing commitment to safety. DOC has developed an aspirational vision of 'Injury Free and Safe Home Every Day', where people working for DOC can expect to arrive home safe at the end of every working day and where it is unacceptable to believe that getting hurt is an inherent part of working for DOC. In the past 6 months of the financial year, the nearly 160 managers (plus directors and deputy director-generals) attended eight successful safety culture and leadership workshops. More are planned for the new financial year.

Other significant changes have been made, particularly to safety planning, through development of a job safety analysis and toolbox talk system to ensure increased engagement of people 'on the ground'. The focus on reducing risk in high hazardous work in the Department has also increased.

A new workplace alcohol and drug policy is being implemented and an organisation-wide wellbeing programme is being scoped for delivery in the next 6 to 12 months.

**Injury rates**

The injury frequency rates (number of injuries per million hours worked) are shown in figure 14. 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 2014 was 62.9, compared with 67.2 in 2013 (this is a rolling 12-month average). Of note, however, is the reduction in rates that occurred over the

last 6 months of the financial year. Four serious harm injuries were recorded in the 12 months to 30 June 2014.

DOC manages its own Accident Compensation Claims and a small drop in claim numbers (3 percent) occurred over the 12 months to 30 June 2014. It is encouraging that over the last six months of the year the number of claims dropped significantly for each month compared with last year (a 25 percent decrease).

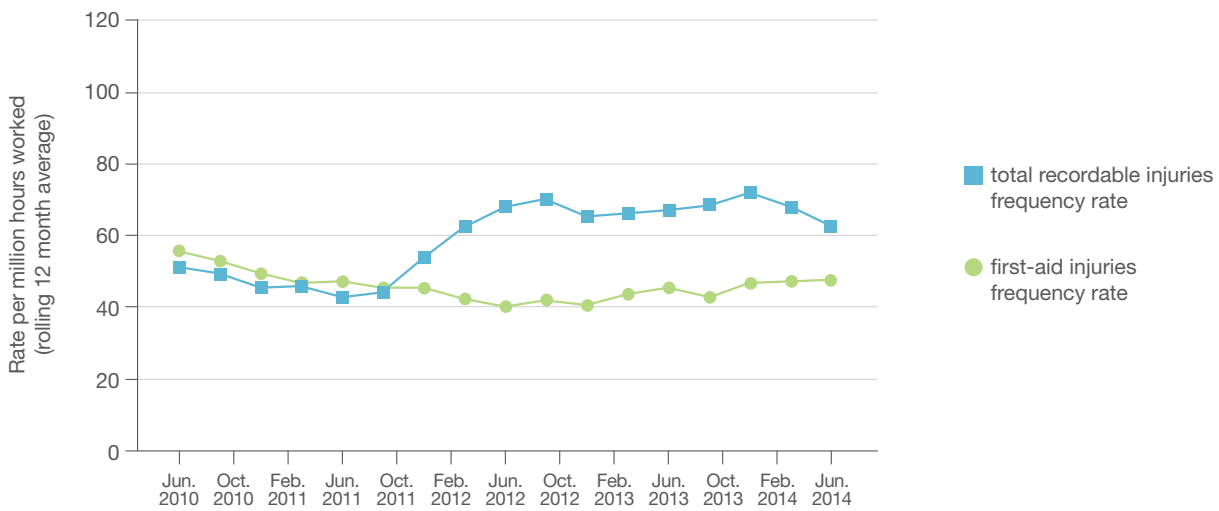


Figure 14: Department of Conservation injury frequency rates (per million hours worked). (Note: total recordable injuries does not include first-aid-only injuries.)

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

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## 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 NRS network.

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.

In support of the Government's commitment to achieving just and durable settlements of all historical Treaty of Waitangi claims by 2014, DOC contributes to Treaty of Waitangi settlement negotiations. In September 2014 the Te Urewera legislation will create a new ownership and governance regime for a (former) national park. It creates Te Urewera as an entity with its intrinsic values at the heart of the new regime. Ngāi Tūhoe's profound relationship with Te Urewera is elevated and it is also to be a place for public use and enjoyment, for recreation, learning, and spiritual reflection and as an inspiration for all. DOC and Ngāi Tūhoe will be working with the new Te Urewera board to manage the area.

## Ministerial services

Government Support focuses on providing effective support to the Minister of Conservation. This includes writing submissions, drafting replies to ministerial correspondence and parliamentary questions, and responding to ministerial requests for information. The Government Support Unit operates from the National Office and the Minister's Office.

## 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 term finished on 30 June 2014, and eight members were reappointed and five new members were appointed to the Authority.

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 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 it would be a new reporting framework that complemented the boards' current annual reporting to the NZCA. 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 New Zealand. It seeks to do this by providing incentives for voluntary conservation.

### Management planning

Part of the context in which DOC operates is a statutory planning framework required by the Conservation Act 1987 and the National Parks Act 1980. A focus is the revision of 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 NZCA.

The first three CMSs to be revised were referred first to the relevant conservation board and then to the NZCA during the reporting period. These were Northland, Auckland and Waikato. The second three, Canterbury, Otago and Southland, completed the public submissions and hearings stages, and revisions to the proposals were

finished so that, at the end of the reporting period, they were ready to be referred to the conservation boards for their consideration.

A partial review of the Westland National Park Management Plan relating to visitor access to the Franz Josef and Fox Glaciers was completed, and NZCA approval as gained in April 2014.

Preliminary 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.

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

### Outputs that contribute to this output class

Policy outputs contribute to all five intermediate outcomes as set out in Appendix 2 and are reported on in the statement of service performance below.



## Statement of service performance 2013/14: Policy advice and services

### Performance measures and targets: 2013/14

### National commentary

#### Policy advice

The satisfaction of the Minister of Conservation with the policy advice service, as per common satisfaction survey – target at least 80 percent.

Minister satisfaction score 68 percent  
(the median for 14 Government departments is 68 percent)

Technical quality of policy advice papers assessed by a survey and robustness assessment.

Technical quality score 62 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 \$109.76  
(the median for 14 Government departments is \$125)

#### Ministerial servicing

It is expected the Department will send 200 to 300 submissions to the Minister.

The Department sent 276 submissions to the Minister.

It is expected that the Department will receive 60 to 70 ministerial Official Information Act requests with 100 percent meeting the ministerial deadline.

The Department received 73 ministerial Official Information Act requests. All met the Minister's deadline.

It is expected the Department will receive 150 to 200 Parliamentary Questions with 100 percent meeting the ministerial deadline.

The Department received 421 Parliamentary Questions. All met the ministerial deadline.

## Output class operating statement 2013/14: Policy advice and services

	Actual 30/06/13 \$000	Budget 30/06/14 \$000	Revised budget 30/06/14 \$000	Actual 30/06/14 \$000
<b>Revenue</b>				
Crown	5,021	5,632	6,132	6,132
Other	537	566	566	189
<b>Total revenue</b>	<b>5,558</b>	<b>6,198</b>	<b>6,698</b>	<b>6,321</b>
Expenses	3,818	6,198	6,698	5,135
<b>Surplus</b>	<b>1,740</b>	<b>-</b>	<b>-</b>	<b>1,186</b>

# Asset management and profile

In terms of government departments, DOC manages \$6 billion in capital assets and is classified as 'Tier 1—Capital Intensive'. Over 90 percent of these are Crown-owned assets (predominately public conservation land), and 9 percent are DOC-owned assets (predominately visitor assets, such as tracks, huts and structures).

Strong capital asset management is imperative to DOC's long-term success. This ensures best value for money from the assets needed to deliver the Government's conservation services.

## Asset management capability

DOC continues to strengthen its asset management as part of the Government's Capital Asset Management initiative.

A 'first generation' asset management plan (AMP) for visitor and historic assets has been finalised. By its nature this first version is at a relatively low level of maturity and will be updated over future years as practice and knowledge improves.

The AMP provides a vital link between the work delivered on the ground and the strategy, financial resources and life-cycle approaches required to optimise asset management for this asset group. Work is also under way on AMPs for other business-critical assets

### DOC land area by elevation

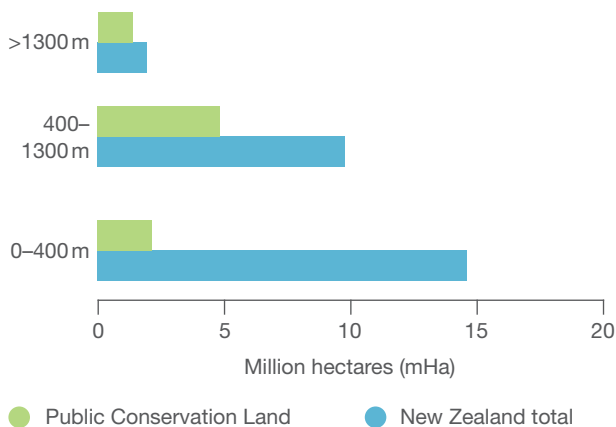


Figure 16: Comparison of elevation above sea level for public conservation land and all New Zealand.

### What land does DOC manage?

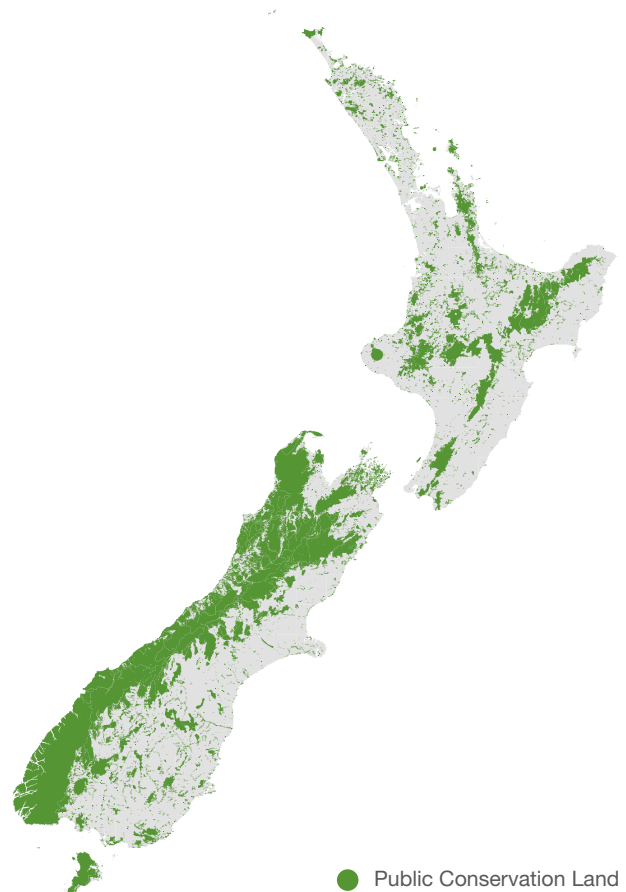


Figure 15: Public conservation land administered by DOC.

such as fencing, information and communications technology, fleet, and property.

Having AMPs in place makes good business sense and provides the necessary tools to enhance the performance of critical assets.

## Land assets

DOC has responsibility for managing about 30 percent of New Zealand's land surface (see figure 15). The profile of that land is more mountainous than lands elsewhere in New Zealand and reflects the difficulty of developing lands at higher altitudes for agriculture (see figure 16). Historically this provided the opportunity to establish

**Table 12: Department of Conservation asset profile 2013/14 (Crown and departmental assets combined)**

Asset group	Asset class	Carrying amount* (\$m)	Depreciation (\$m)	Capital expenditure† (\$m)
<b>Information and communications technology</b>	Computer software	7.8	2.6	3.9
<b>Fleet</b>	Vessels	3.1	0.5	0.5
	Motor vehicles	12.4	2.2	1.5
	Plant and equipment	8.7	2.7	1.6
<b>Property</b>	Furniture and fittings	5.8	1.3	0.6
	Buildings	90.1	2.7	0.2
	Infrastructure assets	32.9	0.9	0.0
<b>Visitor and historic assets</b>	Visitor and historic assets	369.3	15.7	23.6
<b>Land</b>	Land	5,432.8	-	-
<b>Fencing</b>	Fencing	52.4	5.1	0.7

\* Excludes assets under construction.

† Excludes transfers between departments.

protection for the land that remained. It also reflects the challenges the nation now faces to protect ecosystems in their natural state at the lower altitudes.

## Performance of physical assets

The standard indicators for the intermediate outcomes provide measures for the performance of physical assets—see the ‘Natural heritage’ section, which relates to the public conservation land asset group, and ‘Recreation’ section, which relates to the visitor assets group.

## Asset profile

The asset profile information in table 12 is for the year 2013/14 (Crown and departmental assets combined) and is presented by asset group. Similar asset classes are grouped together and managed by an asset group owner. Asset group owners develop an asset management plan to communicate the planned management of asset replacement and investment to customers.

## Visitor assets

### Carrying amount

Most of the carrying amount (cost/valuation less accumulated depreciation) of visitor assets is held in long-lived (25 to 100 years) assets such as land formation (for example, benching of tracks, forming roads, creating flat picnic areas and campsites), structures and buildings (figure 17).

### Depreciation

The Department budgets for depreciation expense to accumulate the funds to replace assets at the end of their useful life (figure 18).

The largest depreciation expense for visitor assets is for the built tracks, which are typically the walking tracks readily accessible to the public. As such, they are well used and have a relatively short asset life (up to 15 years). The existing large investment in structures and buildings form the main remainder of the depreciation expense.

**Visitor Assets – Carrying amount (\$m)**

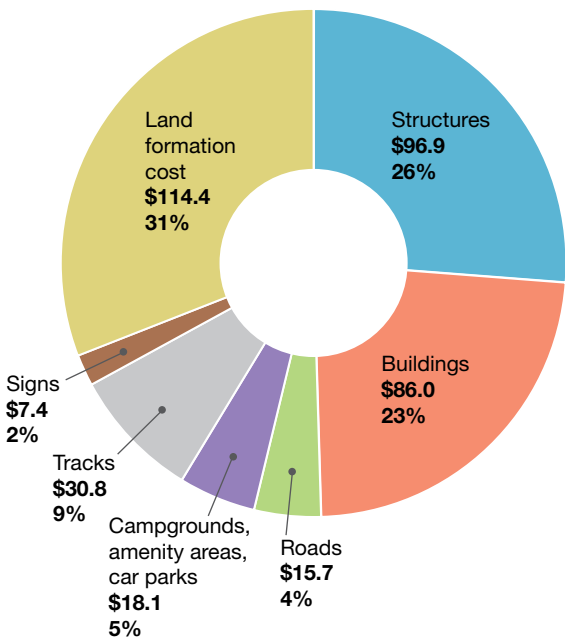


Figure 17: Carrying amount of DOC visitor assets as at 30 June 2014.

**Visitor Assets – Depreciation (\$m)**

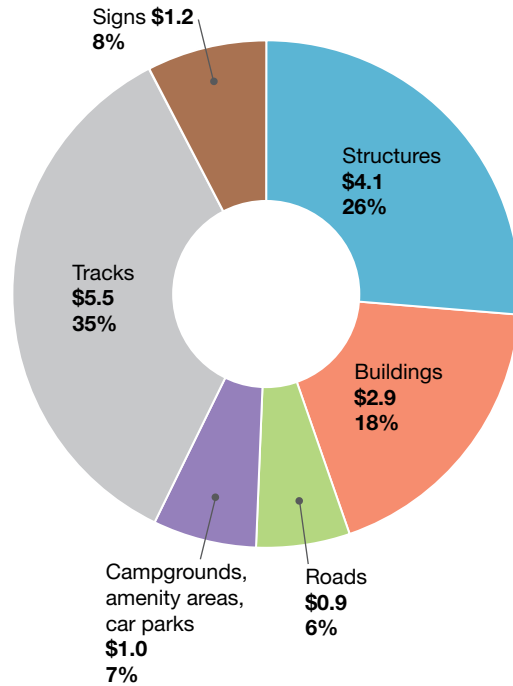


Figure 18: Depreciation of DOC visitor assets as at 30 June 2014.

Managing the depreciation expense flow as a result of the capital investment in replacement and additional assets is DOC's current challenge. Investment choices will be informed by the Visitor and Historic Asset Management Plan and the priorities already signalled in the Recreation section.

# Financial statements

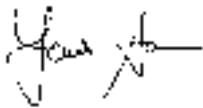
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## Statement of responsibility

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 and 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.

In my opinion, these financial statements fairly reflect the financial position and operations of the Department of Conservation for the year ended 30 June 2014.



**Lou Sanson**  
Director-General  
12 September 2014



**Christeen Mackenzie**  
Deputy Director-General  
Business Performance/Chief Financial Officer  
12 September 2014



**INDEPENDENT AUDITOR'S REPORT**  
**TO THE READERS OF**  
**THE DEPARTMENT OF CONSERVATION'S**  
**FINANCIAL STATEMENTS, AND NON-FINANCIAL PERFORMANCE INFORMATION**  
**AND SCHEDULES OF NON-DEPARTMENTAL ACTIVITIES**  
**FOR THE YEAR ENDED 30 JUNE 2014**

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 of the financial statements, and the non-financial performance information and the schedules of non-departmental activities of the Department on her behalf.

We have audited:

- the financial statements of the Department on pages 89 to 117, that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2014, the statement of comprehensive income, statement of changes in equity, statement of departmental expenses and capital expenditure against appropriations, statement of unappropriated expenditure and capital expenditure 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 non-financial performance information of the Department that comprises the statement of service performance on pages 8 to 84 and the report about outcomes on pages 8 to 84;
- the schedules of non-departmental activities of the Department on pages 118 to 126 that comprise the schedule of assets, schedule of liabilities and revaluation reserves, schedule of commitments and schedule of contingent liabilities and contingent assets as at 30 June 2014, the schedule of expenses, schedule of expenditure and capital expenditure against appropriations, schedule of unappropriated expenditure and capital expenditure, schedule of income and statement of trust monies, for the year ended on that date and the notes to the schedules that include accounting policies and other explanatory information.

## **Opinion**

In our opinion:

- the financial statements of the Department on pages 89 to 117:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect the Department's:
    - financial position as at 30 June 2014;
    - financial performance and cash flows for the year ended on that date;
    - expenses and capital expenditure incurred against each appropriation administered by the Department and each class of outputs included in each output expense appropriation for the year ended 30 June 2014; and
    - unappropriated expenses and capital expenditure for the year ended 30 June 2014.
- the non-financial performance information of the Department on pages 8 to 84 and 8 to 84:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects the Department's service performance and outcomes for the year ended 30 June 2014, including for each class of outputs:



- its service performance compared with the forecasts in the statement of forecast service performance at the start of the financial year; and
  - its actual revenue and output expenses compared with the forecasts in the statement of forecast service performance at the start of the financial year.
- the schedules of non-departmental activities of the Department on pages 118 to 126 fairly reflect, in accordance with the Treasury Instructions:
- the assets, liabilities, contingencies, commitments and trust monies as at 30 June 2014 managed by the Department on behalf of the Crown; and
  - the revenues, expenses, expenditure and capital expenditure against appropriations and unappropriated expenditure and capital expenditure for the year ended on that date managed by the Department on behalf of the Crown.

Our audit was completed on 11 September 2014. 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 financial statements, and the non-financial performance information and the schedules of non-departmental activities are 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 financial statements, and the non-financial performance information and the schedules of non-departmental activities. 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 financial statements, and the non-financial performance information and the schedules of non-departmental activities. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, and the non-financial performance information and the schedules of non-departmental activities, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Department's preparation of the financial statements, and the non-financial performance information and the schedules of non-departmental activities that fairly reflect the matters to which they relate. We consider internal control 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 non-financial performance information within the Department's framework for reporting performance;
- the adequacy of all disclosures in the financial statements, and the non-financial performance information and the schedules of non-departmental activities; and
- the overall presentation of the financial statements, and the non-financial performance information and the schedules of non-departmental activities.



We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, and the non-financial performance information and the schedules of non-departmental activities. Also we did not evaluate the security and controls over the electronic publication of the financial statements, and the non-financial performance information and the schedules of non-departmental activities.

We have obtained all the information and explanations we have required and 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 and non-financial performance information that:
  - comply with generally accepted accounting practice in New Zealand;
  - fairly reflect the Department's financial position, financial performance, cash flows, expenses and capital expenditure incurred against each appropriation and its unappropriated expenses and capital expenditure; and
  - fairly reflect its service performance and outcomes;
- schedules of non-departmental activities, in accordance with the Treasury Instructions, that fairly reflect those activities managed by the Department on behalf of the Crown.

The Director General is also responsible for such internal control as is determined is necessary to enable the preparation of financial statements, and non-financial performance information and schedules of non-departmental activities that are free from material misstatement, whether due to fraud or error. The Director General is also responsible for the publication of the financial statements, and non-financial performance information and schedules of non-departmental activities, whether in printed or electronic form.

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

### **Responsibilities of the Auditor**

We are responsible for expressing an independent opinion on the financial statements, and the non-financial performance information and the schedules of non-departmental activities and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and the Public Finance Act 1989.

### **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 income

for the year ended 30 June 2014

	Notes	30/06/13 Actual \$000	30/06/14 Budget*	30/06/14 Revised Budget* \$000	30/06/14 Actual \$000	30/06/15 Forecast*
<b>Income</b>						
Revenue Crown		296,534	297,264	305,974	309,374	299,419
Other income	2	39,334	38,132	40,132	37,463	40,132
<b>Total income</b>		<b>335,868</b>	<b>335,396</b>	<b>346,106</b>	<b>346,837</b>	<b>339,551</b>
<b>Expenditure</b>						
Personnel costs	3	149,081	144,899	147,492	149,300	145,039
Operating costs	4	92,338	111,676	119,032	116,246	108,189
Depreciation, amortisation and impairment expense		33,755	35,539	34,829	32,770	35,967
Capital charge	5	44,918	48,458	49,220	46,049	52,228
Finance costs		154	195	195	126	128
Loss on disposal of property, plant and equipment		2,278	-	709	388	-
<b>Total expenses</b>		<b>322,524</b>	<b>340,767</b>	<b>351,477</b>	<b>344,879</b>	<b>341,551</b>
<b>Net surplus/(deficit)</b>		<b>13,344</b>	<b>(5,371)</b>	<b>(5,371)</b>	<b>1,958</b>	<b>(2,000)</b>
Gain on property valuations		2,371	-	5,371	14,619	2,000
<b>Total comprehensive income</b>		<b>15,715</b>	<b>(5,371)</b>	<b>-</b>	<b>16,577</b>	<b>-</b>

\* 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 2014

	Notes	30/06/13 Actual \$000	30/06/14 Budget* \$000	30/06/14 Revised Budget* \$000	30/06/14 Actual \$000	30/06/15 Forecast* \$000
<b>Taxpayers' funds</b>						
General funds	14	457,285	509,886	498,140	456,880	538,042
Property, plant and equipment revaluation reserves	14	118,315	117,143	123,686	134,514	119,143
<b>Total taxpayers' funds</b>		<b>575,600</b>	<b>627,029</b>	<b>621,826</b>	<b>591,394</b>	<b>657,185</b>
Represented by:						
<b>Current assets</b>						
Cash		51,807	47,509	46,841	58,011	86,490
Prepayments		1,849	1,252	1,252	1,934	1,252
Inventories		1,011	1,063	1,063	1,144	1,063
Trade and other receivables	7	7,518	7,071	7,071	8,828	8,303
Non-current assets held for sale		3,371	-	-	3,371	-
Debtor Crown	8	28,740	26,645	24,813	24,813	20,820
<b>Total current assets</b>		<b>94,296</b>	<b>83,540</b>	<b>81,040</b>	<b>98,101</b>	<b>117,928</b>
<b>Non-current assets</b>						
Property, plant and equipment	9	545,686	579,363	579,363	558,281	588,719
Intangible assets	10	9,798	18,303	18,303	11,145	16,210
<b>Total non-current assets</b>		<b>555,484</b>	<b>597,666</b>	<b>597,666</b>	<b>569,426</b>	<b>604,929</b>
<b>Total assets</b>		<b>649,780</b>	<b>681,206</b>	<b>678,706</b>	<b>667,527</b>	<b>722,857</b>
<b>Current liabilities</b>						
Trade and other payables		13,706	13,550	16,258	18,006	25,899
GST payable		3,659	(1,224)	(1,224)	2,767	(1,348)
Employee entitlements	11	23,774	15,313	15,308	17,568	15,308
Finance leases		596	779	779	658	624
Provisions	12	1,287	779	779	11,855	779
Return of operating surplus	6	6,193	-	-	990	-
Revenue in advance		8,232	6,818	6,818	9,443	6,818
<b>Total current liabilities</b>		<b>57,447</b>	<b>36,015</b>	<b>38,718</b>	<b>61,287</b>	<b>48,080</b>
<b>Non-current liabilities</b>						
Employee entitlements	13	14,843	17,144	17,144	13,483	17,144
Finance leases		1,392	1,018	1,018	824	448
Provisions	12	498	-	-	539	-
<b>Total non-current liabilities</b>		<b>16,733</b>	<b>18,162</b>	<b>18,162</b>	<b>14,846</b>	<b>17,592</b>
<b>Total liabilities</b>		<b>74,180</b>	<b>54,177</b>	<b>56,880</b>	<b>76,133</b>	<b>65,672</b>
<b>Net assets</b>		<b>575,600</b>	<b>627,029</b>	<b>621,826</b>	<b>591,394</b>	<b>657,185</b>

\* 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 2014

	Note	30/06/13 Actual \$000	30/06/14 Budget* \$000	30/06/14 Revised Budget* \$000	30/06/14 Actual \$000	30/06/15 Forecast* \$000
<b>Balance at 1 July</b>		<b>556,714</b>	<b>583,674</b>	<b>575,600</b>	<b>575,600</b>	<b>611,818</b>
<b>Total comprehensive income</b>		<b>15,715</b>	<b>(5,371)</b>	<b>-</b>	<b>16,577</b>	<b>-</b>
<b>Distributions to Crown</b>						
Asset transfers		(484)	-	-	(536)	-
Capital repayments		(526)	-	-	-	-
Return of operating surplus to the Crown	6	(6,193)	-	-	(990)	-
<b>Contributions from Crown</b>						
Asset transfers		374	5,000	-	743	-
Capital contributions		10,000	43,726	46,226	-	45,367
<b>Balance at 30 June</b>		<b>575,600</b>	<b>627,029</b>	<b>621,826</b>	<b>591,394</b>	<b>657,185</b>

\* 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 2014

	Note	30/06/13 Actual \$000	30/06/14 Budget* \$000	30/06/14 Revised Budget* \$000	30/06/14 Actual \$000	30/06/15 Forecast* \$000
<b>Cash flows – operating activities</b>						
Receipts from Crown		300,593	299,359	305,974	313,301	299,419
Receipts from third parties		35,268	37,717	42,062	37,149	42,271
Payments to employees		(143,826)	(144,349)	(151,067)	(156,814)	(143,789)
Payments to suppliers		(95,388)	(115,059)	(118,425)	(102,701)	(98,966)
Payments for capital charge		(44,918)	(48,458)	(49,220)	(46,049)	(52,228)
<b>Net cash flow from operating activities</b>	<b>15</b>	<b>51,729</b>	<b>29,210</b>	<b>29,324</b>	<b>44,886</b>	<b>46,707</b>
<b>Cash flows – investing activities</b>						
Receipts from sale of property, plant and equipment		1,612	-	709	653	5,600
Purchase of property, plant and equipment		(39,895)	(45,500)	(70,332)	(28,641)	(53,000)
Purchase of intangibles		(4,734)	(7,566)	(4,700)	(3,905)	(4,300)
<b>Net cash flow from investing activities</b>		<b>(43,017)</b>	<b>(53,066)</b>	<b>(74,323)</b>	<b>(31,893)</b>	<b>(51,700)</b>
<b>Cash flows – financing activities</b>						
Capital contributions		10,000	43,726	46,226	-	45,367
Finance lease payments		(528)	(658)	-	(596)	(725)
Capital withdrawals		(526)	-	-	-	-
Return of operating surplus to the Crown		(9,365)	-	(6,193)	(6,193)	-
<b>Net cash flow from financing activities</b>		<b>(419)</b>	<b>43,068</b>	<b>40,033</b>	<b>(6,789)</b>	<b>44,642</b>
Net increase/(decrease) in cash		8,293	19,212	(4,966)	6,204	39,649
Opening cash balance		43,514	28,297	51,807	51,807	46,841
<b>Closing cash balance</b>		<b>51,807</b>	<b>47,509</b>	<b>46,841</b>	<b>58,011</b>	<b>86,490</b>

\* 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 2014

	30/06/13 Actual \$000	30/06/14 Actual \$000
<b>Commitments by category</b>		
<i>Capital commitments</i>		
Property, plant and equipment	11,181	6,646
Intangible assets	544	122
<b>Total capital commitments</b>	<b>11,725</b>	<b>6,768</b>
<i>Operating commitments</i>		
Non-cancellable accommodation leases*	33,480	27,876
Other non-cancellable leases	3,280	3,212
<b>Total operating commitments</b>	<b>36,760</b>	<b>31,088</b>
<b>Total commitments</b>	<b>48,485</b>	<b>37,856</b>
<b>Commitments by term</b>		
Less than 1 year	19,495	14,868
1–2 years	7,142	6,889
2–5 years	17,508	13,269
Greater than 5 years	4,340	2,830
<b>Total commitments</b>	<b>48,485</b>	<b>37,856</b>

\* The 2012/13 figure has been restated to reflect the correct duration of the lease on Conservation House, Wellington.

### 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 2014

	30/06/13 Actual \$000	30/06/14 Actual \$000
Public liability claims	5,258	3,026
<b>Total contingent liabilities</b>	<b>5,258</b>	<b>3,026</b>

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:

	30/06/13 Maximum Exposure \$000	30/06/14 Maximum Exposure \$000
<b>Court and Tribunal proceedings and other potential claims:</b>		
53 proceedings and potential claims of which 13 are quantifiable. The remaining 40 claims cannot be quantified. The contingent liability for the 13 quantifiable claims is shown below.		
Costs to clean asbestos and dioxin contaminated land	2,300	1,815
Claims for damage caused by events originating from DOC land	943	943
Potential avalanche protection costs	810	-
Claims for compensation due to fencing boundaries	454	-
Other quantifiable proceedings and potential claims	751	268
<b>Total court and tribunal proceedings and other potential claims</b>	<b>5,258</b>	<b>3,026</b>

With regard to some potential claims, it is not possible to determine potential reimbursements because their circumstances are too remote or unknown. There may be other unquantifiable claims or contingent liabilities not recognised at this stage by the Department.

### 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 2013/14 for staff access to conservation land.

### Contingent assets

The Department has no contingent assets (2013: nil).

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

## Statement of departmental expenses and capital expenditure against appropriations for the year ended 30 June 2014

	30/06/13 Actual	30/06/14 Budget*	30/06/14 Revised Budget*	30/06/14 Actual	30/06/15 Forecast*
	\$000	\$000	\$000	\$000	\$000
<b>Vote Conservation</b>					
<i>Output expenses</i>					
Management of natural heritage	154,354	162,847	164,936	162,995	160,303
Management of historic heritage	4,717	5,774	5,565	4,763	5,996
Management of recreational opportunities	137,950	144,650	148,564	144,169	144,993
Conservation with the community	21,222	21,407	25,500	25,224	24,346
Policy advice and Ministerial servicing†	3,818	6,198	6,698	5,135	-
Crown regional pest management strategies' contribution	3,160	3,291	3,614	2,927	3,292
<b>Total output expenses</b>	<b>325,221</b>	<b>344,167</b>	<b>354,877</b>	<b>345,213</b>	<b>338,930</b>
Recovery from Canterbury earthquake	-	-	368	110	-
<b>Total expenditure</b>	<b>325,221</b>	<b>344,167</b>	<b>355,245</b>	<b>345,323</b>	<b>338,930</b>
<i>Capital expenditure</i>					
Property, plant and equipment	41,023	45,500	48,366	29,765	48,766
Intangible assets	4,734	7,566	4,700	3,905	4,300
<b>Total capital expenditure</b>	<b>45,757</b>	<b>53,066</b>	<b>53,066</b>	<b>33,670</b>	<b>53,066</b>

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

† Includes forecast transfers made in the Supplementary Estimates under the Public Finance Amendment Act 2013.

## Reconciliation of appropriations to the statement of comprehensive income for the year ended 30 June 2014

	30/06/13 Actual	30/06/14 Budget*	30/06/14 Revised Budget*	30/06/14 Actual	30/06/15 Forecast*
	\$000	\$000	\$000	\$000	\$000
Total departmental expenses against appropriations	325,221	344,167	355,245	345,323	338,930
Unrealised remeasurements (gains)/losses	(2,697)	-	-	(444)	-
Difference between appropriations for expenses and forecast expenses	-	(3,400)	(3,768)	-	2,621
<b>Total expenses per statement of comprehensive income</b>	<b>322,524</b>	<b>340,767</b>	<b>351,477</b>	<b>344,879</b>	<b>341,551</b>

\* 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.

The unrealised remeasurement gain of \$0.444 million has arisen following the valuation of the retirement, long service and sick leave liabilities as at 30 June 2014.

In the 2014 financial year there were no instances of:

- expenses and capital expenditure incurred in excess of appropriation (2013: nil)

- expenses and capital expenditure incurred without appropriation or other authority, or outside scope of appropriation (2013: nil).

In the 2014 financial year there were no breaches of projected departmental net asset schedules (2013: nil).

## Statement of trust monies for the year ended 30 June 2014

	As at 30/06/13 \$000	Contributions \$000	Distributions \$000	Net Interest \$000	As at 30/06/14 \$000
Conservation Project Trust	1,112	718	(534)	19	1,315
NZ Walkway Trust	10	1	-	-	11
National Parks Trust	90	60	(30)	1	121
Bonds/Deposits Trust	7,743	147	(327)	216	7,779
<b>Total</b>	<b>8,955</b>	<b>926</b>	<b>(891)</b>	<b>236</b>	<b>9,226</b>

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

There are two sources of receipts:

1. Donations, grants and gifts received for specific purposes under section 33 of the Conservation Act 1987, section 18 of the Walkways Act 1990 or section 78(3) of the Reserves Act 1977; and specific trust money under the National Parks Act 1980.

2. 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

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## Reporting entity

The Department of Conservation (the Department) is a government department as defined by section 2 of the Public Finance Act 1989.

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. Accordingly, the Department has designated itself as a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of the Department are for the year ended 30 June 2014. The financial statements were authorised for issue by the Director-General of the Department on 5 September 2014.

## Basis of preparation

The financial statements of the Department have been prepared 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 financial statements have been prepared in accordance with, and comply with, NZ IFRS as appropriate for public benefit entities.

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, amendments and interpretations issued that are not yet effective and have not been early adopted

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework,

the Department is classified as a Tier 1 reporting entity and will be required to apply full Public Benefit Entity Accounting Standards (PAS). These standards are being developed by the XRB based on current international Public Sector Accounting Standards. The effective date for the new standards for public benefit entities is expected to be for reporting periods beginning on or after 1 July 2014. The Department expects it will transition to the new standards in preparing its 30 June 2015 financial statements. The Department is in the process of assessing the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities until the new Accounting Standard Framework takes effect on 1 July 2014. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

## 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 those presented in the *Supplementary Estimates of Appropriations for the Government of New Zealand and Supporting Information for the year ending 30 June 2014* (the Budget is 2013 Budget Economic and Fiscal Update [the Estimates Budget BEFU 2013] and the Revised Budget is the Supplementary Estimates Budget 2014).

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 those presented in the *Estimates of Appropriations for the Government of New Zealand for the year ending 30 June 2014* (the Forecast is 2014 Budget Economic and Fiscal Update [BEFU 2014]). The forecast financial statements were authorised for issue on 15 May 2014.

While the 30 June 2014 results are based on NZ IFRS (Public Benefit Entity) financial reporting standards, the forecasts are based on the new Public Benefit Entity reporting standards that take effect from 1 July 2014.

### Revenue

The Department derives revenue through the provision of outputs to the Crown, for services to third parties, and from donations. This revenue is recognised when earned and is reported in the financial period to which it relates.

Revenue is measured at the fair value of consideration received.

#### *Revenue Crown*

Revenue earned from the supply of outputs to the Crown is recognised as revenue when earned.

### 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 2014, direct costs accounted for 57 percent of the Department's costs (2013: 59 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 2014, indirect costs accounted for 43 percent of the Department's costs (2013: 41 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 asset portfolio is unique in that it comprises a high number of low value assets that are geographically diverse. 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. Asset classes, other than land, 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 income 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 income but is recognised in

the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive income.

### Additions

Assets under construction are recognised at cost less impairment and are not depreciated. In most instances an item of property, plant and equipment is recognised at its cost. 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 the 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.

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

Asset	Estimated Useful Life
<b>Visitor assets</b>	
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
<b>Other fixed assets</b>	
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 NZ IAS 16 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.

### *Amortisation*

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

### **Impairment**

Property, plant and equipment and intangible assets that have a finite useful life are reviewed for impairment when there is an indicator of impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the Department would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised 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 service 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.

### **Donation receipts**

The Department receives unsolicited donations, gifts and grants from individuals, groups and companies. The treatment of these receipts is dependent on their nature:

- Donations that are received without a specific purpose are recognised as revenue in the period of receipt.
- Donations received for specific purposes, where a written agreement specifies the purpose for which the funds must be used, are matched against related expenditure when it has been incurred. Where the expenditure has not been incurred, the unspent balance is treated as revenue in advance.
- Donations received for specified purposes under section 33 of the Conservation Act 1987, section 18 of the New Zealand Walkways Act 1990 or section 78(3) of the Reserves Act 1977 are held in trust accounts established by sections 66 and 67 of the Public Finance Act 1989. If the Department incurs expenditure in relation to achieving these specific purposes, the funds are transferred to the Department as revenue when the expenditure is incurred.

### **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 that the Department expects 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 that are 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.

## Changes in accounting policy

There have been no changes in accounting policies since the date of the last audited financial statements.

All policies have been applied on a basis consistent with the previous year.

# Notes to the financial statements

## Note 1: Major budget variations

### Significant variances between Actual and Revised Budget

#### *Statement of comprehensive income*

Actual expenses for the year were \$6.6 million less than the Revised Budget mainly due to reduced capital expenditure and unplanned delays in capitalising assets that result in reductions to depreciation and capital charge.

#### *Statement of financial position*

Non-current assets were \$28.2 million less than the Revised Budget due to lower than planned levels of capital expenditure of \$19.4 million and unplanned delays in capitalising assets following the implementation of asset management plans for visitor asset and property asset groups.

Taxpayers' funds were \$30.4 million lower than Revised Budget mainly due to the reduced capital expenditure that has been offset by the deferral of a capital contribution from the Crown of \$46.2 million to 2015/16, 2016/17 and 2017/18.

## Note 2: Other income

	30/06/13 Actual \$000	30/06/14 Actual \$000
Recreational charges	12,650	13,792
Leases and rents	733	405
Retail sales	2,203	2,423
Resource sales	595	499
Donations and sponsorships*	9,714	7,865
Permissions cost recoveries	2,265	3,134
Administration cost recoveries	10,958	9,343
Other	216	2
<b>Total other income</b>	<b>39,334</b>	<b>37,463</b>

\* The 2012/13 figure includes an amount of \$3.371 million for the Waitangi Endowment Forest.

### Note 3: Personnel costs

	30/06/13 Actual \$000	30/06/14 Actual \$000
Salaries and wages	132,857	135,578
Termination entitlements	7,105	1,061
Annual, long service and retiring leave provisioning	(1,119)	(677)
Superannuation contributions	3,914	4,406
Recruitment	234	547
Uniforms	433	301
ACC Partnership Programme	824	888
Other	4,833	7,196
<b>Total personnel costs</b>	<b>149,081</b>	<b>149,300</b>

### Note 4: Operating costs

	30/06/13 Actual \$000	30/06/14 Actual \$000
Professional fees	11,352	14,282
Contractors	29,251	41,762
Fees paid to auditors:		
Fees for financial statement audit	271	252
Fees for assurance services	-	-
Grants	1,036	2,819
Communications and computer expenses	7,244	7,873
Travel	6,147	7,480
Motor vehicle and vessel expenses	4,799	4,907
Accommodation	3,812	3,186
Office supplies	1,808	1,835
Field supplies	11,702	15,031
Lease expenses	10,048	10,872
Printing	1,246	1,241
Other	3,622	4,706
<b>Total operating costs</b>	<b>92,338</b>	<b>116,246</b>

### Note 5: Capital charge

The Department pays a capital charge to the Crown twice yearly on the balance of taxpayers' funds, including revaluation reserve, as at 1 July and 1 January. The capital charge rate for the year ended 30 June 2014 was 8.0 percent (2013: 8.0 percent).



## Note 6: Return of operating surplus to the Crown

	30/06/13 Actual \$000	30/06/14 Actual \$000
Net surplus for the year	13,344	1,958
Less:		
Donated assets	(4,454)	-
Other expenses	-	(524)
Remeasurement gains on retirement, long service and sick leave provision	(2,697)	(444)
<b>Total return of operating surplus</b>	<b>6,193</b>	<b>990</b>

Other expenses relate to expenses of \$0.110 million on the Canterbury earthquake recovery less insurance proceeds of \$0.634 million.

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

## Note 7: Trade and other receivables

	30/06/13 Actual \$000	30/06/14 Actual \$000
Trade receivables	6,558	6,732
Less provision for impairment	(399)	(186)
<b>Net trade receivables</b>	<b>6,159</b>	<b>6,546</b>
Accrued income and advances	1,359	2,282
<b>Total trade and other receivables</b>	<b>7,518</b>	<b>8,828</b>
<b>Movements in the provision for impairment</b>		
Balance at 1 July	(653)	(399)
Decrease in provision	89	213
Receivables written off during the year	165	-
<b>Balance at 30 June</b>	<b>(399)</b>	<b>(186)</b>

## Note 8: Debtor Crown

Cabinet agreed in 2002 to a 20-year funding stream for visitor assets. Initially not all depreciation was funded in cash, which resulted in the debtor Crown balance accumulating. The balance is scheduled to be progressively reduced until 2021/22 when it will be cleared to zero. It has reduced to \$24.8 million as at 30 June 2014 in accordance with the original Cabinet decision (2013: \$28.7 million).

## Note 9: Property, plant and equipment

	Land	Buildings	Plant and equipment	Infrastructure	Fencing	Vessels	Motor vehicles	Furniture and fittings	Visitor and cultural assets	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Cost or valuation</b>										
Balance at 1 July 2012	14,384	142,583	31,851	31,000	81,579	8,424	23,483	12,106	696,523	1,041,933
Additions	-	647	722	1,407	1,840	476	4,307	2,260	29,364	41,023
Revaluation movement	-	-	-	2,191	2,520	(78)	-	-	6,571	11,204
Disposals	-	(175)	(217)	-	(2,103)	(622)	(3,599)	(337)	(7,230)	(14,283)
<b>Balance at 30 June 2013</b>	<b>14,384</b>	<b>143,055</b>	<b>32,356</b>	<b>34,598</b>	<b>83,836</b>	<b>8,200</b>	<b>24,191</b>	<b>14,029</b>	<b>725,228</b>	<b>1,079,877</b>
Balance at 1 July 2013	14,384	143,055	32,356	34,598	83,836	8,200	24,191	14,029	725,228	1,079,877
Additions	-	213	1,704	8	1,507	539	1,544	649	23,601	29,765
Revaluation movement	(61)	-	-	-	-	-	-	-	38,238	38,177
Disposals	-	(30)	(489)	(11)	(37)	(135)	(1,398)	(72)	(3,283)	(5,455)
<b>Balance at 30 June 2014</b>	<b>14,323</b>	<b>143,238</b>	<b>33,571</b>	<b>34,595</b>	<b>85,306</b>	<b>8,604</b>	<b>24,337</b>	<b>14,606</b>	<b>783,784</b>	<b>1,142,364</b>
<b>Accumulated depreciation and impairment losses</b>										
Balance at 1 July 2012	-	80,468	19,736	12,115	20,255	5,038	10,532	6,761	351,297	506,202
Depreciation expense	-	1,911	2,620	640	5,199	553	2,471	1,016	14,693	29,103
Revaluation movement	-	-	-	973	2,473	(21)	-	-	5,408	8,833
Disposals	-	(79)	(169)	-	(831)	(483)	(2,496)	(267)	(5,622)	(9,947)
<b>Balance at 30 June 2013</b>	<b>-</b>	<b>82,300</b>	<b>22,187</b>	<b>13,728</b>	<b>27,096</b>	<b>5,087</b>	<b>10,507</b>	<b>7,510</b>	<b>365,776</b>	<b>534,191</b>
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)
<b>Balance at 30 June 2014</b>	<b>-</b>	<b>84,177</b>	<b>24,425</b>	<b>14,443</b>	<b>32,225</b>	<b>5,507</b>	<b>11,833</b>	<b>8,717</b>	<b>402,756</b>	<b>584,083</b>
<b>Carrying amounts</b>										
At 1 July 2012	14,384	62,115	12,115	18,885	61,324	3,386	12,951	5,345	345,226	535,731
At 30 June 2013	14,384	60,755	10,169	20,870	56,740	3,113	13,684	6,519	359,452	545,686
At 30 June 2014	14,323	59,061	9,146	20,152	53,081	3,097	12,504	5,889	381,028	558,281

### Basis of valuations

Valuations for assets other than land within asset classes valued at fair value effective as at 30 June 2014 have been determined by applying the indexation model and using the appropriate capital goods index as published by Statistics New Zealand. The asset values determined using this methodology were certified as fair value by an independent registered valuer, F.E. Spencer (FPINZ, FNZIV) of Logan Stone Ltd.

#### *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 F.E. Spencer (FPINZ, FNZIV) of Logan Stone Ltd. The valuation is effective as at 30 June 2014.

Administration buildings were valued at fair value effective as at 30 June 2012.

#### *b) Visitor assets*

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

The land formation costs of tracks, car parks and roads (\$114 million as at 30 June 2014) have been included in the financial statements and are not depreciated.

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 \$16.3 million (2013: \$10.8 million).

## Note 10: Intangible assets

	Acquired software \$000	Internally generated software \$000	Total \$000
<b>Cost or valuation</b>			
Balance at 1 July 2012	5,171	16,162	21,333
Additions	3,117	1,617	4,734
Disposals	(90)	-	(90)
Impairment losses	(946)	(1,284)	(2,230)
<b>Balance at 30 June 2013</b>	<b>7,252</b>	<b>16,495</b>	<b>23,747</b>
Balance at 1 July 2013	7,252	16,495	23,747
Additions	2,083	1,822	3,905
Disposals	(30)	-	(30)
Impairment losses	-	-	-
<b>Balance at 30 June 2014</b>	<b>9,305</b>	<b>18,317</b>	<b>27,622</b>
<b>Accumulated depreciation and impairment losses</b>			
Balance at 1 July 2012	1,476	10,105	11,581
Amortisation expense	605	1,817	2,422
Disposals	(54)	-	(54)
Impairment losses	-	-	-
<b>Balance at 30 June 2013</b>	<b>2,027</b>	<b>11,922</b>	<b>13,949</b>
Balance at 1 July 2013	2,027	11,922	13,949
Amortisation expense	933	1,621	2,554
Disposals	(26)	-	(26)
Impairment losses	-	-	-
<b>Balance at 30 June 2014</b>	<b>2,934</b>	<b>13,543</b>	<b>16,477</b>
<b>Carrying amounts</b>			
At 30 June 2012	3,695	6,057	9,752
At 30 June 2013	5,225	4,573	9,798
At 30 June 2014	6,371	4,774	11,145

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

## Note 11: Employee entitlements (current portion)

	30/06/13 Actual \$000	30/06/14 Actual \$000
Accrued salaries and wages	4,513	4,264
Long service and retiring leave	1,796	1,600
Other employee entitlements	17,465	11,704
<b>Total employee entitlements (current portion)</b>	<b>23,774</b>	<b>17,568</b>

Other employee entitlements include accrued annual leave, time-off-in-lieu, vested long service leave and a provision for restructuring costs of some \$0.5 million (2013: \$6.6 million), resulting from implementing the Delivery Review Project recommendations. The change in the latter provision is the main reason for the reduction in employee entitlements.

## Note 12: Provisions

	30/06/13 Actual \$000	30/06/14 Actual \$000
<b>Current portion</b>		
Environmental	936	11,653
ACC Partnership Programme	209	152
Onerous contracts	142	50
<b>Total current portion</b>	<b>1,287</b>	<b>11,855</b>
<b>Non current portion</b>		
ACC Partnership Programme	224	315
Onerous contracts	274	224
<b>Total non-current portion</b>	<b>498</b>	<b>539</b>
<b>Total provisions</b>	<b>1,785</b>	<b>12,394</b>
<b>Movements in provisions:</b>		
<i>Environmental</i>		
Balance at 1 July	1,486	936
Provision utilised or reversed during the year	(1,145)	(361)
Provision made during the year	595	11,078
<b>Balance at 30 June</b>	<b>936</b>	<b>11,653</b>
<i>ACC Partnership Programme</i>		
Balance at 1 July	764	433
Provision utilised or reversed during the year	(431)	-
Provision made during the year	100	34
<b>Balance at 30 June</b>	<b>433</b>	<b>467</b>
<i>Onerous contracts</i>		
Balance at 1 July	-	416
Provision utilised or reversed during the year	-	(142)
Provision made during the year	416	-
<b>Balance at 30 June</b>	<b>416</b>	<b>274</b>
<b>Total provisions</b>	<b>1,785</b>	<b>12,394</b>

### Battle for Our Birds

Following the 2013/14 beech mast event an amount of \$8.2 million has been provided for in the financial year ending 30 June 2014 to cover costs to be incurred by the 'Battle for Our Birds' programme. Mast events are prolific flowering bursts among forest trees, such as beech, over spring and summer. This flowering in turn leads to a bumper seed fall in the following autumn and the widely available seed on the forest floor drives a rapid increase in rat and stoat numbers. Rats and stoats both prey on native species and the surge in the predator population puts vulnerable native species under extreme pressure, particularly during the spring when birds are nesting and raising offspring.



To protect our native wildlife the Department is implementing the 'Battle for Our Birds' predator control programme. The Department will extend the South Island forest areas targeted for aerial protection with biodegradable 1080 pesticide and boost ground-based trapping networks.

### Cleaning up contaminated sites

\$1.5 million has been recognised as the Department's expected share 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.

## Note 13: Employee entitlements (non-current portion)

	Note	30/06/13 Actual \$000	30/06/14 Actual \$000
Retiring leave		13,886	12,504
Long service leave		2,753	2,579
		<b>16,639</b>	<b>15,083</b>
Less: Current portion of long service and retiring leave	11	(1,796)	(1,600)
<b>Total employee entitlements (non-current portion)</b>		<b>14,843</b>	<b>13,483</b>

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 2014. 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)
<b>Salary growth</b>	
1% below assumed	1,166
1% above assumed	(1,334)
<b>Discount rates</b>	
1% above assumed	1,129
1% below assumed	(1,312)



## Note 14: Taxpayers' funds

	30/06/13 Actual \$000	30/06/14 Actual \$000
<b>General funds</b>		
Balance at 1 July	439,571	457,285
Net surplus for the year	13,344	1,958
Transfers from revaluation reserve on disposal	1,199	(1,580)
Capital repayments to the Crown	(526)	-
Capital contributions from the Crown	10,000	-
Return of operating surplus to the Crown	(6,193)	(990)
Asset transfers between Department and Crown	(110)	207
<b>Balance at 30 June</b>	<b>457,285</b>	<b>456,880</b>
<b>Property, plant and equipment revaluation reserves</b>		
Balance at 1 July	117,143	118,315
Revaluation gains	2,371	14,619
Transfer to general funds on disposal	(1,199)	1,580
<b>Balance at 30 June</b>	<b>118,315</b>	<b>134,514</b>
<b>Total taxpayers' funds at 30 June</b>	<b>575,600</b>	<b>591,394</b>
<b>Revaluation reserves consist of:</b>		
Land revaluation reserve	13,451	13,390
Buildings revaluation reserves	31,571	33,146
Visitor assets revaluation reserves	68,800	83,638
Other revaluation reserves	4,493	4,340
<b>Total revaluation reserve</b>	<b>118,315</b>	<b>134,514</b>

## Note: 15 Reconciliation of net surplus to net cash flow from operating activities

	30/06/13 Actual \$000	30/06/14 Actual \$000
Net surplus/(deficit)	13,344	1,958
<b>Add non-cash items</b>		
Depreciation, amortisation and impairment expenses	33,755	32,770
Donated assets	(3,954)	(214)
<b>Total non-cash items</b>	<b>29,801</b>	<b>32,556</b>
<b>Add items classified as investing or financing activities</b>		
<b>Net loss on disposal of property, plant and equipment</b>	<b>2,278</b>	<b>388</b>
<b>Add/(less) working capital movements</b>		
(Inc)/dec in prepayments	(597)	(85)
(Inc)/dec in inventories	53	(133)
(Inc)/dec in trade and other receivables	(1,527)	(1,310)
(Inc)/dec in debtor Crown	4,059	3,927
Inc/(dec) in trade and other payables	(4,375)	4,223
Inc/(dec) in GST payable	1,579	(892)
Inc/(dec) in employee entitlements	6,165	(7,566)
Inc/(dec) in other provisions	(465)	10,609
Inc/(dec) in revenue in advance	1,414	1,211
<b>Net working capital movement</b>	<b>6,306</b>	<b>9,984</b>
<b>Net cash flow from operating activities</b>	<b>51,729</b>	<b>44,886</b>

## Note 16: 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

Liquidity risks	Less than 6 months \$000	From 6–12 months \$000	From 1–5 years \$000	Over 5 years \$000
<b>2013</b>				
Trade and other payables	13,706	-	-	-
Finance leases	361	360	1,515	-
<b>2014</b>				
Trade and other payables	18,006	-	-	-
Finance leases	372	372	878	-

The carrying amounts of financial assets and financial liabilities in each of the NZ IAS 39 categories is as follows.

	Notes	30/06/13 Actual \$000	30/06/14 Actual \$000
<b>Loans and receivables</b>			
Cash		51,807	58,011
Trade and other receivables	7	7,518	8,828
Debtor Crown	8	28,740	24,813
<b>Total loans and receivables</b>		<b>88,065</b>	<b>91,652</b>
<b>Financial liabilities measured at amortised cost</b>			
Trade and other payables		13,706	18,006
Finance leases		1,988	1,482
<b>Total financial liabilities measured at amortised cost</b>		<b>15,694</b>	<b>19,488</b>

## Note 17: 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.

One employee of the Department is a close family member of a member of the Department's Senior Leadership Team. The terms and conditions of this employment contract are no more favourable than the Department would have adopted if there was no relationship to that staff member. No other transactions were carried out with related parties of the Department's Senior Leadership Team.

	30/06/13 Actual \$000	30/06/14 Actual \$000
Key management personnel compensation		
Salaries and other short-term benefits*	1,993	2,251
Other long-term benefits	45	-
Termination benefits	-	187
<b>Total key management personnel compensation</b>	<b>2,038</b>	<b>2,438</b>

\* The Director-General's remuneration is determined and paid by the State Services Commission. The 2012/13 figure has been restated to include the Director-General's remuneration.

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

## Note 18: 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 19: 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 (2013: none).

# Non-departmental financial schedules

## Schedule of income – Crown as administered by Department of Conservation for the year ended 30 June 2014

	Note	30/06/13 Actual \$000	30/06/14 Budget* \$000	30/06/14 Revised Budget* \$000	30/06/14 Actual \$000
<b>Income</b>					
Concessions, leases and licences	1	13,360	13,800	13,800	13,777
Other operational revenue†		2,681	3,897	3,897	2,673
Capital receipts		1,319	-	-	1,549
<b>Total income</b>		<b>17,360</b>	<b>17,697</b>	<b>17,697</b>	<b>17,999</b>

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

† Other operational revenue includes rates recovery revenue, which was previously included under Concessions, leases and licences. Prior year amounts have been restated to reflect this change.

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 Department of Conservation for the year ended 30 June 2014

	30/06/13 Actual \$000	30/06/14 Budget* \$000	30/06/14 Revised Budget* \$000	30/06/14 Actual \$000
<b>Vote Conservation</b>				
Appropriation for non-departmental output classes	12,418	34,259	15,236	13,160
Appropriation for non-departmental other expenses	3,690	6,824	4,802	2,957
GST input on appropriations	1,576	2,712	2,712	1,633
Other	(415)	(3,720)	(718)	-
<b>Total expenses</b>	<b>17,269</b>	<b>40,075</b>	<b>22,032</b>	<b>17,750</b>

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

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

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

**Schedule of expenses and capital expenditure against appropriations –  
Crown as administered by Department of Conservation  
for the year ended 30 June 2014**

	30/06/13 Actual	30/06/14 Budget*	30/06/14 Revised Budget*	30/06/14 Actual
	\$000	\$000	\$000	\$000
<b>Vote Conservation appropriation for non-departmental output classes</b>				
Identification and implementation of protection for natural and historic places	7,759	21,047	9,331	8,637
Management services for natural and historic places	1,557	1,932	1,932	1,924
Moutoa Gardens/Pakaitore	23	23	23	23
NZ biodiversity advice and condition funds	2,939	10,812	3,920	2,546
Stewart Island infrastructure	140	445	30	30
<b>Total output expenses</b>	<b>12,418</b>	<b>34,259</b>	<b>15,236</b>	<b>13,160</b>
<b>Appropriation for other expenses incurred by the Crown</b>				
Esplanade reserve compensation	-	60	60	-
Mātauranga Kura Taiao fund	746	840	743	658
Subscriptions to international organisations	319	405	405	328
Payment of rates on properties for concessionaires	739	839	839	771
Waikaremoana lakebed lease	241	241	241	241
Losses on disposal of property, plant and equipment	-	2,525	600	-
Redress—Foreshore and Seabed Act 2004	80	230	230	-
Vesting of reserves	647	650	650	-
Depreciation	918	934	934	924
Impaired and written-off receivables	-	100	100	35
<b>Sub-total other expenses</b>	<b>3,690</b>	<b>6,824</b>	<b>4,802</b>	<b>2,957</b>
Impairment of public conservation land	10,113	50	3,052	-
<b>Total other expenses</b>	<b>13,803</b>	<b>6,874</b>	<b>7,854</b>	<b>2,957</b>
<b>Appropriations for capital expenditure</b>				
Purchase and development of reserves	478	3,800	4,065	114
Crown land acquisitions	67	1,847	1,847	3
<b>Total capital expenditure</b>	<b>545</b>	<b>5,647</b>	<b>5,912</b>	<b>117</b>
<b>Total expenses and capital expenditure against appropriations</b>	<b>26,766</b>	<b>46,780</b>	<b>29,002</b>	<b>16,234</b>

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

The schedule of expenses and capital expenditure against appropriations – Crown as administered by Department of Conservation details expenses and capital expenditure incurred against appropriations. The Department administers these appropriations on behalf of the Crown. Expenses not requiring appropriation include revaluation of fixed assets and GST input tax on 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 Department of Conservation

as at 30 June 2014

	Notes	30/06/13 Actual \$000	30/06/14 Budget* \$000	30/06/14 Revised Budget* \$000	30/06/14 Actual \$000
<b>Current assets</b>					
Cash		31,991	46,069	88,782	18,386
Receivables and prepayments		4,843	4,618	4,618	3,672
Non-current assets held for sale	2	14,350	-	-	14,157
<b>Total current assets</b>		<b>51,184</b>	<b>50,687</b>	<b>93,400</b>	<b>36,215</b>
<b>Non-current assets</b>					
Property, plant and equipment	3	5,399,395	5,506,056	5,418,647	5,467,483
<b>Total non-current assets</b>		<b>5,399,395</b>	<b>5,506,056</b>	<b>5,418,647</b>	<b>5,467,483</b>
<b>Total assets</b>		<b>5,450,579</b>	<b>5,556,743</b>	<b>5,512,047</b>	<b>5,503,698</b>

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

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

as at 30 June 2014

	30/06/13 Actual \$000	30/06/14 Budget* \$000	30/06/14 Revised Budget* \$000	30/06/14 Actual \$000
<b>Current liabilities</b>				
Payables and advances	1,418	2,743	9,329	819
Provisions	1,921	-	-	2,410
<b>Total current liabilities</b>	<b>3,339</b>	<b>2,743</b>	<b>9,329</b>	<b>3,229</b>
<b>Total liabilities</b>	<b>3,339</b>	<b>2,743</b>	<b>9,329</b>	<b>3,229</b>

\* 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 Department of Conservation

as at 30 June 2014

	30/06/13 Actual \$000	30/06/14 Actual \$000
Other non-cancellable operating leases	-	40
<b>Total commitments</b>	<b>-</b>	<b>40</b>
<b>Commitments by term</b>		
Less than 1 year	-	18
1–2 years	-	18
2–5 years	-	4
Greater than 5 years	-	-
<b>Total commitments</b>	<b>-</b>	<b>40</b>

## Schedule of contingent liabilities and contingent assets – Crown as administered by Department of Conservation

as at 30 June 2014

	30/06/13 Actual \$000	30/06/14 Actual \$000
Quantifiable liabilities	4,146	9,141
<b>Total contingent liabilities</b>	<b>4,146</b>	<b>9,141</b>

There were ten claims against the Crown, seven of which are not currently quantifiable. The largest 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 (2013 nil).

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

# Statement of accounting policies

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## 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.

Measurement and recognition rules applied in the preparation of these non-departmental schedules and statements are consistent with New Zealand generally accepted accounting practice as appropriate for public benefit entities.

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 2014* (the Budget is 2013 Budget Economic and Fiscal Update [BEFU 2013] out-year 1 figures [the Estimates Budget] and the Revised Budget is the Supplementary Estimates Budget 2014 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 and is reported in the financial period to which it relates.

## 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 amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate.

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 the 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.

#### 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.

### Impairment

Property, plant and equipment that have a finite useful life are reviewed for impairment when there is an indicator of impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is the depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows, and where the Department would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where this results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit. For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

### Trade and other payables

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

### 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, 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

	30/06/13 Actual \$000	30/06/14 Actual \$000
Guiding	2,697	2,793
Telecommunications	1,647	1,978
Grazing	1,374	1,438
Tourism occupations	1,413	1,399
Ski areas	978	1,883
Sporting and special events	50	78
Aircraft landings	1,496	1,036
Residential/recreational	1,034	1,069
Other occupations	622	685
Vehicle transport	276	267
Boating	710	385
Filming	144	142
Easements	496	385
Extractions fees	40	56
Miscellaneous	383	183
<b>Total concessions, leases and licences</b>	<b>13,360</b>	<b>13,777</b>

## Note 2: Non-current assets held for sale

	30/06/13 Actual \$000	30/06/14 Actual \$000
Land*	14,350	14,157
<b>Total non current assets held for sale</b>	<b>14,350</b>	<b>14,157</b>

\* 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
<b>Cost or valuation</b>					
Balance at 1 July 2012	5,440,358	69,836	13,197	5,100	5,528,491
Additions	4,012	-	-	-	4,012
Revaluation movement	(84,466)	7,858	-	-	(76,608)
Disposals	(1,917)	-	-	-	(1,917)
Assets transferred to current assets	(8,195)	-	-	-	(8,195)
<b>Balance at 30 June 2013</b>	<b>5,349,792</b>	<b>77,694</b>	<b>13,197</b>	<b>5,100</b>	<b>5,445,783</b>
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)
<b>Balance at 30 June 2014</b>	<b>5,418,440</b>	<b>78,639</b>	<b>13,191</b>	<b>5,100</b>	<b>5,515,370</b>
<b>Accumulated depreciation and impairment losses</b>					
Balance at 1 July 2012	-	40,811	-	-	40,811
Depreciation expense	-	713	205	-	918
Revaluation movement	-	4,659	-	-	4,659
Disposals	-	-	-	-	-
<b>Balance at 30 June 2013</b>	<b>-</b>	<b>46,183</b>	<b>205</b>	<b>-</b>	<b>46,388</b>
Balance at 1 July 2013	-	46,183	205	-	46,388
Depreciation expense	-	793	131	-	924
Revaluation movement	-	575	-	-	575
Disposals	-	-	-	-	-
<b>Balance at 30 June 2014</b>	<b>-</b>	<b>47,551</b>	<b>336</b>	<b>-</b>	<b>47,887</b>
<b>Carrying amounts</b>					
At 1 July 2012	5,440,358	29,025	13,197	5,100	5,487,680
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

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 F.E. Spencer (FPINZ, FNZIV) of Logan Stone Ltd. The valuation is effective as at 30 June 2014.

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, F.E. Spencer (FPINZ, FNZIV) of Logan Stone Ltd. The valuation is effective as at 30 June 2014. 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 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 2014 being the anticipated cost to repair damage following the 2013 earthquakes in Wellington to the Old Government Building.

### Designations

There is also a provision relating to a designation placed on private land 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 (2013: none).

# Additional financial information

## Departmental expenses by output for the year ended 30 June 2014

	30/06/13 Actual \$000	30/06/14 Actual \$000
<b>Vote Conservation</b>		
<i>Management of natural heritage</i>		
Fire control	11,386	8,923
Conservation Services Programme	1,370	2,278
Natural heritage restoration	13,419	9,690
Possum control	10,664	9,363
Deer control	1,324	1,189
Goat control	6,018	4,976
Other terrestrial animal pests	8,689	11,934
Aquatic animal pest control	669	477
Island management and restoration	3,479	3,226
Fencing (stock control)	12,493	11,060
Inventory and monitoring	2,322	3,689
Weed control	16,919	17,086
Legal protection of areas and sites	7,443	8,784
Resource Management Act advocacy and coastal planning	3,618	4,949
Species conservation programmes	31,742	29,699
Mainland island sites	1,843	1,757
CITES (Convention on International Trade in Endangered Species)	874	774
Specific pest and disease response	1,473	2,207
Species persistence	6,169	6,153
Ecosystems conservation	12,440	24,754
Nationally iconic natural features maintenance	-	27
<b>Total management of natural heritage</b>	<b>154,354</b>	<b>162,995</b>
<i>Management of historic heritage</i>		
Historic heritage restoration	4,717	4,763
<b>Total management of historic heritage</b>	<b>4,717</b>	<b>4,763</b>

	30/06/13 Actual \$000	30/06/14 Actual \$000
<b>Vote: Conservation</b>		
<i>Management of recreational opportunities</i>		
Huts	17,680	18,077
Booked accommodation	1,811	2,843
Campsites	15,237	15,850
Tracks	47,693	49,759
Amenity areas and community services	11,050	12,252
Roads and carparks	4,920	4,859
Visitor centres	12,871	12,761
Visitor information	3,048	2,872
Recreation concessions	4,674	8,084
Recreation planning and impact monitoring	11,038	10,650
Taupo sports fisheries	2,833	2,652
Non-recreation concessions	4,808	3,412
Recreational opportunities review	287	98
<b>Total management of recreational opportunities</b>	<b>137,950</b>	<b>144,169</b>
<i>Conservation with the community</i>		
Participation	16,641	19,035
Education and communication	3,695	3,432
International obligations	597	1,189
Effective implementation of Treaty settlements	289	1,568
<b>Total conservation with the community</b>	<b>21,222</b>	<b>25,224</b>
<i>Policy advice and Ministerial servicing</i>		
Policy advice	939	1,042
Ministerial services	18	18
Management planning	1,352	2,294
Statutory bodies	1,312	1,415
Biosecurity policy advice	197	366
<b>Total policy advice and Ministerial servicing</b>	<b>3,818</b>	<b>5,135</b>
<b>Crown regional pest management strategies' contribution</b>	<b>3,160</b>	<b>2,927</b>
<b>Total Vote Conservation</b>	<b>325,221</b>	<b>345,213</b>
<b>Add:</b>		
Unrealised remeasurement gains	(2,697)	(444)
Canterbury earthquakes recovery costs	-	110
<b>Total expenses per Statement of Financial Performance</b>	<b>322,524</b>	<b>344,879</b>



# Appendices

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## Appendix 1: DOC's responsibilities

DOC manages about 8.5 million hectares of land, 38 marine reserves (covering almost 1.7 million hectares), and 6 marine mammal sanctuaries (covering nearly 2.4 million hectares).<sup>\*</sup> However, a considerable proportion of the land is 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 with 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.

The Government's driving goals in 2013/14 were 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.<sup>†</sup>

DOC's mandate and context is also set by a statutory planning framework that supports the legislation: the Conservation General Policy, General Policy for National Parks and the strategies and plans that flow from these policies. A series of conservation management strategies (CMSs) identifies the places that DOC manages on behalf of New Zealanders. The 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.

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<sup>\*</sup> Marine reserves and marine mammal sanctuaries are listed in the companion report: Department of Conservation biodiversity indicators: 2014 assessment - supplementary material.

<sup>†</sup> Government's goals for 2013/14: [www.treasury.govt.nz/budget/2013/bps/03.htm](http://www.treasury.govt.nz/budget/2013/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 14.

**Table 14: Output classes and main outputs that contribute to DOC's intermediate outcomes.**

Intermediate outcome	Output classes	Main outputs
<b>Intermediate outcome 1:</b> 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
	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
	<b>Intermediate outcome 2:</b> Historic heritage Our history is protected and brought to life	Management of historic heritage
	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
	<b>Intermediate outcome 3:</b> Recreation More people participate in recreation	Management of historic heritage
	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
	<b>Intermediate outcome 4:</b> Engagement More people engage with conservation and value its benefits	Conservation with the community
	Policy advice, statutory planning, and services to Ministers and statutory bodies	Policy advice Ministerial services

Intermediate outcome	Output classes	Main outputs
<b>Intermediate outcome 5:</b> Business opportunities More business opportunities delivering increased economic prosperity and conservation gain	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

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. This process is shown in figure 19.

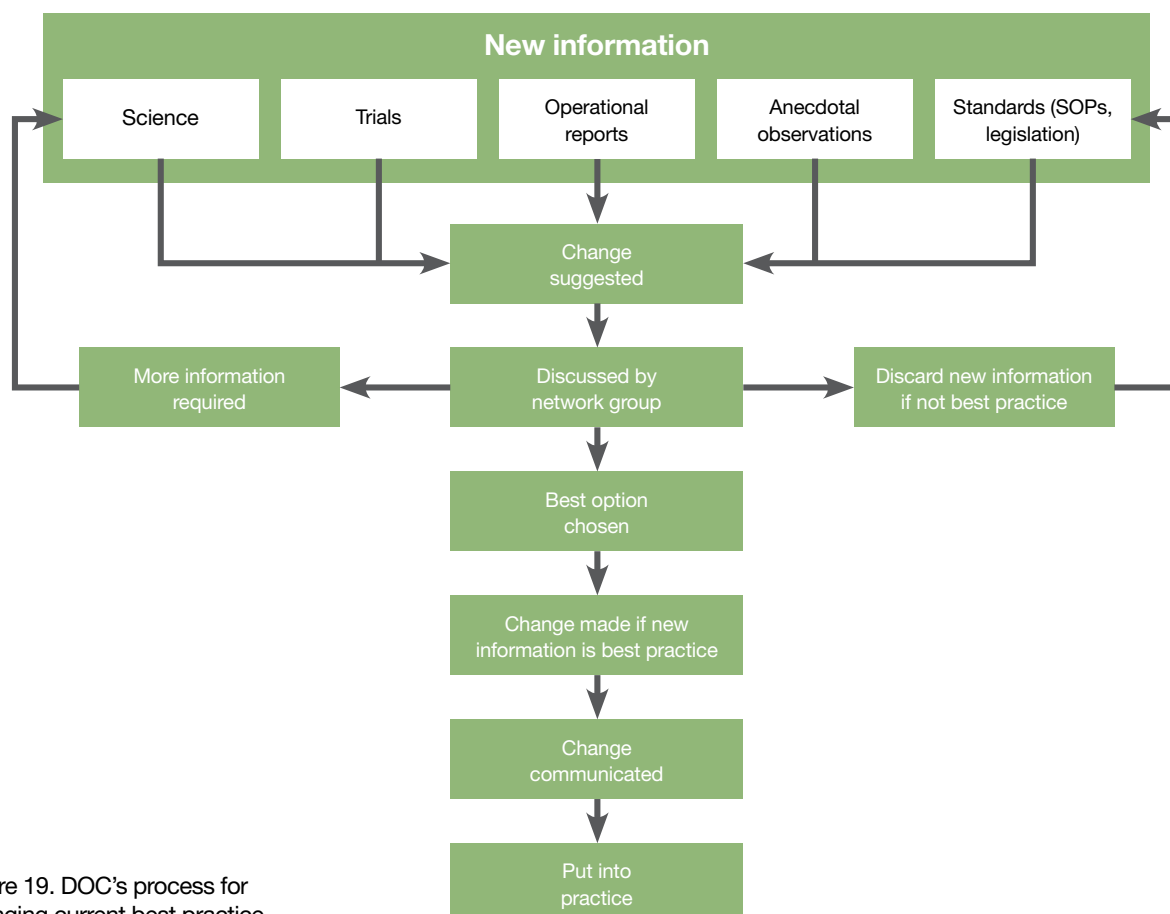


Figure 19. DOC's process for changing current best practice.

## Appendix 3: Conservation Services programme

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The Conservation Services Programme undertakes research into the interactions between commercial fishing and marine protected species. In 2013/14, 1499 days of observer coverage were achieved to monitor protected species interactions in a range of both inshore and offshore fisheries. Programmes to formally confirm the identification of observed seabirds, marine mammals, reptiles and protected fish captured were run in support of the observer coverage. Projects to optimise observer programme data collection, and review information on cryptic seabird mortality were also progressed.

Field projects were undertaken as part of population studies into New Zealand sea lions, white-capped, Salvin's and Gibson's albatrosses, and black petrels. A modelling project was undertaken to describe the distribution of protected corals, and existing information on oceanic whitetip sharks was reviewed. A 2-year population modelling project on New Zealand sea lions was also completed.

Practical mitigation projects in 2013/14 focused on inshore bottom longline, surface longline and trawl fisheries, with a characterisation of smaller vessel bottom longline fisheries also completed. Other work areas included increasing awareness of and implementing measures to reduce interactions with protected species, including the production of a newsletter for commercial fishermen.

Final reports can be found on DOC's website at [www.doc.govt.nz/csp](http://www.doc.govt.nz/csp). Projects undertaken by the Conservation Services Programme are reviewed by a technical working group before posting on the website.

The Conservation Services Programme also provided active input to the Agreement on the Conservation of Albatrosses and Petrels, and several regional fishery management organisations.

## Appendix 4: Performance of Reserve Boards as at 30 June 2013\*

### Reserve Boards – Financial information available

Reserve Board	Type	Revenue \$	Expenditure \$	Net Assets \$
<b>Northland</b>				
Coates Memorial Church	Local purpose	895	623	165,895
Oakura	Recreation	2,755	2,350	243,700
Ruakaka	Recreation	511,930	455,410	885,200
Ruakaka Central	Hall	14,188	8,430	75,634
Taurikura	Hall	17,406	23,614	149,865
Waipu Cove	Recreation	944,600	839,560	2,437,470
Whatitiri	Recreation	6,150	1,730	153,370
<b>Auckland</b>				
Glorit	Hall	5,867	18,921	13,197
<b>Bay of Plenty</b>				
Awakaponga Hall	Hall	2,160	7,420	129,550
Lake Rotoiti	Scenic	9,444	13,509	35,742
<b>Whanganui</b>				
Pakaitore/Moutoa Gardens	Historic	33,852	71,528	216,343
Poukioe	Recreation	5003	9377	136,080
Tiriraukawa	Hall	390	281	2,846
<b>Wellington</b>				
Horowhenua	Recreation	910	3,262	36,514
Whitireia Park	Recreation	5,554	11,262	40,799
<b>Nelson/Marlborough</b>				
Homewood	Hall	153	2,918	60,918
Kaiteriteri	Recreation	4,754,624	4,192,394	7,935,175
<b>West Coast</b>				
Millerton	Hall	1,633	1,285	67,749

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

**Northland** Waikiekie (Recreation); **Bay of Plenty** Matata (Recreation); **Whanganui** Papanui (Hall);

**West Coast** Charleston (Hall).

\* Details are dated 30 June 2013 as they are usually based on audited reports often not available until after the DOC annual report deadlines.

## Appendix 5: Search and Surveillance Act 2012, section 171

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### Annual reporting of search and surveillance powers by agencies other than 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.	0
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.	0
171(e)	The matters set out in section 172 in relation to surveillance device warrants and declaratory orders.	n/a

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