



Department of Conservation Te Papa Atawhai

FOUR-YEAR PLAN
BUDGET 2017



Department of
Conservation
Te Papa Atawhai

Amendments to this document since first publishing:

1. Removal of the 2021/23 out-year column of the “Major Budget initiatives 2017’ table page 1 to align with the published Estimates from Treasury;
2. Removed an incorrect reference to MBIE on page 13;
3. Amendments to the ‘Summary of annual output performance’ table on page 24 by dropping the ‘Actual 2011/12’ column to provide for inclusion of a new column, updating the ‘Target 2016/17’ column with the forecast data to become the ‘Forecast to Year-end 2016/17’ column, and adding in the ‘Target 2017/18’ column.

Certain information in this document has been withheld under one or more sections of the Official Information Act 1982.

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Department of Conservation

Te Papa Atawhai

FOUR-YEAR PLAN BUDGET 2017

Major Budget initiatives 2017

This Four-year Plan was prepared in October 2016. Financial assumptions presented in the plan have been prepared based on the context at that time.

Since that point the Department has received additional funding from Government as part of Budget 2017. The main elements are shown in the table below. For further details see the Vote Conservation estimates, page 7 at www.treasury.govt.nz/budget/2017/estimates/v3/est17-v3-conser.pdf.

	2016/17 \$000	2017/18 \$000	2018/19 \$000	2019/20 \$000	2020/21 \$000
Operating initiatives					
Natural Heritage 'Battle for Our Birds'	21,316				
Tourism infrastructure – maintenance		5,418	7,103	10,624	9,987
Tourism Growth Initiative – new walks		1,712	2,126	3,436	4,238
Capital initiatives					
Tourism infrastructure – maintenance		5,344	1,044	6,294	8,334
Tourism Growth Initiative – new walks		700	2,320	2,970	4,300

Due to the extensive re-work that would be required, no changes have been made to the key graphs and financial tables to reflect the impact of the new funding on core assumptions and modelling. This will be done in Budget 2018/19.

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Director-General's statement of responsibility

(Relevant to the strategic intentions of the Department of Conservation, pages 5 to 40)

In signing this statement, I acknowledge that I am responsible for the information on strategic intentions for the Department of Conservation. This information has been prepared in accordance with section 38 and section 40 of the Public Finance Act 1989.

Lou Sanson
Director-General
Department of Conservation
May 2017

Introduction

The June 2016 Performance Improvement Framework follow-up review and the recently completed DOC 2025 project have built on the 2016 Four-year Plan and identified the challenges facing the Department. These fell into three areas:

- Increasing business pressures from the continued increase in tourism numbers (domestic and international)
- The continued decline in natural heritage despite large-scale pest-control projects and increasing involvement of new partners
- The transition of the Department to a new operations structure and continued rollout of the related transformation programme across the business.

The Budget 2017 Four-year Plan is focused on what is required immediately to address these three areas. This is a transitional plan building on work initiated as part of DOC 2025 – a project aiming to clarify what a sustainable DOC would look like in line with the 10-year stretch goals, and what resources, capabilities and partnerships would be needed to deliver sustainable conservation and recreation.

That project raised some fundamental questions about conservation policy settings that will require external consultation. It also highlighted immediate work needed in the core areas of natural heritage and recreation. While the immediate work identified is set out in this Four-year Plan, the description in the 2016 Four-year Plan of the context in which the Department operates remains valid and is not repeated in this plan.

Increase in tourism numbers

This Budget 2017 Four-year Plan identifies the required work to support the ongoing growth in tourism numbers. This growth in overall volume impacts at the key sites our visitors travel to, and we need to respond to it if we are to continue to support both regional and national visitor destinations and New Zealand's overall visitor strategy. This involves both improvement in existing visitor asset infrastructure and shifting the existing visitor 'pipeline' by marketing an increased range of sites, some of which have the necessary

capacity. Additional resources provided by Government through the Budget 2017 process have allowed this work to begin.

Halting the decline in natural heritage

The integration of threatened species into work programmes underway at priority sites will allow the Department to further develop the investment approach in natural heritage. This is focused on prioritising the investment required to get the condition of key natural heritage assets into a healthy, functioning state so they can provide a sustainable stream of benefits to society and the economy.

Increasingly, prioritisation will drive resource decisions so that in a fully mature organisation, decisions on accepting external resource offers are assessed against these priorities and potentially declined where there is poor alignment.

Transformation to a sustainable DOC

With the transformation programme including work on leadership, team process and the interface between the Operations Group and the service/support parts of the business well under way, the opportunity now exists to further develop the overall offering to DOC customers to improve customer focus and channel management and join with others in a networked conservation-delivery model.

There is also more to be done to achieve a sustainable financial position. In the short term, the opportunities the Government has taken for investment in the Department support tourism growth, primarily focusing on outcomes for regional New Zealand.

Three programmes are essential to maintain outputs in the face of substantial challenges:

- We will complete the current work to improve the Department's effectiveness: better alignment of our science investment with business priorities, overhauling our regulatory system to improve customer engagement and completing the work under our transformation programme.

- We will finish the work on our prioritisation tools and ramp up their use to drive the investment in the natural heritage assets necessary for a healthy, functioning economy and society.
- There is more to be done to improve the Department’s ability to fund itself through revenue generation by taking a more commercial approach:
 - Developing and implementing a customer segmentation model
 - Taking a more commercial approach to pricing services and arrangements with commercial operators, including a focus on the fees structure
- Considering, alongside this, changes to legislative and self-imposed constraints that would materially change the Department’s Crown funding requirements.

In April 2016, the Department established the DOC 2025 project to better understand its value proposition, i.e. the relative value of conservation outcomes to stakeholders. The process used government and non-government stakeholders to assess the relative value of different departmental outcomes against a set of criteria.

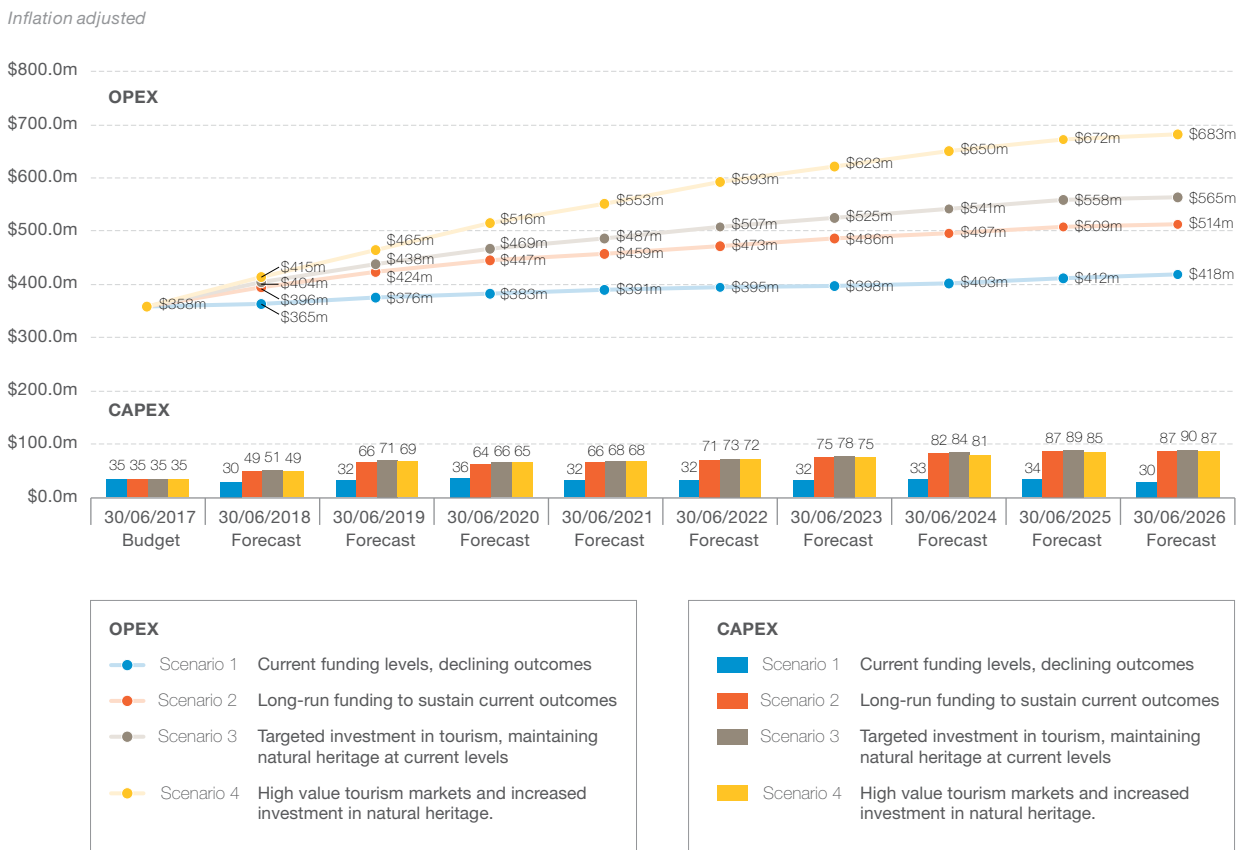


Figure 1: Ranges of investment scenarios.

The project put forward a range of different scenarios that considered maintaining current funding levels, increased funding to improve on natural heritage outcomes, spreading the tourism load across the existing recreational asset base, targeting high-value tourism markets and leveraging more value from existing recreational assets supported by targeted investment in our natural heritage. See Figure 1.

The high-level conclusions of the DOC 2025 project were that to optimise investment (assuming current resource constraints), the Department would get better value for its money in the short term through

emphasising recreation and tourism investment relative to biodiversity investment. However, due to the strong dependency between recreation, tourism and biodiversity on public conservation lands and waters, investment in our natural heritage assets in the long term is necessary to underpin continued tourism growth.

The Department is proposing to take the next 12 months to assess the funding consequences and the level of outcomes it can deliver on the agreed final scenarios that were identified in this project.

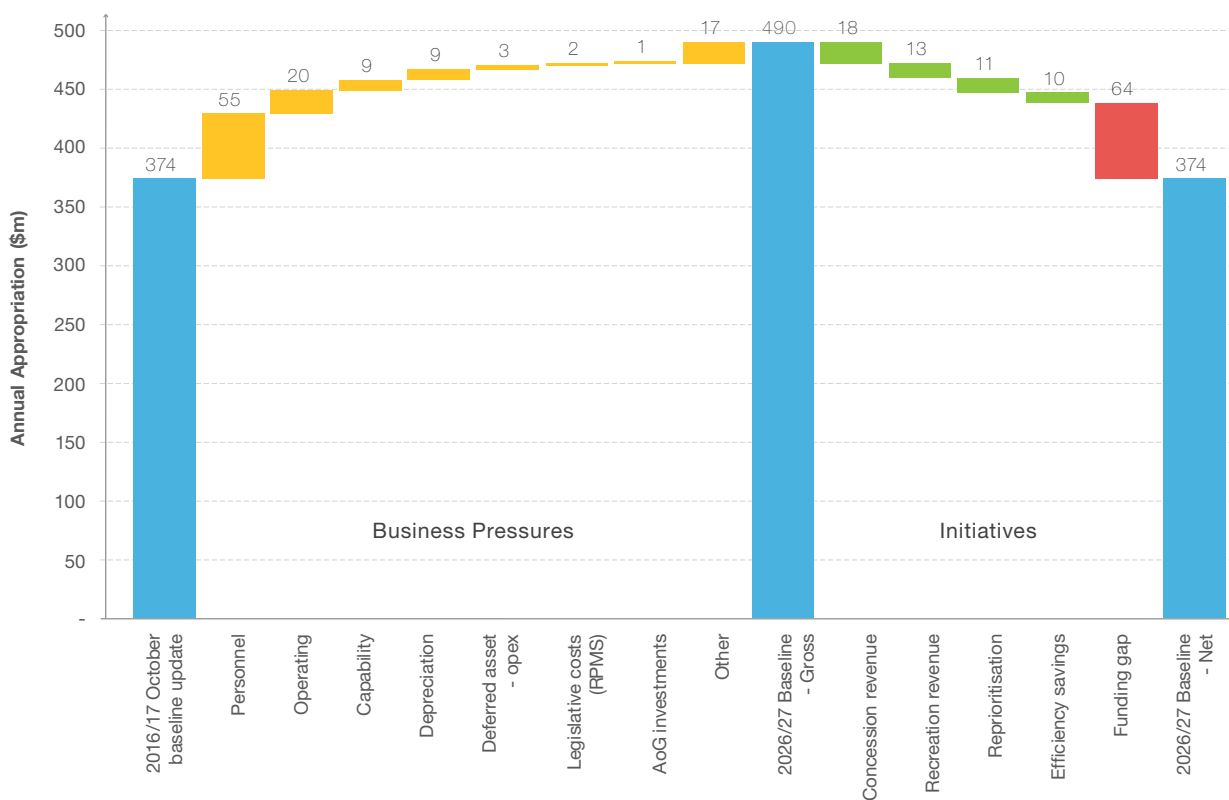


Figure 2: Departmental business pressures and initiatives to 2026/27.

Meanwhile, the Department will capitalise on opportunities to better align with the Ministry of Business, Innovation and Employment (MBIE) tourism strategy, and address immediate pressures in the high-use tourism areas through the resources allocated from Budget 2017.

On this basis, the Budget 2017 Four-year Plan has been based on the premise of current funding levels. However, over the next 10 years, funding will diminish in real terms by \$82 million due to inflationary cost pressures. Additional business pressures of \$34 million bring the total forecast shortfall to \$116 million. Forecast external revenue increases, reprioritisation and cost savings reduce the shortfall to \$64 million, which would have to be met by further delay and/or reprioritisation of work and cessation of lower-value activities. The movement in expenditure from the 2016/17 budget to the forecast position in 2026/27 is shown in Figure 2.

Over the next 12 months, the Department will explore cost-saving and additional revenue-generation opportunities. The work programme will progress:

- Efficiency initiatives currently under way, and, while these processes will improve services to the public, it is too early to be able to assess the extent of financial savings that they may provide (e.g. statutory process improvements).
- Offsetting increasing tourism-associated costs, as well as partially funding other cost pressures, by making use of additional revenue from increasing tourism numbers.
- Increasing revenue from recreation services and concessions. Based on current policy settings, modelling indicates additional revenue potential of \$31 million by 2026/27.
- Leveraging partnership opportunities. There are conservation gains to be made through partnership opportunities.
- Testing current strategic and operational policy constraints and options for changing policy settings. Some of the fundamental assumptions that underpin the Department's legislation and policies have not been examined since the Department's inception in 1987. The Department proposes testing and, if appropriate, changing some of these settings to ensure that the Department's policy settings are optimal for the current environment. This work will also inform what long-term revenue is possible and the long-term funding path for the Department.

Why conservation matters

New Zealand is a small nation that relies on its natural assets to drive the exports and tourism that underpin its social and economic capital.

New Zealand's economic growth is linked to the state of the natural resources that provide this infrastructure for primary exports, local community services such as freshwater and the tourism industry. Conservation is an investment in the state of that natural heritage infrastructure.

Tourism is a \$30 billion industry and 50% of our tourists come to New Zealand because of the quality of our nature and the opportunities it affords.

The economic benefits are extensive. International visitors who go to a national park on average spend more money than those who do not. For those on holiday/vacation, each extra day corresponds to an estimated 5.8% increase in money spent. Each extra national park visited corresponds to an estimated additional 10.1% increase. The economic benefit for local communities and regions is a key outcome of the Department's work to support the increasing tourism demand. Benefits can accrue to a wider range of communities as we look to redirect visitor flows at peak times away from high-use sites to less well-used sites that offer similar experiences for users without the potential crowding and need to harden existing visitor infrastructure.

DOC and our partners deliver outstanding experiences in the outdoors for visitors. These outstanding experiences and our reputation in delivering them underpins future demand. As well as contributing to our economy, the growing tourism market creates opportunities for conservation, for iwi, for our partners and for communities to protect New Zealand's special places so that they continue to enrich our lives and contribute to the well-being of all New Zealanders.

Increasing biodiversity pressure and visitor demand pressure

Biodiversity pressure

In the next 4-year period, the Department expects to face increasing pressure on biodiversity as the global climate changes. We know, for example, that significant beech masting events, resulting in rat irruptions and consequent negative impact on key threatened species, occur somewhere on average about every 3–5 years but are driven by hot climactic conditions resulting in heavy seed fall in forests.

Warmer and wetter climate conditions also mean increased weed growth, and, together, predator and weed control in the Department cover some 1.3 million hectares and are a significant portion of the Department's operational spend. With recent and ongoing research indicating that a high proportion of New Zealand's threatened species are located on private land, doing conservation by working with others is increasingly at the heart of DOC's strategy.

Visitor demand pressure

The Department is also preparing to respond to the predicted growth in international visitor numbers of 44% by 2022.¹ This rising demand includes an increasing trend for visitors to stay longer and spend more per day coupled with demand for customised, personalised services and accessible and responsive opportunities.

This impacts on both the Department's visitor opportunities (and is driving the need for a customer segmentation model) and those of our partners as the networked partnering model used by the Department gains traction.

¹ Ministry of Business, Innovation and Employment. 2016: New Zealand Tourism Forecasts 2016–2022. Ministry of Business, Innovation and Employment, Wellington.

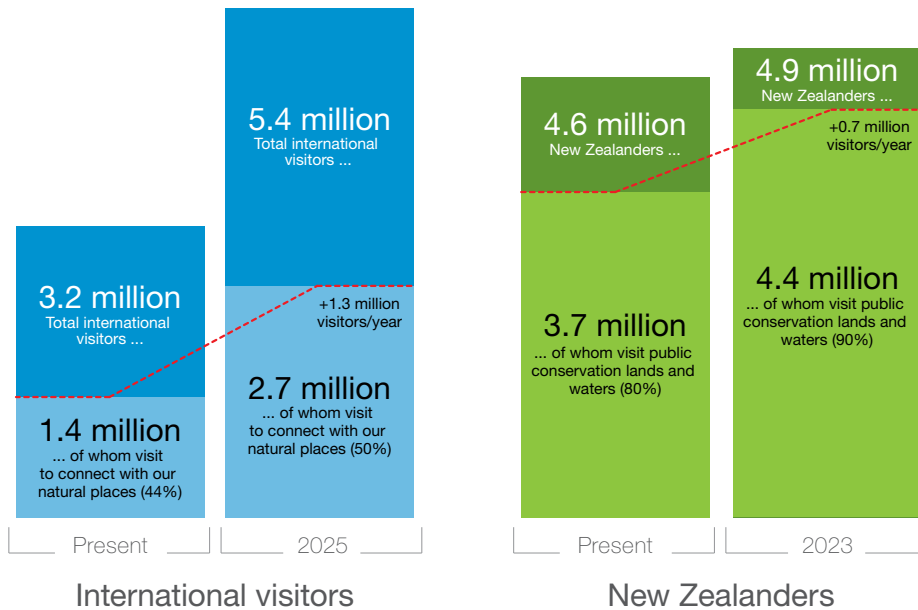


Figure 3: Projected visitor growth.

International tourism to our natural places is projected to increase by an additional 1.3 million visitors (see Figure 3). This will put further pressure on parts of the recreation network. Additionally, New Zealand’s population is growing fast, by approximately 80,000 annually. By 2023, an additional 700,000 people are expected to visit public conservation lands and waters each year. This is being monitored by DOC, with work being undertaken on the impact on sites now and on identifying the destinations that will be impacted on within 10 years.

In our most popular destinations, the visitor experience is under pressure. A failure to respond could lead to a reduction or collapse of the market and adversely impact on local economies based on the economic

benefits associated with tourism. Current business models need to be reviewed and management plans revised to ensure the best approach is achieved in balancing tourism with natural heritage protection and the quality of visitor experiences. These decisions will determine which assets we will upgrade now, repurpose, hold or retire.

Failure to reposition ourselves to service growing demand would have adverse economic and environment impacts. Failure to invest in the right places with the right assets will limit the number of visitors and frequency of participation and associated benefits will not be maximised. The additional funding for addressing these issues, secured in the Budget 2017 round, will help drive this work programme.

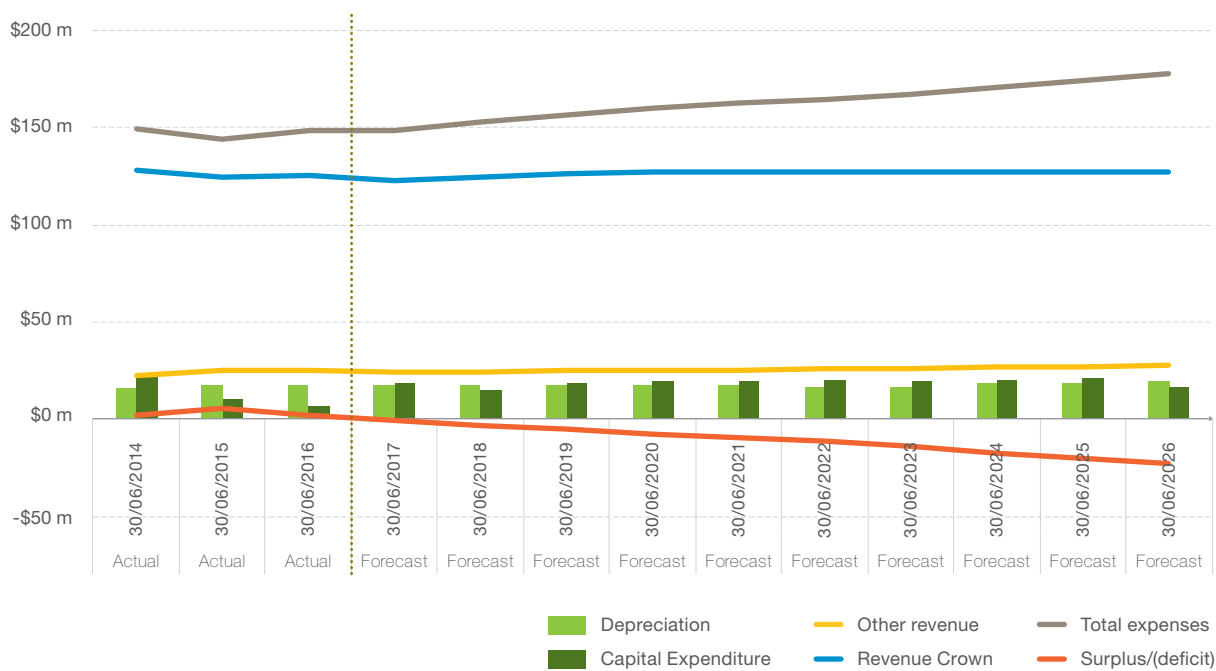


Figure 4: Projected operational and capital expenditure for the next 10 years on recreation, tourism and historic assets.

Financial profiles

Figure 4 above shows projected operational and capital expenditure for the next 10 years. This indicates the total increase in costs expected from inflationary pressures and the size of the gap that needs to be covered by any savings target and anticipated revenue growth.

This growth represents an opportunity to grow Crown revenue collected by the Department, provided legislative conditions are flexible enough to enable an increase in revenue collected. This might, for example, lead to a review of policy settings in this area.

Four-year Excellence Horizon

The DOC Excellence Horizon was set out in the 2014 Performance Improvement Framework (PIF) Review.

What does success look like?

In 4 years:

- DOC will have fully implemented an operating model fully aligned to the new strategy and structure and staff will be fully engaged with the new ways of working
- Organisational learning will be embraced in such a way that future organisation design change will be more evolutionary than revolutionary
- Customers will report that DOC meets their requirements in an efficient and agile way and they are delighted by their experiences of working with DOC
- Safe operations will be embedded within systems, shared values and ways of working
- Staff, partners, stakeholders and ministers will understand and be positively supportive of DOC's purpose, strategy and vision
- DOC's key stakeholders will report that DOC has a good understanding of their purpose and priorities
- Open, constructive and mutually beneficial engagement with partners at an early stage in project development will be the normal operating mode
- The current state of all core business areas will be identifiable through geospatial information
- Outcome targets for all outcome classes will be clearly articulated and reported against
- DOC will be able to quantify and share stories about tangible gains across all intermediate outcomes, together with a narrative connecting to the wider benefits of conservation to support the growth of a New Zealand that is flourishing socially, economically and environmentally
- The contribution of conservation to the wider economy will be widely understood within government and society
- Conservation values will be embedded within the business models of a number of key New Zealand businesses
- DOC's contribution will be seen by other government agencies as adding significant value to their policies and processes
- DOC will be an active participant within the natural resources sector, providing rich impact data to contribute to improved environmental reporting
- DOC will be regarded as helpful and innovative with iwi partnerships
- DOC will have identified any necessary changes to underlying legislation and be well positioned to support ministers in making any changes.

The June 2016 Follow-up Review of DOC considered 'is the Department on track to meet its Performance Challenge and fulfil its Four-year Excellence Horizon, given anticipated course and speed'. The review found:

A compelling DOC Story has been developed, together with seven aspirational Stretch Goals, to give clarity to priorities and direction.

The structure for the Strategy has been further realigned, ... providing clarity of roles, responsibilities and communication ...

Key aspects of the Target Operating Model necessary to implement the Strategy are already in place and a roadmap to complete this transformation is in development.

DOC's purpose and work in conservation is at the operational interface of differing and often contested and deeply held philosophies about conservation and sustainable development and the interplay between environmental, economic, social and cultural considerations. The development of a clearly articulated Philosophy, to underpin strategic choice, and to share perspectives with others advocating differing views, would add considerable strength to the DOC Story. The groundwork has been laid for addressing the twin challenges of enhancing biodiversity and contributing to the sustainable growth of tourism and recreation. Success will require re-imagining DOC's Business Model(s) to

include enhanced revenue options, demonstration of the efficiency gains through the new Operating Model to ensure DOC is operating efficiently with current resources, and explanation of the additional public value that could be created through enhanced investment.

There is potential for the further development of shared strategy across the Natural Resources sector. The challenge will be for DOC to step up to the leadership contributions needed.

Performance Improvement Framework Follow-up Review of the Department of Conservation

DOC's approach to achieving the Four-year Excellence Horizon is set out in the DOC 2025 strategy section.

Strategic direction

The DOC story

Conservation is at the core of our national identity. It is what makes New Zealand special, and many New Zealanders are actively engaged in it. Conservation is the 'engine room' of New Zealand's tourism industry and drives our global reputation. Our environmental credentials differentiate New Zealand's primary produce exports in a very competitive world. We also rely on many of the essential natural services our environment provides, from the fresh air we breathe and the food we eat to the natural processes that provide clean water for people and businesses and prevent flooding and erosion.

Healthy nature is necessary for healthy people and a healthy economy and is a key underpinning to New Zealanders' well-being. Our vision for New Zealand – the 'greatest living space on Earth' – reflects an overall desire for social and economic well-being, environmental health, wealth and personal well-being. This vision is larger than DOC and larger than just

conservation. It recognises that conservation has more than intrinsic value, and it forms the foundation of DOC's strategy – that conservation benefits all New Zealanders and is therefore everyone's responsibility. Our nature has shaped who we are. It is intrinsic to our Kiwi way of life and our national identity, and it underpins our economy. This DOC story is summarised in the diagram below.

The Department of Conservation increasingly works with a growing network of others to protect native wildlife and oversee the management of about a third of New Zealand's land area and the natural and historical resources it contains.

Maintaining the persistence of native species, and the health of New Zealand's public conservation land and waters, is an essential investment in the infrastructure necessary for a healthy, functioning economy and society. This work is increasingly seen within a broader economic and environmental context. With an extensive



Figure 5: The DOC story.

Stretch goals and key priorities

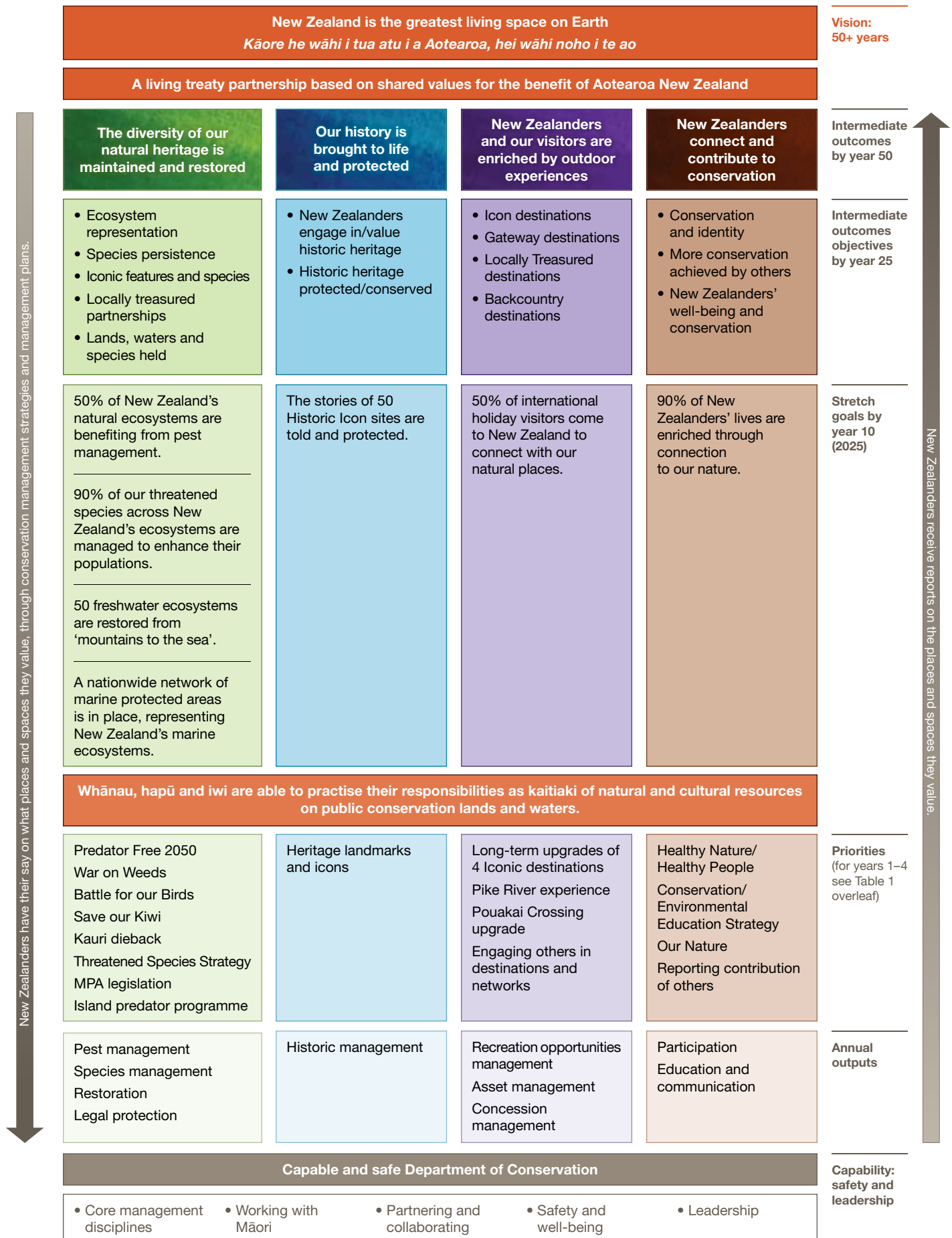


Figure 6: Conservation outcomes model.

visitor asset infrastructure, the Department is well placed to support local businesses that underpin the New Zealand tourism industry, worth \$30 billion in 2015.

The Department has four intermediate outcomes around which its work is organised and which deliver real benefit in people's lives. These are shown in Figure 6. The stretch goals provide a 10-year focus for the organisation and partners in this context.

DOC has four core functions:

- Maintaining and restoring the diversity of our natural heritage
- Bringing our history to life and protecting it
- Enriching the lives of New Zealanders and visitors through outdoor experiences
- Enabling New Zealanders to connect and contribute to conservation.

These four outcomes are progressed through work on the 10-year stretch goals and related projects with partners and through our annual programmes involving:

- Managing land, fresh and coastal waters that have been protected for conservation purposes – about 8.6 million hectares of land, 44 marine reserves (covering a total of 1.74 million hectares) and 8 marine mammal sanctuaries (covering approximately 2.8 million hectares).
- DOC's work is heavily focused on pest management on areas of land or water where natural heritage values are high, and on support of visitor experiences where historic and recreation/tourism values are high. Community engagement underpins these management programmes.
- Encouraging recreation on these public conservation lands and waters by providing visitor facilities, including tracks for walking, biking and four-wheel driving, as well as huts, campsites, visitor centres and access to historic sites.
- Regulatory services that authorise tourism operations and other third parties to use sites on public conservation lands and waters for a variety of activities, such as grazing, electricity generation and transmission, mining, and for telecommunication purposes.

- Protecting marine mammals, preserving native freshwater fisheries, protecting recreational freshwater fisheries and freshwater fish habitats, and conserving protected native wildlife.
- Protecting 13,000 historic sites and bringing the history of New Zealand to life through the active management of 650 sites accessible to the public.
- Providing booking services, information services and safety services, such as weather and avalanche forecasting.
- Advocating generally for the conservation of natural and historic resources, providing conservation information, and supporting international agreements designed to improve environmental management in New Zealand and internationally.
- Supporting the Minister of Conservation in exercising responsibilities under other legislation, for example, under the Resource Management Act 1991 for the coastal and marine environment, including in relation to councils' policies and plans, and consent applications regarding these environments.

We are also contributing to the Better Public Service results areas through priority programmes that involve:

- Working with businesses to achieve conservation gains in ways that deliver environmental, social and economic benefits to New Zealanders
- Making changes to where the Department works and what it focuses on, to improve both efficiency and effectiveness of its work programmes
- Emphasising partnerships, building relationships, sharing skills and knowledge, and involving others, including other public service agencies
- Working with all Natural Resources Sector (NRS) agencies on the core focus areas and cross-cutting themes agreed by Government for the sector, as set out in the Business Growth Agenda and reported through the Building Natural Resources progress reports
- Responding to international reporting obligations by working with the Natural Resources Secretariat to update New Zealand's Biodiversity Strategy and Action Plan 'New Zealand Biodiversity Action Plan 2016–2020'.

Table 1: DOC outcomes and priorities: 2017/18 and out-years.

Intermediate outcome		Year
<i>The diversity of our natural heritage is maintained and restored</i>		By 2065 Year 50
Intermediate outcome objective		
<ul style="list-style-type: none"> • A full range of New Zealand's ecosystems are conserved to a healthy, functioning state • Nationally threatened species are conserved to ensure persistence • Nationally iconic natural features and species are maintained or restored • Locally treasured natural heritage is maintained or restored in partnerships • Public conservation lands, waters and species are held for now and future generations 		By 2040 Year 25
Stretch goal milestones		By 2025 (Year 10)
<ul style="list-style-type: none"> • 50% of New Zealand's natural ecosystems are benefiting from pest management • Whānau, hapū and iwi are able to practise their responsibilities as kaitiaki of natural and cultural resources on public conservation lands and waters 	Priorities to achieve stretch goals	Four-year Plan
	Predator Free 2050 <ul style="list-style-type: none"> • Meet KPIs in the Predator Free 2050 plan 	By 2018
	War on Weeds <ul style="list-style-type: none"> • Increase the overall profile of the War on Weeds and for the 'Dirty Dozen' • Increase overall wilding pine control • Revitalisation of the Weedbusters programme • Raoul Island weed eradication 	By 2019
	Battle for our Birds <ul style="list-style-type: none"> • Ramp up aerial pest treatment by 50,000 ha/year • Respond to significant beech/podocarp masting events to prevent local extinction of iconic species populations 	By 2019
	Support landscape-scale restoration projects <ul style="list-style-type: none"> • Taranaki Mounga • Continued support for Project Janzoon/Cape to City • Reconnecting Northland 	By 2019
	Island predator programmes <ul style="list-style-type: none"> • Antipodes Islands confirm mouse eradication • Resolution/Secretary Island stoats • Auckland Island pig eradication – planning phase • Rakitu Island rat eradication 	By 2018

Stretch goal milestones		By 2025 (Year 10)
<p><i>...continued</i></p> <ul style="list-style-type: none"> • 50% of New Zealand’s natural ecosystems are benefiting from pest management • Whānau, hapū and iwi are able to practise their responsibilities as kaitiaki of natural and cultural resources on public conservation lands and waters 	<p>Priorities to achieve stretch goals</p> <p>Ecosystem management</p> <ul style="list-style-type: none"> • Consolidate EMUs – consolidate the top 500 terrestrial, freshwater and marine ecosystem management units and focus on the priority pests when implementing to standard • Rare ecosystems – support others to focus on rare ecosystems outside public conservation land • Review impact: <ul style="list-style-type: none"> – Review impact of Partnership strategy on biodiversity off public conservation land – Report impact of Ngā Whenua Rāhui and QEII on stretch goals • Priority pests – embed focus on the priority pests that make the greatest contribution to the stretch goals across all management units • 100 Local Treasure partnerships – build on the baseline to establish at least 100 Local Treasure natural heritage partnerships, support, upskill partners to work independently • ZIP/Bioheritage National Science Challenge – expand ZIP to include Callaghan Institute • McKenzie Agreement – implementation and fundraising plan 	<p>Four-year Plan</p> <p>By 2018</p> <p>By 2019</p> <p>By 2019</p> <p>By 2019</p> <p>By 2019</p> <p>By 2019</p>
<ul style="list-style-type: none"> • 90% of our threatened species across New Zealand’s ecosystems are managed to enhance their populations • Whānau, hapū and iwi are able to practise their responsibilities as kaitiaki of natural and cultural resources on public conservation lands and waters 	<p>Threatened Species Strategy</p> <ul style="list-style-type: none"> • Deliver the Threatened Species Strategy • Complete a Threatened Species Summit <p>Species integration</p> <ul style="list-style-type: none"> • Integrate species into ecosystem management units to ensure persistence of more than 400 threatened species <p>Kauri dieback</p> <ul style="list-style-type: none"> • Implement the plan with focus on facility development and science <p>Save our Kiwi (targeting 2% incr.)</p> <ul style="list-style-type: none"> • North Island community focus with Save our Kiwi • Increase South Island linkage to Battle for our Birds <p>New takahē and kākāpō habitat</p> <ul style="list-style-type: none"> • Habitat identified and made pest free (Fulton Hogan/Meridian partners) 	<p>By 2018</p> <p>By 2019</p> <p>By 2019</p> <p>By 2019</p> <p>By 2020</p>

Stretch goal milestones		By 2025 (Year 10)
<ul style="list-style-type: none"> 50 freshwater ecosystems are restored from 'mountains to the sea' 	Priorities to achieve stretch goals	Four-year Plan
	'Living Water' and 'Arawai Kākāriki' <ul style="list-style-type: none"> Implement plans for 'Living Water' and 'Arawai Kākāriki' 	By 2019
	Significant freshwater ecosystems <ul style="list-style-type: none"> Work with others to identify and restore additional significant freshwater ecosystems 	By 2019
	Freshwater water reform <ul style="list-style-type: none"> Strategic involvement in Resource Management Act and support for the water reform work programme 	By 2019
	Tier 1 monitoring for freshwater <ul style="list-style-type: none"> Implement within current budget envelope as part of a collective action programme with other agencies (Land and Water Forum) 	By 2019
<ul style="list-style-type: none"> A nationwide network of marine protected areas is in place, representing New Zealand's marine ecosystems 	Marine <ul style="list-style-type: none"> Develop a multi-year programme to implement Marine Protected Area Policy Ensure South East MPA is in place Te Korowai goals 	By 2019
	<ul style="list-style-type: none"> Citizen science – Enable a citizen science approach where practicable to marine protected area monitoring 	By 2019
	<ul style="list-style-type: none"> Marine fora – Identify future marine fora, continue to progress South East MPA Forum and support Hauraki Gulf Forum 	By 2019
	<ul style="list-style-type: none"> Marine legislation – Work with MfE on legislation for Kermadec Ocean Sanctuary and a new Marine Protected Area Act 	By 2019

Intermediate outcome		Year
<i>Our history is brought to life and protected</i>		By year 50
Intermediate outcome objective		
<ul style="list-style-type: none"> • More New Zealanders engage in their heritage and value the benefits of interacting with it • Historic heritage is protected and conserved for future generations 		By year 25
Stretch goal milestones		By year 10
<ul style="list-style-type: none"> • The stories of 50 Historic Icon sites are told and protected • Whānau, hapū and iwi are able to practise their responsibilities as kaitiaki of natural and cultural resources on public conservation lands and waters 	Priorities to achieve stretch goals	Four-year Plan
	Historic Icon sites – Develop and tell stories at two icon sites each year	By 2019
	Bringing history to life – develop and implement an action plan to bring history to life in collaboration with other agencies/partners, including the Landmarks programme	By 2019
	Engaging others in historic heritage – work with whānau, hapū and iwi and communities to engage them in bringing history to life and in historic heritage asset management	By 2019

Intermediate outcome		Year
<i>New Zealanders and our visitors are enriched by outdoor experiences</i>		By year 50
Intermediate outcome objective		
<ul style="list-style-type: none"> • Icon destinations support the growth of tourism and generate economic benefit • More New Zealanders enjoy Gateway destinations • More people enjoy Locally Treasured destinations • More people enjoy the backcountry 		By year 25
Stretch goal milestones		By 2025 (year 10)
<ul style="list-style-type: none"> • 50% of international holiday visitors come to New Zealand to connect with our natural places 	Priorities to achieve stretch goals	Four-year Plan
	<p>Icon destinations</p> <ul style="list-style-type: none"> • Implement long-term upgrades of four Icon destinations <p>Tourism industry relationships</p> <ul style="list-style-type: none"> • Form relationships with the tourism industry so that increasing tourism numbers can be managed effectively <p>Pike29 – Great Walk</p> <ul style="list-style-type: none"> • Construction phase 	<p>By 2019</p> <p>By 2018</p> <p>By 2019</p>
<ul style="list-style-type: none"> • 90% of New Zealanders' lives are enriched through connection to our nature • Whānau, hapū and iwi are able to practise their responsibilities as kaitiaki of natural and cultural resources on public conservation lands and waters 	<p>Gateway destinations</p> <ul style="list-style-type: none"> • Prioritise improvements to Gateway destinations near to or easily accessible from main population centres <p>Pouakai Crossing – upgrade</p> <p>Kiwi Guardians – review and refresh</p> <p>Removing barriers</p> <ul style="list-style-type: none"> • Work with others to reduce barriers, making it easier for school groups and families to visit Gateway destinations 	<p>By 2019</p> <p>By 2019</p> <p>By 2019</p> <p>By 2019</p>
	<p>Engaging others in Locally Treasured destinations</p> <ul style="list-style-type: none"> • Engage with communities to jointly decide how they can be involved in managing Locally Treasured destinations 	By 2019
	<p>Engaging others in the backcountry network</p> <ul style="list-style-type: none"> • Target 200 huts to be maintained by Outdoor Recreation Consortium • Work with partners and other stakeholders to enable and grow their involvement in and contribution to the backcountry network 	By 2018
	<p>Backcountry service delivery standards</p> <ul style="list-style-type: none"> • Implement a programme to match service delivery standards in the backcountry network to changing market demand 	By 2018

Intermediate outcome		Year
<i>New Zealanders connect and contribute to conservation</i>		By year 50
Intermediate outcome objective		
<ul style="list-style-type: none"> • Conservation is core to New Zealanders' identity, values and thinking • More conservation is achieved by others • Conservation is seen as an essential investment in New Zealand's well-being • Conservation outcomes are maximised from business partnerships • Businesses are more capable and motivated to undertake conservation independently of DOC • DOC's own products, services and brand maximise conservation and business outcomes 		By year 25
Stretch goal milestones		By 2025 (year 10)
<ul style="list-style-type: none"> • 90% of New Zealanders' lives are enriched through connection to our nature • Whānau, hapū, and iwi are able to practise their responsibilities as kaitiaki of natural and cultural resources on public conservation lands and waters 	Priorities to achieve stretch goals	Four-year Plan
	Healthy Nature/Healthy People	By 2018
	Conservation/Environmental Education – implement strategy	By 2016
	Conservation and Environmental Science Roadmap – complete first draft with MfE/DOC/MBIE	By 2017
	Whānau, hapū and iwi partnerships	By 2018
	<ul style="list-style-type: none"> • Build healthy partnerships by working alongside whānau, hapū and iwi 	
	Transforming outcomes through partnerships	By 2018
	<ul style="list-style-type: none"> • Harness partnership opportunities with potential to transform outcomes – natural heritage, historic heritage and recreation 	
DOC Community Fund	By 2018	
<ul style="list-style-type: none"> • Target support for community conservation through the DOC Community Fund and other funds 		
Reporting partnership contributions	By 2017	
<ul style="list-style-type: none"> • Develop tools for reporting partners' contribution to conservation 		
National business partnerships – develop additional set of six national business partnerships	By 2018	
Regional business partnerships – develop larger set of more than 50 regional partnerships	By 2018	

Capable and safe Department of Conservation		
Objective	Milestones	
People – building the capabilities needed to deliver our Stretch Goals	Safety and well-being <ul style="list-style-type: none"> Continue culture change 	By 2019
	Core management disciplines <ul style="list-style-type: none"> Remuneration system Performance management system Grow managers' capability Project management capability Risk management system Relationship management focus Data and analytics 	By 2019
	Sustainability <ul style="list-style-type: none"> Build a plan for a 'Sustainable DOC' Enhance DOC's potential to drive sustainability with partners Implement the findings from the Interface project Implement findings from the SPI project Develop and implement the new business models Implement the uniforms refresh programme 	By 2018
ICT – enhancing our capability and that of our partners	Priorities for ICT investment have four key drivers: <ul style="list-style-type: none"> Aging infrastructure – move Department's infrastructure to a public cloud service. Includes a desktop upgrade and moving to Microsoft Office 365 Productivity tools for conservation – complete move to a mobile workforce, improving the network capability (through IaaS) and ability of our staff to work anywhere anytime. Includes work scheduling across all operational activities Aging applications – implement new booking service as Software as a Service (SaaS). Move Napalis to a public cloud environment (supplied to DOC and LINZ). In 2018 and out-years replace our bespoke applications such as Permissions, Bioweb and Business Planning System Customer relationship, identity and access management – establish capability to deliver a suite of APIs to support internal business needs (e.g. single source of identity) and to surface our data to the public (Result 9 and 10) In 2018/19 upgrade the DOC website and, dependent on business case, begin implementation of a CRM service	By 2019
Infrastructure – DOC has the effective and efficient infrastructure needed to deliver its operating model and outcomes framework	Infrastructure – DOC's asset-related decisions support future service delivery and are based on the Long Term Investment Plan	By 2019

Summary of annual output performance

Table 2: Performance trend by financial year

Significant output measures	Actual 2012/13	Actual 2013/14	Actual 2014/15	Actual 2015/16	Forecast to Year-end 2016/17	Target 2017/18
Beech mast response – hectares under restoration			681,004	59,545 ²	783,836	772,000
Possums – hectares sustained	1,010,770	939,395	975,620	773,233	839,467	1,394,000
Possums – hectares treated	184,179	180,069	375,316 ³	164,459	163,584	192,000
Rats and/or mustelids – hectares treated				190,385 ⁴	711,915	575,000
Goats – hectares sustained	2,310,738	2,156,704	2,125,628	2,025,397	2,022,473	2,201,000
Goats – hectares treated	1,353,319	1,222,053	1,103,331	1,190,949	1,172,079	1,230,000
Deer – hectares sustained	549,638	540,756	522,714	615,648	537,291	603,500
Deer – hectares treated	376,010	372,458	456,757	444,777	446,041	466,000
Weeds ecosystem – hectares sustained	1,752,995	1,851,778	1,220,980	1,335,633	1,242,350	954,000
Weeds ecosystem – hectares treated	492,263	454,074	525,469	555,168 ⁵	415,444	370,000
Wilding conifers – hectares sustained	-	-	-	-	-	1,377,000
Wilding conifers – hectares treated	-	-	-	-	137,000	323,000
Threatened species – improved security	212	196	258	346	260	266
Threatened species – managed for persistence	111	104	159	407 ⁶	407	407
Ecosystems – managed for ecological integrity	151	185	480	497	500	500
Historic assets – remedial work to standard	27	17	17	6	4	5
Historic assets – maintenance work to standard	962	984	1,387	1,382	1,185	1,182
Recreation assets – huts to standard (percent)	87	70	90	93	90	90
Recreation assets – tracks to standard (percent)	58	47	56	57	45	45
Recreation assets – structures to standard (percent)	93	92	94	96	95	95
Engagement – volunteer workday equivalents	35,135	35,149	34,789	37,556	34,742	28,500
Engagement – partnerships	595	605	901	887	869	785

² Residual treatment from the beech mast response programme.

³ Includes beech mast response treatment.

⁴ Includes rats and/or mustelids treated through the

contribution of others (27,352 ha).

⁵ Includes additional wilding conifer treatment (22,278 ha).

⁶ This result represents threatened species managed for persistence in at least 1 site.

DOC 2025 strategy

Our purpose

Conservation leadership for our nature
Tākina te hī, tiakina te hā, o te ao tūroa

Our beliefs

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

Our challenge

Enhance biodiversity through network delivery, and sustain
the growth of recreation and tourism
Engage the hearts and minds of all New Zealanders
to conserve the natural environment

Approach

How we must operate in order to achieve the 2025 Vision

- The vision for conservation and the pathways to successful delivery must be widely understood and supported
- Information on conservation delivery and the difference made to our heritage and our well-being must be available and understood
- We must share common values that ensure safety, well-being and a productive workforce
- We must be agile, working and growing within a clear operating model
- We must be active and helpful with our Treaty Partner
- We must work well with others, and be customer-focused
- We must support the Minister to improve conservation gains through the legislative processes
- DOC must be an important contributor across relevant government and non-government sectors

Delivery

Changes to achieve our objectives and address the challenges



Figure 7: DOC 2025 strategy.

This Four-year Plan is built around the 2025 strategy, which identifies the challenges DOC must address to achieve that 2025 vision. The Department has undergone significant change in the past few years and this continues with a significant transformation work programme focused on major culture and system changes. The purpose of these is to ensure the Department is delivering the right work as efficiently as possible.

To better understand what departmental outputs government and non-government stakeholders most valued, the DOC 2025 project used these stakeholders to assess the relative value of eight different departmental outputs against a set of five criteria. These criteria were:

- New Zealand's identity and reputation
- Intrinsic value of New Zealand's natural heritage
- New Zealand's economic value
- Connecting people to nature
- Long-term view.

These findings have framed our DOC 2025 strategy – to optimise investment (assuming current resource constraints), the conclusion is that the Department will gain better value for its money in the short term through emphasising recreation and tourism investment relative to biodiversity investment.

The strong dependency between recreation, tourism and biodiversity on public conservation land means investment in biodiversity assets in the long term is necessary to underpin continued tourism growth.

This means to support the DOC 2025 strategy, our 4-year programme must also involve:

- Investing to support high-use tourism as a high priority and to advance this as quickly as possible.
- Accelerating changes to the business model for remote recreation. This includes exploring outsourcing the maintenance of backcountry huts, for example.
- Investing in the historic heritage part of the business and the Landmarks project (joint work with Ministry of Culture and Heritage).

Table 3: Core elements of the DOC 2025 strategy

Core elements	Result
Articulation of the DOC strategy in simple terms that can be easily communicated	A 'strategy on a page' that articulates what we are trying to achieve and what the key things are that we need to nail to achieve them.
Definition of a comprehensive set of outcomes that DOC wants to achieve over a 3-year timeframe.	<ul style="list-style-type: none"> • Success expressed as things we can measure and influence. The focus will be on outcomes like the 'number of kiwi', 'how many people are involved in conservation as a volunteer', 'how many Kiwis spent a night in a DOC hut or campground'. • Measures that have meaning for biodiversity – what we would measure to show we are winning or losing the battle for protecting biodiversity.
Definition and implementation of an integrated planning process.	A planning process that means we can draw a thread from 'why is that ranger controlling old man's beard in the Manawatu Gorge?' all the way up to DOC's long-term goals.
Completion of the work on our biodiversity prioritisation tools.	Evidence that these tools are influencing resource allocation.
Understanding of costs and how we capture efficiencies in the 20–30 key activities in the business.	Confirmation of the top 10 activities. Identification of the unit cost structure. Market segments and products where we make money and where we lose it; what actions can be taken.
Development of a simple DOC cost model.	A model that shows how costs change when key levers are pulled. For example, what happens if we get more tourists? What costs change, or what service levels are impacted?

DOC visitor experience strategy

To underpin continued tourism growth, our DOC Visitor Strategy is framed as ‘New Zealanders and international visitors enjoy exceptional experiences that deliver benefits for conservation, communities and the New Zealand economy’.

Table 4: Core elements of the DOC visitor experience strategy

Core elements	Result
Focus on increasing revenue to fund biodiversity and visitor cost pressures.	Within existing policy settings – increased campground fees, more commercial approach to concession. Test policy settings, for example, to enable differential pricing.
Tools needed to manage a big increase in visitor numbers – these are lacking and limit ability to manage overcrowding and provide a quality experience.	A policy debate to enable charges for or limiting/managing access in limited high-use tourism areas.
We understand costs scale up with increasing numbers – costs are driven by visitor numbers, especially in relation to toilets, car parks and rubbish removal.	The Department has received additional funding to begin to manage costs driven by increasing visitor numbers.
Draw visitors off the main routes and get them staying longer – with key targets Northland and West Coast, primarily leveraging existing assets.	Investment in existing icon sites to deliver a world-class experience <ul style="list-style-type: none"> • Punakaiki • Waipoua Forest (combined with making this a national park). Investment in existing sites to lift to icon status <ul style="list-style-type: none"> • Oparara Arches (top of West Coast) • Hokitika Gorge • Te Pahi Great Walk (top of North Island)
Create two new brands to build off Great Walks success – using partners like Air New Zealand to market and help spread load and progress regional development and iwi development goals.	<ul style="list-style-type: none"> • Great Day Walks • Great Short Walks
Leverage DOC as a key face of the NZ tourism sector.	<ul style="list-style-type: none"> • Invest in digital capability to deliver a more sophisticated user experience. • Invest in rangers on the ground at high-use spots to be the face for New Zealand.

Changes to the operating model

While DOC functions and outputs remain fundamentally the same over the next 4 years, there will be a move away from primarily an outputs delivery department to one that delivers outcomes itself, as well as enabling and supporting a network of others to deliver priority conservation outcomes. This is in line with our strategy of engaging others in achieving conservation gains.

The current operating model was developed in early 2014/15, and the Department has continued to work on this operating model to ensure it provides a full,

coherent representation of how the organisation goes about its work.

Components are prioritised and sequenced. This work is run as part of the task force system development approach used successfully in the Operations/Partnerships redesign in 2015.

While this is the major focus, work is also underway to further develop the Partnership step-change system, and continues apace in the transformation programme within the Organisation System.

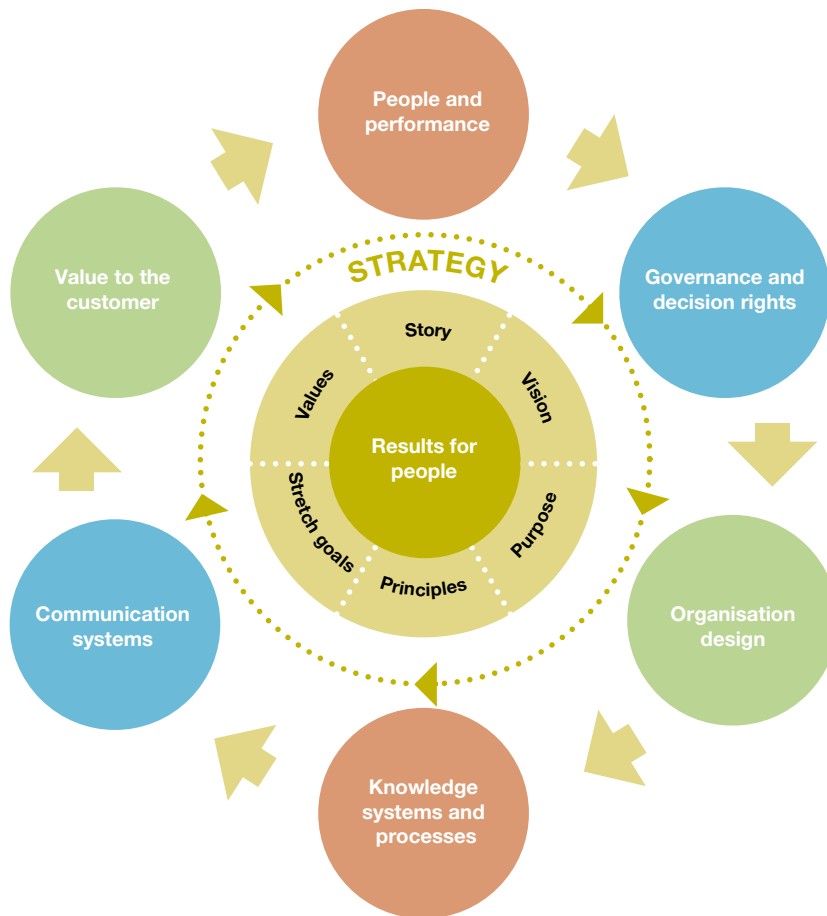


Figure 8: Elements of DOC's operating model.

Strategic delivery

The four work streams that underpin the challenges the Department faces are at an early stage of development, having been identified as a result of the DOC 2025 project.

The first step for these will likely be the development of supporting roadmaps in a similar manner as for the 10-year Stretch Goals – this will identify actions and include further engagement with staff to bring them to life.

In the interim, key elements are identified for each of the four streams.

Priority focus

Be priority focused

Complete development of systems/ tools to strengthen the use of prioritisation approaches.

Natural heritage

Prioritisation tools are well developed for two of the six outcome objectives in Natural Heritage (Ecosystem Representation and Species Persistence) but not fully implemented, and none have been developed for the remaining four objectives (Iconic Species, Iconic Features, Local Treasures and Lands Held objectives).

Prioritisation in the Lands Held stream presents a challenge as it comprises a broad range of statutory work as well as large-scale ecosystem management (e.g. much of the Battle for our Birds work).

Costing optimum funding scenarios to demonstrate the optimal biodiversity work to achieve an outcome is based on some impressive tools, but the work on these is not yet complete. It is not yet possible to robustly cost funding scenarios for biodiversity, and this is a priority.

Initial work will focus on developing effective prioritisation tools that build on the current practices and can be applied to the Lands Held objective.

Clear criteria for the selection of iconic species need further development to enable prioritisation to be applied in this stream.

Prioritisation also needs to inform funds such as the Community Conservation Partnership Fund, and will follow a co-development pathway to enable them to be used to guide the work of Ngā Whenua Rāhui and QEII Trust.

Identification of the highest-priority ecosystems and species work off public conservation land facilitates making this known to Partnerships Group and Kāhui Kaupapa Atawhai. Similarly, priorities on public conservation land where partners may contribute significant funding or allied effort need to be clearly described for Partnerships and Operations Group to help drive partnership discussions and offerings to future partners.

Tourism

The priority focus in the recreation stream will be to:

- Grow tourism by increasing attractiveness of places adjacent to the main tourist routes using underutilised short walks, day walks and landmark sites
- Sustain high-quality experiences at New Zealand's most popular locations where visitor numbers cannot be spread to less-used high-quality sites
- Grow tourism by supporting regional dispersal focused on Northland and the West Coast
- Meet New Zealanders' outdoor expectations to ensure ongoing support for tourism

This will be progressed through our twin strategies of dispersal and management, as shown in Figure 9.



Visitors on the Tongariro Alpine Crossing. Photo: Peter Devlin

Major proposals to be progressed immediately as part of Budget 2017 include:

- Developing demand-driven products to attract and spread out visitors, such as NZ Landmarks and Great Short Walks products
- Coping with increased visitor numbers by increasing maintenance activities
- Targeting infrastructure improvements, such as upgrading destinations at Punakaiki (West Coast), Pouakai Crossing (Taranaki), and Whakapapa Village (Tongariro).

The proposals leverage significant existing investments in DOC-owned visitor infrastructure. The proposals align with national strategy, particularly Tourism 2025 and its Areas of Current Emphasis. They also reflect DOC’s Long Term Investment Plan, Visitor Centre Strategy and DOC 2025 planning and align with DOC’s Four-year Plan. It is expected that partnerships and commercial opportunities will build from the underpinning public investment.



Figure 9: Tourism management model.

Customer-centric approach

Take a customer-centric approach

- Use segmentation and strive for customer satisfaction.
- Embrace channel management.

Through its tourism strategy, the Government is supporting the tourism sector to reap the benefits of growth in visitor numbers while managing the pressures this places on businesses, communities and infrastructure. With around half of international visitors coming to New Zealand experiencing our national parks, DOC is a central player in this strategy and ensuring customer satisfaction is a central component of the tourism strategy.

The strategy focuses on three challenges:

- Attracting the right mix of visitors
- Ensuring visitors have a high-quality experience
- Supporting regions to respond to and benefit from increasing visitor numbers.

Segmentation in this strategy is designed to help the sector attract high-value visitors and investment, not only to tourism hotspots during peak seasons but to a range of regions and throughout the year.

This is complementary to DOC's approach to tourism and recreation: the Department is aiming to alleviate pressure on its most popular sites and increase the use of its assets in other high-value sites.

DOC has begun work on defining our customers and related business models in order to gain clarity and alignment on the value DOC creates, where best to deliver this value, what to focus on and how to maintain momentum.

Three core business and customer segments have been identified, and work will now continue to develop these. Next steps will involve articulating the value proposition for each business model, the value drivers, key products and services, and the channels involved.

The three core businesses are:

1. Provision of conservation services from our nature for the benefit of New Zealand
2. Enhancing people's well-being through engaging with our nature
3. Managing access and use of our conservation assets for commercial purposes

Transform our people, culture and systems

Transform our people, culture and systems

- Build and strengthen the health, safety and well-being system.
- Develop and align business models and related systems.

Team process, leader-led and single-point accountability models have been implemented throughout the regions, and the process has begun to complete the core elements within the Wellington Office. This will be completed as a priority in 2017/18.

The focus on systems ensures the right work is done to achieve results, symbols drive the culture change required, and leadership ensures skilled leaders lead the teams to deliver the priority programmes.

Internally, we are continually working to shape and grow an organisation that our people are proud to work for. We have an increased focus on staff engagement, safety and well-being, and looking at how we can make meaningful and sustainable improvements to ensure DOC is a great place to work. This transformation, perhaps the most significant change in the Department's history, has required a shift in culture and the way managers and staff work. The heart of the work that has been under way is to embed the new model internally and build strong, productive internal and external relationships that achieve the benefits described above.

The table below sets out the culture and operation transformation result:

Table 5: Transformation in culture and operation.

Transformation result
We trust others
Governing with citizens
DOC is a service facilitator, collaborator, enabler, partner
Outwardly focused
DOC and citizens' own outcomes
Agility
Managed risk
Organisational networks

We will embed the new model by:

- Putting in place the systems, processes and culture needed to improve the efficiency of operational delivery. This will enable the Department to:
 - Set clear business planning targets and output key performance indicators
 - Implement the workflow processes in the integrated planning system
 - Use organisational data (HR, finance, business planning, etc.) to improve the efficiency and effectiveness of resource deployment by linking budgets with activity/methods and capability needs, and ensuring work is matched appropriately with staff, tasks and locations
 - Use work order management and monthly operating reviews (MORs) to ensure individuals and teams are working to role and are delivering to standard

- Analysing available data to identify opportunities to reduce costs, for example, by adapting visitor asset maintenance regimes in ways that reduce costs but do not impact on visitor experience or safety (refining service delivery standards).
- Continuing to build the capability of others to contribute to the achievement of intermediate outcomes and stretch goals.
- Embedding the State Services Leadership Success Profile to articulate the behaviours and attributes expected of our staff.
- Completing development of a simple, compelling narrative to build staff and stakeholder understanding of the social, economic and environmental benefits that conservation provides to all New Zealanders, and DOC's role in supporting these.

In our conservation work, DOC relies on high-performing ICT systems, services and enterprise information knowledge management. In all of DOC, whether we are managing huts in our national parks or monitoring species in the field, we rely on some form of information technology to assist with our business operations.

Relevant strategies, plans and intentions that provide context for this capability include:

- Conservation management strategies, conservation management plans, national park management plans.
- Asset management plans for recreation and historic assets, property and fleet, and ICT to provide the forecasting of what capability support assets are required, and when we need to replace assets.
- Information Systems Strategic Plan (ISSP) that provides a strategic view of the future for DOC's IT systems and supports the investment DOC intends to make in its technology.
- The disposals management programme to identify surplus buildings and structures.
- Visitor centre direction for the location and types of facilities from where DOC will operate its business.

DOC targets investments that directly contribute to the Government's objectives, in particular, the 10 target areas for Better Public Services and the Government's Business Growth Agenda for:

- Responsibly managing the Government's finances
- Building a more productive and competitive economy
- Delivering Better Public Services within tight financial constraints
- Rebuilding Christchurch.

The key strategies in DOC's Four-year Plan and stretch targets strongly correlate to the Government's objectives. The capability portfolio directly contributes to:

- The Growth Agenda objectives for investing in infrastructure and growing tourism
- The Better Public Service result area for 'Improving interaction with government', for:
 - Result 9. New Zealand businesses have a one-stop online shop for all government advice and support
 - Result 10. New Zealanders can complete their transactions with the Government easily in a digital environment.

DOC's strategy follows All of Government (AoG) directives, including those from the office of the Government Chief Information Officer (GCIO) and the Government Property Group (formerly the Property Management Centre of Expertise) and New Zealand Government Procurement.

Under the GCIO directive, DOC is moving from a capital-owned model to 'as a service' operating arrangements with the aim of shifting a majority of its ICT services to industry experts. This will improve security and deliver the services more effectively and efficiently.

The Government's AoG strategy makes a presumption in favour of sharing services with other organisations

and this test will form part of the options appraisal for investment in any new property and ICT assets.

DOC will continue to support the rebuild of Christchurch. DOC's Ōtautahi/Christchurch Office is moving to the central city as part of the Christchurch Integrated Government Accommodation (CIGA) programme. This move back to the CBD will be the third shift for the office since DOC left its buildings in Hereford and Kilmore streets at lunchtime on 22 February 2011. The most significant change will be a new culture of sharing facilities with MBIE and MSD.

DOC's investment strategy also aligns with the policies and guidelines set out by the New Zealand Government Procurement. The strategy uses the AoG procurement approach as an enabler to support government priorities and builds capability across government agencies, thus harnessing the Government's collective bargaining power through collaborative contracts, making the Government easier to deal with.

The objectives of capability in relation to assets are to:

- Contribute to the achievement of DOC's and Government's strategic objectives. For the capability programme, this means supporting DOC's operating model, focusing on how we engage with customers, and demonstrating collaboration with partners to grow conservation.
- Minimise the whole-of-life cost of the capability portfolio. Efficiencies will be gained from AoG initiatives and procurement methodologies (as guided by the three government functional leaders),⁷ co-location, efficient asset management and new ways of using space and technology. Property and ICT will act as a tool to help enable other service delivery and cost-saving initiatives.
- Improve DOC's capability to be sustainable, to adapt to change and to support new innovative management approaches.
- Provide the accommodation and new mobile solutions that will allow DOC to meet current and future operational requirements.

⁷ All-of-Government functional leaders include Government Chief Information Officer, Government Property Group and New Zealand Government Procurement.

- Provide staff with the information and amenities to be productive and to service our customers.
- Enhance customers' experiences when visiting a DOC office or dealing with DOC digitally for obtaining information, booking services or collaborating on conservation work.
- Improve the utilisation of the existing assets that DOC has already invested in, before it faces the expense of adding more.
- Ensure DOC provides the necessary infrastructure for the locations we operate in, including the alpine villages in national parks. Investments need to be made taking due regard for future capacity and any environmental impacts, whilst providing for the vital tourism activities that generate local employment.
- Identify any assets that are potentially surplus to requirements. The sale of surplus assets can be beneficial to DOC either by using proceeds to purchase new or replacement assets and hence reducing depreciation costs.
- Be sustainable. As a leading environment agency, DOC must be seen as being environmentally responsible and acting in a sustainable manner. This permeates our investment decisions and procurement choices for managing property and purchasing or leasing fleet assets, and our resource usage and waste management practices.
- Be safe. Safety for everybody is at the forefront when delivering our services.

Enhance network delivery

Enhance network delivery

- Build the skills and capabilities of DOC and our partners.
- Engage with others to grow conservation.

The Government's Predator Free NZ initiative plus the increasing need to manage beech masts drives the need to form effective partnerships with local government, other central government agencies and businesses supporting a sustainable future. This network delivery model is an increasingly powerful paradigm and can be seen in major partnerships already underway in Abel Tasman, Taranaki and Hawke's Bay.

Following this paradigm, co-design of the major predator-free initiatives, including alignment of existing DOC programmes to maximise the impact of this programme, will proceed rapidly.

The focus will also be on more step-change partnerships associated with broad-scale pest control, freshwater restoration, marine protection and threatened species recovery. Step-change or local/regional engagement initiatives that don't target these areas draw resources away from the priorities and will be increasingly downplayed.

Building the skills and capabilities of our partners equips them to deliver conservation results to a standard that is effective and safe. Offering workshops and skill-transfer programmes for areas that are core to pest and species management will expand the network of partners and individuals achieving results on their own in line with our partnership strategy.

This may include core skills such as trapping, weed control and close-order species management but may also extend to providing simple field tools such as the DOC weed app or operational activities mapping tool.

Critical risks and mitigation strategies

The Department of Conservation operates in a complex environment where change is constant and there are always uncertainties. Future events are often unpredictable, giving rise to the need to be constantly on the alert and to adapt.

In response to the challenge of constant change, DOC's leadership and governance increasingly reflect the principles of systems leadership applied in a complex organisation. This approach focuses on effective decision-making in uncertainty; it assumes that an adaptive learning approach to problem-solving is needed in a complex, uncertain world where difficult problems are common.

To maximise the value DOC creates, simply understanding and managing threats to its objectives is not enough. Our capability must enable us to also see and take opportunities as they arise, even when this also means accepting some level of risk, whether systemic, strategic or operational in nature.

The aim of risk management in DOC is to 'ensure that decisions in DOC reflect the uncertainties involved and how to take advantage from them'. DOC's approach to risk management is based on risk leadership, where leaders do the work required to ensure their decisions lead to best possible outcomes for DOC even when facing uncertainties.

DOC continues to give a high priority to implementing strong, long-term whole-of-business response plans to the following strategic sources of risk.

DOC continues to progress responses to strategic sources of risk to achieve a corresponding reduction in strategic risk. The focus, therefore, is on implementing strong long-term whole-of-business response plans to strategic sources of risk.

Table 6: Strategic risk and response.

Strategic source of risk	Strategic risk response focus areas
Complex, competing conservation perspectives and agendas	Clarify DOC's articulated vision and strategy
Transformation overload and leadership complexity and overload	Apply strong single-point accountability leadership across DOC
Competing internal agendas, behaviours culture	Build sectoral engagement capability
Internal blockers of effective communication	Reshape DOC's approach to communications (leader-led)

This approach is a response to existing new and emerging sources of risk through five principles outlined in the DOC Risk Management Policy:

1. Risk is best managed by building core systems and processes that work well in and on uncertainty.
2. Risk management at every level should be focused on maximising the outcomes for the whole business and over all time frames.
3. Single-point accountability through clear task assignment to individuals with requisite accountability lays the foundations for risk management.
4. Team process to tap into appropriate expertise enables effective decision-making in uncertainty.
5. Disciplined analysis is essential when seeking to find hidden or counterintuitive risks in complex situations.

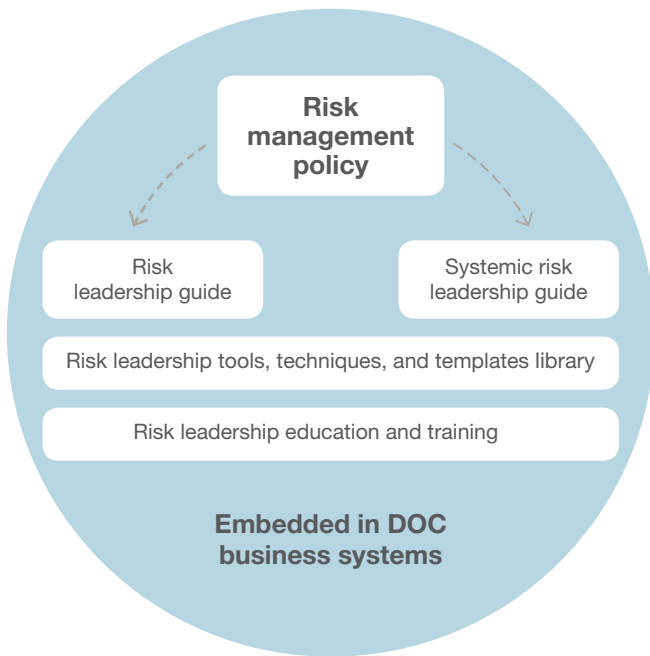


Figure 10: DOC's risk management framework.

Operational risk

The Department is familiar with a wide range of operational risks that it manages in its annual work programme. However, some risks do not conform to annual cycles; the Department manages these specifically as events unfold. These include:

- Flooding, fire and other extreme weather events. The Department relies on prioritisation approaches to manage responses to these environmental impacts.
- Other events that rely on the Department's ability to move resources around to manage risks. For example, the Department is planning an urgent response to its second major beech masting event in 2 years. This type of event results in large-scale predator irruptions that severely impact on fledglings from species such as mohua and kea. While the management response is to shift departmental resources around, and time operations and funding required to best effect,

further major masting events following on from the 2014/15 and 2016/17 events will likely require more resource than the Department can release through reprioritisation.

This approach often means that resources need to be prioritised and then reserved until field conditions allow DOC to make the greatest impact on these predator populations. This management strategy will be further advanced as communities' skills in pest control techniques are improved, and communities engage in priority work at the right time to maximise their impact based on monitoring programme predictions.

Financial sustainability and managing cost pressures

The Department uses three main interconnected strategic levers to achieve results while maintaining financial sustainability and managing cost pressures over the next 4 years and beyond. These are:

1. Partnership step-change strategy - increasing engagement, working with others. The aim is to grow conservation through working with and enabling others.
2. Prioritisation tools - natural heritage, historic and recreation prescriptions, working on priorities to achieve the greatest contributions to outcomes.
3. Operating discipline - with major structural change complete, DOC's focus is to embed leadership behaviours and core management disciplines in order to improve operational efficiency and effectiveness.

The Department's financial management practice is to maintain a monthly 4-year financial forecast, which enables timely action to manage cost pressures. Future initiatives will build on the success achieved with a range of current savings initiatives, including the Statutory Processes Improvement Programme and the Interface Project. To date, past efficiency initiatives have saved the Department over \$11 million per annum.

Initiatives to address cost pressures are included in Annex 3 of the DOC Four-year Plan.

Capability pressures

Our stretch goals are ambitious, and, in order to reach them, DOC needs to bring in and grow internal capability in several areas. These areas are identified below along with our key initiatives in this space, the relevant timeframes, and how we will measure our impact.

Leadership and core management disciplines

Strong leadership of all our staff is critical in order to drive the behaviour change needed to deliver on our stretch goals. We need to ensure that all staff have a

clear understanding of what they are accountable for, and that there is a common understanding of expected behaviours. The Leadership Success Profile (LSP) describes these behaviours for the whole public service, and we are well placed to start embedding this within our systems and processes.

As well as the initiatives below, we also plan to use the information from Leadership Insight, and from our talent mapping as it is rolled out, to drive more targeted development interventions.

Table 7: Leadership and core management.

Key initiative(s)	Time frame	Measures
Work with SSC to design an LSP roll-out plan starting with recruitment processes (under way).	2015–2017	Plan designed by end of 2015. LSP embedded in systems and processes by mid-2017.
'Embedding key leadership models in DOC' workshops – three-day workshops for all managers and supporting resources to ensure a common understanding of the way we work, and developing solid operating models. This includes coaching training for managers using GROW model.	2015–2016	Evaluation survey for all staff and positive change to 360 results and engagement survey results (completed).
Organisation-wide peer coaching programme based on strengths and development needs outlined in 360s.	Ongoing	2016/17 360s show an improvement in self-awareness (leadership character) as well as talent-management competencies.
Develop the maturity of our talent-management systems (in line with SSC guidelines) to improve visibility of leadership pipeline and become more targeted around our development offerings.	Ongoing	By 2019, we will have embedded all the 'integrating' phases as laid out by the SSC maturity model.
Ten participants per year sent on the Natural Resources Sector Aspiring Leaders Programme to build our pipeline of leaders.	Annual	90% of participants step into formal leadership roles in the year following their participation in the programme.
People management system workshops and resources.	Now–2016	Tested through DOC pilot rollout, will be reviewed, revised and then rolled out wider with evaluation in place (to be designed after pilot) (completed).
Needs assessment and design of modular-based learning modules for managers.		
Overall measure: engagement questions relating to confidence in DOC leadership, clarity of vision, and effective communication. 360 feedback changes, decrease in the number of times HR assistance is used, decrease in personal grievances, business plans that show a clear link to stretch goals.		

Partnering and collaborating in multi-stakeholder settings

Achieving our stretch goals relies on an organisation-wide ability to work with others and involve them in all phases of conservation work. We are recognised across the public service for the work we do partnering with others.

As well as sharing expertise across the organisation, we will build on this strength by continuing to invest in our understanding of conservation psychology. This research has the potential to significantly influence the way we tell the conservation story, and bring others on the journey with us.

Table 8: Developing capability skills for partnering and collaborating.

Key initiative(s)	Time frame	Measure
Cross-function coaching and mentoring programme.	2016–ongoing	Annual review and revisions.
Internal social scientists to invest in greater understanding of conservation psychology and behaviour change, and look at how to share and embed this across DOC.	2016–2020	To be developed alongside research.
Identifying success stories and profiling these across the organisation.	Ongoing	Increase in number of successful partnerships, stakeholder survey results, intranet hits.
Transparently publishing stakeholder survey results, with all teams committing to actions.	Annual	Mobius Stakeholder survey – measuring change in results.
Partnership skills training for Partnerships staff, as well as transferring facilitation skills to deliver more broadly internally.	2016–ongoing	Manager feedback, stakeholder survey results.

Working with Māori

To embody a living Treaty partnership, we are improving the capability of all our staff to work alongside Māori from design to delivery to achieve outcomes that benefit both parties. DOC is building a new perspective about how it works with iwi as more than just a stakeholder. As more iwi settle, they are reconnecting with their land, and it is through this common connection that we must work together as partners.

Increasingly, we need to support iwi in their ability and desire to grow conservation as we enter a post-settlement phase. We are shifting the conversation away from section 4 and our obligations and more towards what a genuine Treaty partnership would look like.

Table 9: Developing capability for working alongside Māori.

Key initiative(s)	Time frame	Measure
Socialise intervention logic document with Directors (t3) to ensure they can all articulate what section 4 looks like in their work, and how they are embedding a living Treaty partnership.	2017	Integration of Treaty partnerships in the Department's results framework.
Use Leadership Success Profile roll-out to embed a cultural component in all phases of the people-management cycle (e.g., recruitment, selection, development, performance plans).	2016–2017	Our Treaty partnership is emphasised in all people-management processes.
Continue to upskill staff through existing programmes such as Te Pukenga Atawhai.	2016–ongoing	30% of staff through the programme by end of 2018.
Continue to bring young Māori into the Department through cadetships and trainee ranger programmes.	2016–ongoing	Retention within DOC and iwi partners. Feedback from iwi partners.
Kahui Kaupapa Atawhai cultural advisor to participate in all talent moderations to provide a cultural lens on potential and pathways for Māori leaders.	2016–ongoing	Increase in percentage of Māori leaders.

Safety and well-being

DOC continues to have an unacceptable level of injuries. At an organisational level, we need to ensure our systems and processes are all well positioned and our people are well informed and equipped to take a proactive approach to managing safety and well-being, to deliver on our goals.

The only acceptable target for DOC to have is an injury-free workplace and a culture of well-being, where every employee is aware of what they need to do to be well and accept accountability for this. Injury-free represents

an environment where injuries are not an acceptable part of working for DOC, and where we do everything possible to prevent them. *'Band aids, but no bandages.'* Our initial focus is on completing a refresh of our system and completing the work highlighted below, including the review, update and implementation of our Safety and Well-being plan to ensure behaviour change is owned and modelled at all levels.

More detail about our workforce planning is included in Annex 1.

Table 10: Developing safety and well-being capability.

Key initiative(s)	Time frame	Measure
Safety and well-being implementation plan finalised and embedded.	Ongoing	Annual reporting on incidents and near misses.
Safety culture and leadership development.	2016–ongoing	Improved safety performance.
Expanding H&S committees to include development and promotion of well-being initiatives.	2016	Renamed Safety and Well-being committees all promote well-being initiatives by end of 2016 (completed).
Improved perception of organisational commitment to safety and well-being.	Annual	Lift in engagement questions relating directly to safety and well-being.
Fatal risk action plan.	2016–ongoing	Reduction in incidents relating to identified fatal risk areas.
Review policies around pre- and post-employment health checks.	2017	

Annex 1: Capability – Workforce and capacity information

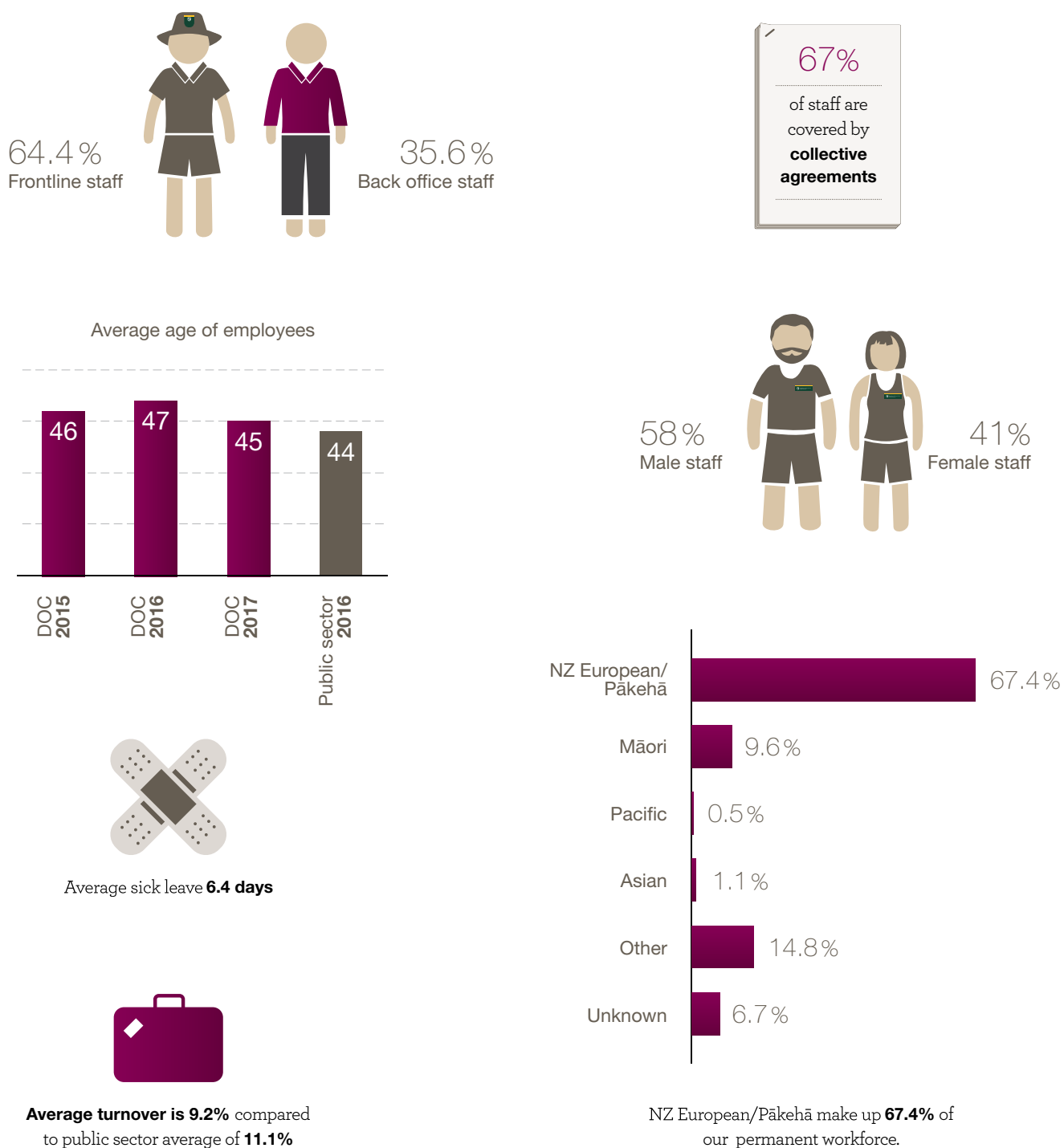


Figure A1.1: DOC workforce profile (as at June 2016).

People capability

Priority workforce groups

The groups outlined below are priority segments for DOC or the NRS sector. The reason they have been chosen is that these roles are critical to the achievement of DOC or NRS strategic objectives over the next 4 years.

Conservation Partnerships Group

The Conservation Partnerships Group (Kāhui Manutataka) is responsible for driving step-change growth in conservation through partnerships. Their work is focused in four main areas:

1. Securing new value exchanges with partners to benefit conservation.
2. Project managing new, large-scale value exchanges to ensure they are delivered successfully on the ground (locally, regionally and nationally).
3. Maintaining and enhancing strong working relationships with external partners.
4. Being a strong advocate for conservation locally, regionally and nationally.

This area of the business is critical to achieving our strategic objectives, as partnerships with others increase our capacity to deliver conservation work. The skill set of working in partnership with others is one we want to grow throughout the organisation, and our Partnerships team are our in-house expertise. We do not currently have recruitment or retention issues in this area. We continue to invest in partnerships capability to ensure we are leaders in this field.

Middle management (including supervisors)

Our middle managers and supervisors have a significant influence on the experience and behaviours of our people. In recent years, we have underinvested in our new managers and supervisors, resulting in a need across the organisation to provide learning and development opportunities, especially regarding core management disciplines (people, projects, finance, governance, risk).

We do not have recruitment or retention issues in this group, but historical restructuring has affected the capability and engagement levels.

Science and technical

Our science and technical staff work as part of the broader Science and Policy Group to develop investment strategies that deliver step-change growth in conservation. These people have a lot of specialist expertise in a range of conservation areas (such as marine, ecosystems, threats), and their knowledge drives leading conservation work.

We do not have recruitment, retention or capability issues, but we do have an aging workforce – particularly within this group. Organisation-wide coaching and mentoring is one of the ways we are planning to share institutional knowledge. We also continue to bring young people into this field through initiatives such as the trainee ranger programme.

Front-line staff

Our front-line rangers are responsible for delivering conservation work on the ground through our biodiversity, recreation/historic, community engagement and visitor centre teams. These people are the face of conservation work, and are often directly engaging with our customers. They deliver a large amount of the work we are measured on, and they also have first-hand experience with our customers and are well placed to anticipate their needs.

We do not have recruitment issues; however, we have high turnover of young people in these roles. We continue to bring staff into the organisation through internships and trainee ranger roles, and encourage leadership development through the Aspiring Leaders Programme, where most participants are front-line staff.

Diversity focus

Part of the desired shift we are trying to make includes empowering our people to be customer-focused, and identify innovative opportunities to get better value for New Zealand. One way of doing this is by ensuring our staff better reflect the communities we serve.

DOC has typically steered away from department-wide strategies or targets around diversity, preferring to take a best practice approach to ensuring systems are designed to be culturally inclusive. The recent Superdiversity Stocktake⁸ recognises the positive steps DOC has taken at an operational level, as well as understanding the different perspectives and understandings that diversity brings.

We need to build on this by focusing more effort on ensuring our staff better represent the regional populations with regards to age, gender and ethnicity. For example, we know there are a growing number of Asian and Pacific Island people living in Auckland, which our workforce does not reflect.

Similarly, our workforce is aging and we are not bringing young people in at a rate that matches this. Over the next 2 years, we will work with expertise within and external to DOC to create tools and resources to support more culturally inclusive ways to attract, recruit and retain a broader range of staff.

The Leadership and Organisational Development team will then work with staff in the regions to ensure they have a regional diversity strategy that is fit for purpose in the communities they work in. Some work has already started in Auckland, where we are working with local iwi groups to trial Māori cadetships, and we are also researching strategies for attracting more Pacific Island staff.

We are continuing to offer internships and trainee ranger roles to attract young people to the Department. Additionally, the Natural Resources Sector Aspiring Leaders Programme continues to attract a high number of quality applicants, many of whom go into leadership roles across the sector.

⁸ Chen, M. 2015: Superdiversity stocktake: Implications for business, government and New Zealand. Report, Superdiversity Centre for Law, Policy and Business, Auckland. www.chenpalmer.com/wp-content/uploads/Superdiversity_Stocktake.pdf.

Recruitment

We expect these roles to face recruitment pressures over the next 12 months, and over the next 4 years. While there are six role groups listed here, only a handful of people are employed under each category, so impact on the business and the cost of addressing it are relatively low.

Table A1.1: Recruitment pressures.

Roles/positions difficult to fill	Reason	Action/strategy to manage this
ICT Strategy and Architecture	There are cost pressures associated with skill shortages in this area. It's very difficult to find or attract the right skills.	Included as hard-to-fill positions covered under the DOC employer accreditation with Immigration NZ. Targeted remuneration or other incentives due to small number of staff.
Enterprise Systems and Services technical staff (Developers, Testers, ERP)	Aging applications with reduced budgets will make retention of current staff difficult and new staff hard to attract as skills in old technology are limited.	Review the ISSP and produce an enterprise roadmap.
Technology Support and Infrastructure technical staff	Salaries are below market rates, retention of staff may become an issue.	Targeted remuneration or other incentives due to small number of staff.
Geospatial Services	Generally don't have a problem recruiting but have lost some of the more technically advanced to agencies such as NZTA who pay more.	Identify whether a skill shortage still exists in the market and develop current staff who can be promoted when advanced staff leave. Targeted remuneration or other incentives due to small number of staff.
Solution Development (in particular Solution Architects and Business Analysts)	There are cost pressures associated with skill shortages in this area.	Included as hard-to-fill positions covered under the DOC employer accreditation with Immigration NZ. Need to review upskilling and development of current staff.
Policy and Senior Policy Analysts	No vacancies currently but moderately difficult to fill at the most senior levels due to salaries being below the average in the Natural Resources Sector. Turnover is one Tier 4 manager and four senior advisors (out of 10) in last 2 years.	Included as hard-to-fill positions covered under the DOC employer accreditation with Immigration NZ. Need to review upskilling and development of current staff in this area.

Workforce capacity

DOC has a number of efficiency measures in place to address any budget deficit. We are committed to maintaining our frontline capacity. Due to the project-based nature of our field work, we require a large proportion of our workforce to be flexible on temporary and fixed-term contracts. At some points during the year, the number may be over or under the projected forecast to reflect these changes.

Table A1.2: Departmental staffing levels.

	30 June 2016	30 June 2017	30 June 2018	30 June 2019	30 June 2020	30 June 2021
Position numbers – departmental	1,893	1,864	1,836	1,808	1,781	1,754
Position numbers – non-departmental						
Total position numbers	1,893	1,864	1,836	1,808	1,781	1,754

Workforce costs

[Redacted. This information has been withheld under Section 9(2)(j) of the Official Information Act 1982, to enable the Crown to negotiate without disadvantage or prejudice.]

Bargaining and remuneration rounds

The Department reached an agreement with the PSA for a new collective agreement based on a 3-year term (from 1 October 2015) and is only partway through this.

Of the Department's workforce, 80% are members of the PSA and are covered by this agreement. The opportunity to work collaboratively, in a way that encourages high engagement to deliver a more productive and high-performing organisation, has huge potential. DOC management and the PSA have met and developed a plan to embed this way of working.

Key initiatives include:

- Developing a project plan to work through key outputs annually
- Regular meetings between the PSA and the Department's senior management to identify strategic issues that will be jointly worked on
- Completion of projects that improve productivity.

Progression

As part of the PSA package agreed in the last bargaining round, we have commenced work on a review of the Department's remuneration strategy and pay system and processes.

Annex 2: Capability – Information and Communication Technologies (ICT)

The Department is ensuring that ICT work is planned strategically across multiple years. We are enhancing our capability and that of our partners. We are doing this within the context of the government ICT Strategy, the Common ICT Capability Roadmap, and DOC's Information Systems Strategic Plan (ISSP) approved in 2015. This continues to be our foundation plan. During the next 4 years, we will continue to adopt common capabilities as they become available. We will move to enterprise cloud services as we retire legacy systems.

The priorities for ICT investment have four key drivers:

1. **Aging infrastructure**

The priority in 2017/18 is to move the Department's infrastructure to a public cloud service. This project will be completed by mid-2018. This includes a desktop upgrade and moving to Microsoft Office 365. Focus will then switch to application rationalisation and data management (see applications below).

2. **Productivity tools for conservation**

The priority in 2017/18 is to complete the move to a mobile workforce, improving the network capability (through IaaS) and the ability of our staff to work anywhere anytime, and to implement work scheduling across all operational activities. Focus will then move to building Department/conservation-specific mobile applications, e.g. in-field data capture.

3. **Aging applications**

The priority in 2017/18 will be to implement a new booking service as Software as a Service (SaaS), which will replace NVBS and possibly Ibex. The other key application to move to a public cloud environment will be Napalis (supplied to DOC and LINZ). In 2018 and out-years, it will be necessary to replace our bespoke applications, such as Permissions, Bioweb and the Business Planning System.

4. **Customer relationship, identity and access management**

The priority in 2017/18 is to establish the capability to deliver a suite of APIs to support internal

business needs (e.g. single source of identity), and to surface our data to the public (Result 9 and 10). In 2018/19, the priority will be to upgrade the DOC website and potentially begin implementation of a CRM service.

There is a fifth area of demand for new applications such as a Uniform Inventory Management System and a Bird Banding Management System, but the priority for these applications has not been established.

We will transform from a reactive to a proactive IT service through early business engagement, better understanding of business needs and an operating environment maturing to match our business model. This is combined with creative and innovative design, adopting the AoG and SaaS approaches, to provide 'fit for purpose' solutions that evolve with the changing business practices. Recent cost pressures and a tight fiscal environment have made us more focused on being cost-efficient and agile to grow business value.

Our ISSP outlines the direction for our architectural framework, and investment and solution roadmaps. Strategic work streams are underway with other agencies and AoG providers and with our internal business owners, standardising their processes. We are evolving our ICT infrastructure to support a more mobile workforce and consolidating legacy applications.

Managing information as an asset is fundamental. We have implemented and will enhance an enterprise content management system. We are providing tools that enable and foster collaboration. Our information is easier to discover and duplicated effort is reduced. Our core platform is Oracle Web Centre Content Server. This AoG common capability offering enables our staff and external stakeholders to engage digitally in conservation. Additional ICT capability to support our partnerships and how we manage volunteers, and efficiencies in permit processing, will improve information management within the Department, in line with citizen expectations for security and privacy. Collaboration across government will be the key to success of our ISSP.

Our ISSP identifies four themes:

- Productivity
- Relationship management
- Data and analytics
- Mobility.

The ICT developments in each theme will:

- Improve the cost-effectiveness of investments
- Increase staff productivity
- Improve financial and investment controls
- Support decision-making
- Increase public and stakeholder access to services and information.

These ICT developments meet Government’s Result 10 target ‘New Zealanders can complete their transactions with government easily in a digital environment’.

We aim to be ‘mobile by default’ with a totally IT mobile workforce. We will enable customer- and client-focused relationship management with our social and business partners, and community and volunteer groups, by adopting Enterprise Relationship Management (ERM) capabilities.

We will improve data and analysis functions to support conservation decisions and data sharing with the public/partner agencies. Infrastructure and process changes will dramatically improve productivity and cost-effectiveness of our ICT investments. We will reduce internal management costs through process automation.

Videoconferencing services and increased use of our DOCLearn learning management system will help support the productivity theme. Replacing our Electronic Time Recording (ETR) system will ensure business continuity. All IT design decisions will be based on the adoption of core enterprise systems across all DOC functions and, wherever possible, early retirement of legacy systems.

Productivity

The initial project to move DOC’s ICT infrastructure and data storage (part of the IaaS common capability) was completed in 2015. The second phase begun in 2016 will reduce the overall cost of data storage, provide access to digital data (images and sound) and improve performance by moving data storage and computing infrastructure services offshore.

Reducing duplication of effort and streamlining internal management processes is a key benefit of implementation of an Identity and Access Management system (IdaaM). This long-term programme will initially provide the enterprise platform for all systems access functions. This will be followed by phases to build a single source of truth, simplify the employee data lifecycle, create single sign-on capability and eventually provide external user access to DOC’s systems.

During this Four-year Plan period, improvements to operational planning will include the deployment of biodiversity planning in the Department’s Asset Management System (SAP Plant Maintenance). This will simplify development of the ‘90 day’ operational plans, bringing activity planning into a single system. It will eventually replace the bespoke Business Planning System.

The slow speed of access to DOC’s IT systems and services has for many years been a major issue in remote areas, seriously impacting staff productivity. In 2017 DOC continues the upgrade programme for this critical infrastructure to improve the user’s experience and the use of IT.

The Electronic Time Recording (ETR) system is ‘end of life’ and DOC is currently partway through implementation of a new system (TimeFiler). This project is integrated with the IdaaM programme to provide simplified processes to manage employee records and a ‘single source of truth’.

Mobility

Our Mobility Strategy was approved in 2014. The Department is now positioned to uptake Telecommunications as a Service (TaaS), enabling a completely mobile workforce. To achieve this, DOC has begun transitioning to a unified voice and data network that integrates mobile and desk technology.

The first phase of this work started in 2015/16 with the move to mobile devices for all staff, and a change to in-field data capture for asset management using mobile phones. Associated with this has been the upgrade of the Mobile Asset Management Application to enable the Android OS, helping DOC to reduce the cost of mobile devices, improve the user experience and simplify the device landscape.

The second phase in mobility is the deployment of Enterprise Mobile Management Support. Provided as a managed service to mobile device and application users, this also supports the productivity theme, reducing administration costs and lowering the overall per user cost of mobile support. As staff adjust to operating in a mobile environment, we have started the programme to reduce desktop computing and provide more mobile solutions through web-based services and deployment of wifi in offices (dependent on the TaaS Common Capability).

ISSP data and analytics

The IaaS programme is in the first phase to create a single suite of stakeholder-focused applications. It will support decision-making by seamlessly integrating internal and external data and systems and enable open data sharing with others. Phase one was the reduction of data and process duplication (noted in Productivity above). Phase 2 began in 2016/17 to deliver a 'single source of the truth' and data sharing via Application Program Interfaces (APIs), enabling others to access and use DOC's data.

There is an ongoing programme of iterative improvement using the Business Intelligence suite to support operational activities planning and reporting.

This programme is also focused on multi-resource scheduling to ensure resources are deployed as and when required and to reduce churn in the new '90 day' planning cycle. These improvements will also deliver more integration of business data to inform strategic business investment across long-term (50+ year) programmes such as visitor and biodiversity asset management.

In 2014 DOC implemented its Security and Privacy Framework and in 2015 began implementation of the information security and risk management policies with the first ICT Operations Assurance Plan presented to the GCIO. Ongoing work has focused on building ICT security and assurance capability in the Department, and ensuring that the Department's use of cloud-based services is appropriate and secures and protects public data. To ensure the latter, the Department implemented 'Skyhigh', a cloud service assessment tool, in 2015 and continues to review and remove access to high-risk websites and data/file-sharing sites. DOC is building its staff capability in IT security and assurance.

ISSP client and customer relationships

The DOC operating model supports open collaboration with other governmental agencies, private enterprise and the public. This requires DOC to realign the existing internally facing systems to be open and externally facing, with transparent access to the Department's information.

To further enhance the implementation of the DOC partnership model, we are working to improve the ease with which visitors and citizens access products and services through digital channels, such as the DOC website, through third parties and mobile applications. The Department is progressively refining its approach to be more agile and responsive to business needs with the intent that new lines of business be quicker to market through faster delivery.

The focus in this area is on using technology to enrich the visitor experience and to implement an enterprise grade system that enables stakeholder engagement across all of DOC's commercial and non-commercial

relationships. This includes permissions management, volunteer recruitment and deployment, sale of DOC products, education services, relationship and work management with central agencies, consultation and collaboration in statutory planning processes, supply of hunting permits and fishing licences, and the management of services such as bird banding and kiwi aversion training.

In 2015 DOC initiated a move to a business engagement tool and the IdaaM programme, the latter to provide external access to DOC data and systems. The next priority is likely to be deployment of an Enterprise Relationship Management System (ERMS) for stakeholder and volunteer management, providing one source of the truth for both internal and external stakeholder data and relationship management.

Effective management of volunteers offers a huge opportunity to build the capacity and capability of the conservation workforce, and a user-friendly application will be key to enabling this. As the business-critical Permissions and Visitor Booking applications will be ‘end of life’ in 2016/17, the functions they provided will be migrated (as soon as practicable) to the ERMS and enhanced to provide external access for concession returns, fees payment and monitoring.

This programme will provide an ERMS and form the basis of all internal and external relationship management practices. Benefits include:

- Streamlining the establishment of relationship identities
- Improving internal access to stakeholder information
- Sharing data and building sales revenue through easy-to-use interfaces
- Simplifying the financial, sales and permissions systems connections to improve productivity, analysis and reporting.

Alignment of DOC strategies to Destination 2017

The Department has been progressively transitioning towards the delivery model outlined in the 2014 Government ICT Strategy and Action Plan. This has included: establishing the All of Government programme to respond to the expiry of Windows XP and Office 2003; infrastructure being highly virtual to enable easy transition to cloud; structuring the ICT team to differentiate between future state business engagement and management of commodities; being actively involved in several cross-government work streams, including Better Public Services Result 10, Enterprise Content Management, New Zealand Geospatial Office, and IT Managed Services; and actively collaborating with other agencies where there is mutual benefit for working together.

The collaborative way of working and commoditisation of services as outlined in the Government’s ICT Strategy and Action Plan has been a key driver for DOC’s organisational changes undertaken over the last 5 years. This collaborative approach is expected to mature as people gain increased experience in working in this environment.

Annex 3: Supporting financial information

Output financial performance

Despite inflationary pressures pushing costs up on average 1.2% or \$4 million each year over the last 5 years, output delivery has generally remained stable during this time, as a result of efficiency and effectiveness gains.

There was a small increase in Conservation with the Community to reflect the change in departmental strategy of working in partnership with the community – this did not represent an increase in funding; rather, funds were transferred from other outputs.

The graph also shows the increasing baseline costs (dotted lines) across the outputs over the next 5 years to 2020/21, largely due to inflationary pressures. These are further discussed under ‘Cost pressures’ below.

The focus for the Department over the period of the Four-year Plan is to ensure a quality visitor experience (Recreational Opportunities) and to continue to maintain and protect ecosystems and species (Natural Heritage), as this underpins New Zealand’s tourism industry.

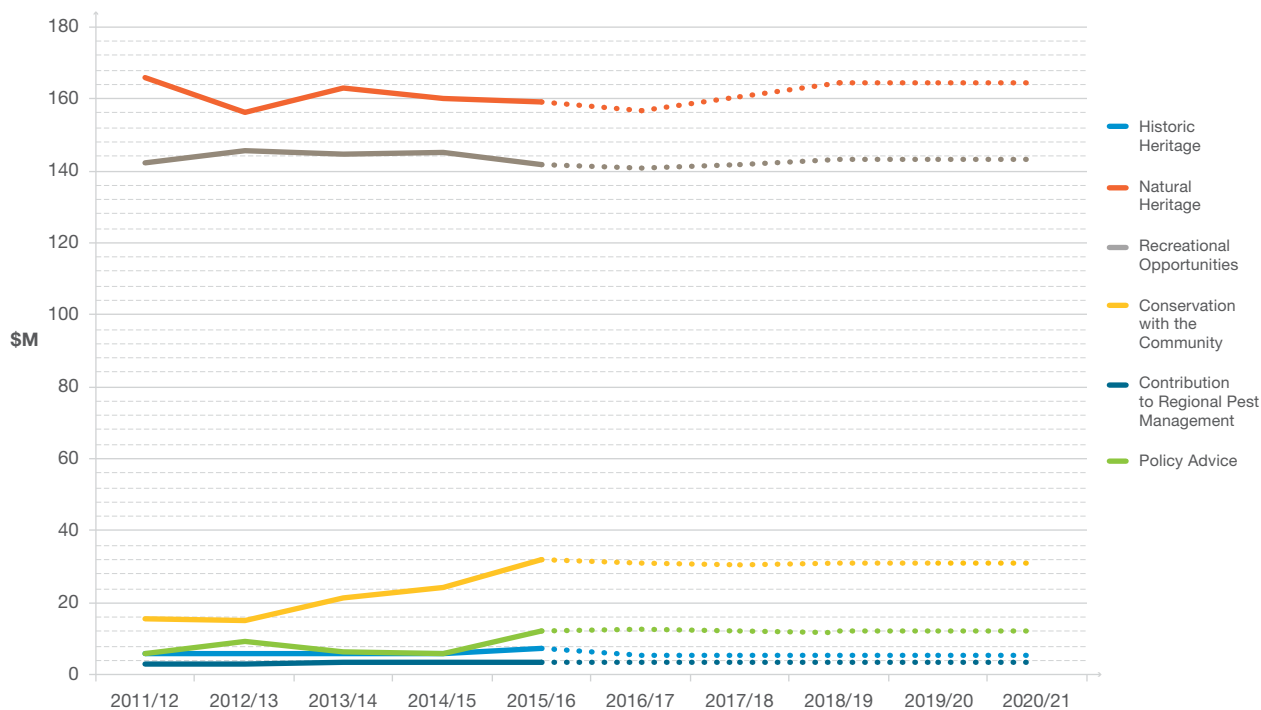


Figure A3.1: Output financial performance for 10 years from 2011/12 to 2020/21.

Cost pressures

Cost-pressure types

Cost pressures across agencies have been identified by broad types to distinguish personnel and non-personnel costs. DOC personnel costs account for \$157 million of the Department’s baseline budget.

Personnel cost pressures are based on the future expectations of bargaining outcomes. [Redacted. This information has been withheld under Section 9(2)(j) of the Official Information Act 1982, to enable the Crown to negotiate without disadvantage or prejudice.]

The key operational cost drivers are field operations, supplies, wages, contractors, helicopter hire and asset

ownership costs. These are largely influenced by inflationary pressures – an allowance of 1.46% p.a. has been made for inflationary pressures on most operating costs, with business price indices used for major external contractors and suppliers of construction materials.

Depreciation has been forecasted based on the previous year’s depreciation and capital spend, along with asset revaluation increases. The graph below depicts depreciation as a subset of operating costs.

The following graph highlights the impact of cost pressures by type for the next 4 years.

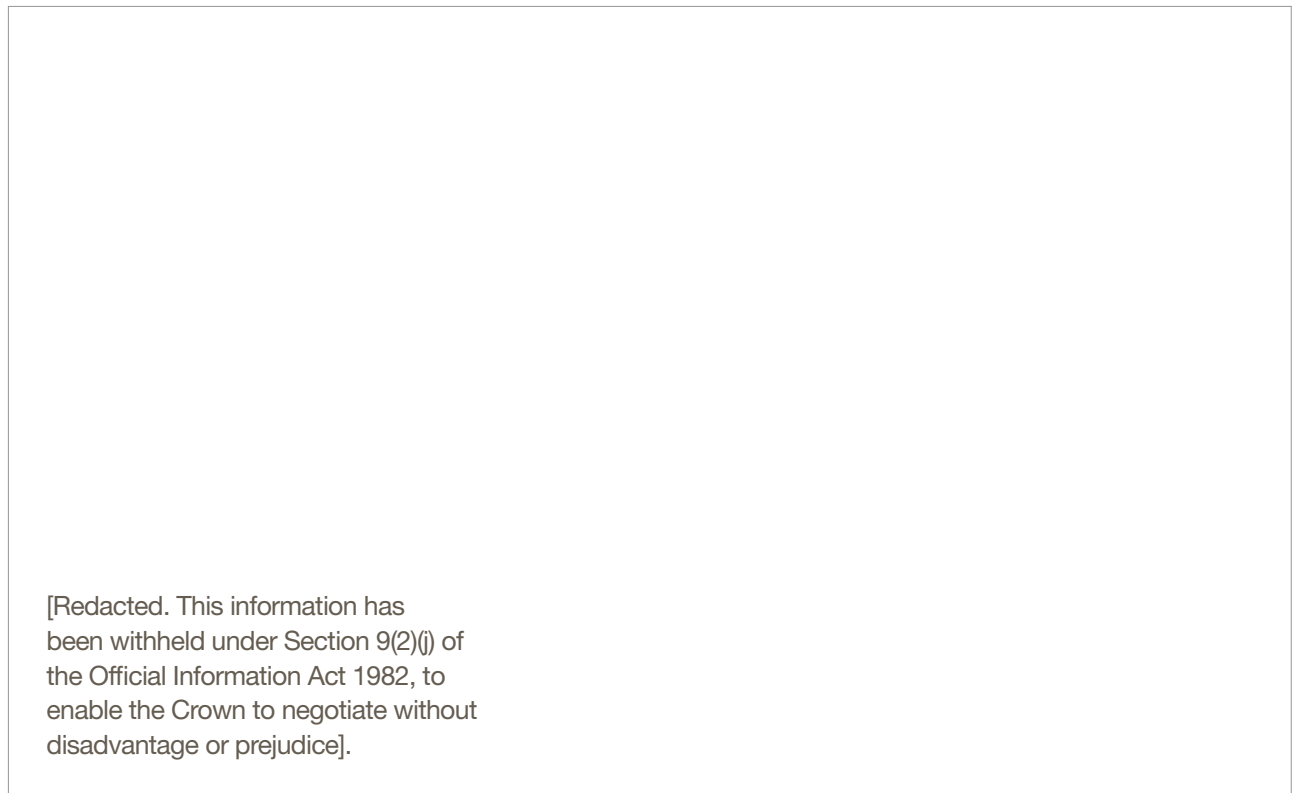


Figure A3.2: Cost-pressure types from 2017/18 to 2020/21.

Cost-pressure categories

Cost pressures have been identified by category of the driver or mechanism that generates the cost pressure. For DOC, these consist of personnel, price and policy.

Personnel pressures include annual bargaining and progression rates. Price pressures consist of inflationary impacts. Policy pressures arise due to policy decisions made by the Government that place a regulatory and financial obligation on the Department to comply, i.e. the national policy on pest control and the Christchurch earthquake recovery policy to relocate to shared agencies premises.

Summary of cost pressures to 2020/21

The following template summarises the cost pressures faced by the Department over the next 4 years to 2020/21 by intermediate outcome.

Cost pressure analysis

[Redacted. This information has been withheld under Section 9(2)(j) of the Official Information Act 1982, to enable the Crown to negotiate without disadvantage or prejudice.]

Response to cost pressures

Following the identification of the cost pressures, the Department has considered a strategic response to reduce the increasing cost base, summarised below.

Strategic response to cost pressures: personnel, non-personnel and revenue related.

[Redacted. This information has been withheld under Section 9(2)(j) of the Official Information Act 1982, to enable the Crown to negotiate without disadvantage or prejudice.]

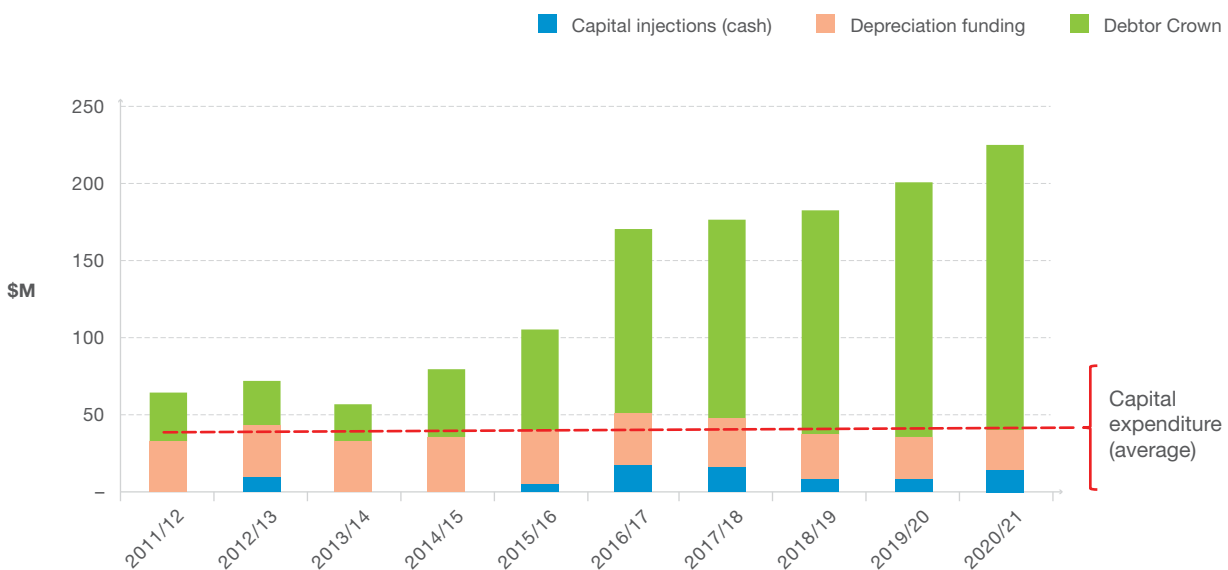


Figure A3.3: Available capital funding and spend for 10 years from 2011/12 to 2020/21.

Efficiency savings

Efficiency initiatives for operating costs – the Department is investigating a number of initiatives from 2016/17 to improve the efficiency of conservation work methods and the better assignment of work activities. As part of the Department’s focus on operating discipline, discretionary expenditure will come under increased scrutiny. This includes reviewing the telephony communications platform throughout the regions and across field operations, ensuring that communication alternatives like videoconferencing are used to reduce travel costs, and working collaboratively with the PSA using a high-engagement model to deliver a more productive, high-performing organisation.

Improvements to cost recovery processes/policies – a continued programme of work around cost recovery rates and processes, together with an operating discipline around recovering costs from concessionaires, is expected to contribute to managing the Department’s cost pressures.

Improved management and prioritisation of asset portfolio – with asset portfolio management plans now in place for each major asset group, the Department will continue to look at the affordability of the long-term capital programme and the consequential operating costs by reprioritising and deferring capital projects accordingly. This work will continue despite the increase in capital to support the visitor network in Budget 2017.

Figure 3.3 highlights that the average capital spend over the 10 years to 2020/21 is affordable within the overall funding available to the Department. The challenge continues to be ensuring that the depreciation and maintenance operating costs from investment decisions are affordable.

As concession and tourism revenue increases (see ‘Operating model changes’ below), local and international tourists will make more use of visitor assets, so the Department needs to ensure it provides the right mix of assets to maintain the quality of visitor experience. The challenge is to target areas of capital spend that will maximise the benefits of the Department’s assets for visitors and conservation

work. This means further investment in current asset portfolios and divesting in other areas that are not aligned to the Department’s strategic outcomes. The Long Term Investment Plan (LTIP) will provide a greater understanding of the services provided by asset portfolios and the potential impact of investment on service levels. This work continues to be a priority as new capital for visitor assets in Budget 2017 flows into the Department.

Reprioritisation

RPMS reprioritisation – if there are legislative changes from a proposed national policy with ‘good neighbour’ obligations for pest management, the Department will reprioritise existing funding for regional pest management and move away from activities and programmes that are not mandatory.

Review of monitoring programme – the biodiversity monitoring and reporting system involves nationally consistent monitoring for local management purposes (called Tier 2), introduced as part of the work on the 49 threatened species persistence projects. The review will seek to reduce monitoring overall, and, instead, targeted monitoring will continue to provide the vital information to show the value added by our management and the money spent on it.

Output optimisation – the focus of resources to the best value for money outcomes, while ceasing activities when the return on investment decreases, will support the operating discipline principle across DOC (see pages 29 and 30).

Operating model changes

Increased concession revenue – the Department will review processes to make revenue collection mechanisms work more efficiently and effectively. Growth in tourism numbers and increasing participation is expected to increase the revenue of concessionaires, with flow-on impacts to non-departmental concession revenue. The Department benefits from increases in non-departmental concessions revenue by receiving an equivalent budget increase.

Figure A3.4 highlights the actual concessions revenue for the past 5 years and forecasts the 5 years to 2020/21, which is reflected in increased concessions revenue. The dotted line represents the forecast using linear regressions based on actual revenue across the range of concession types from 2011/12 to 2015/16 to extrapolate forecast revenue streams to 2020/21. The forecasted orange line displays the revenue projection underpinning the 10-year view, showing similar revenue increases to those experienced in the past 2 years and a more aggressive target outlook.

Increased tourism revenue – the Department’s operating model sees DOC in a more customer-focused role, including a unit dedicated to developing commercial partnerships. With third-party revenue exceeding 2015/16 targets, increased revenue forecasts are supported by growing international and local visitor numbers. Figure A3.5 highlights the actual recreation revenue for the past 5 years and forecasts the 5 years to 2020/21, which is reflected in the increased tourism revenue. The forecasts use linear regressions based on actual hut, campground and Great Walks recreation revenue from 2011/12 to 2015/16 to extrapolate forecast

revenue streams to 2020/21 (note that nil growth has been assumed for the remaining recreation revenue types).

Risks

There are a number of additional risks with financial implications that could materialise over the 4-year period.

Budget initiative through the National Resources Sector (NRS) – Battle for Our Birds 2017: beech mast flowering has started in North and South Island beech forests this summer, and climate prediction models indicate that there may be heavy seeding again in many forests next year. DOC has begun monitoring forest conditions. Heavy seeding could lead to another rapid rise in rat and stoat numbers next winter, putting vulnerable native species at even further risk. Additional funding provided as part of Budget 2017 has enabled the Department to prepare for additional pest control that may be needed. Likelihood: almost certain (80–100%) to occur over the 4-year period and potential cost of \$20 million from 2015/16 to 2017/18.

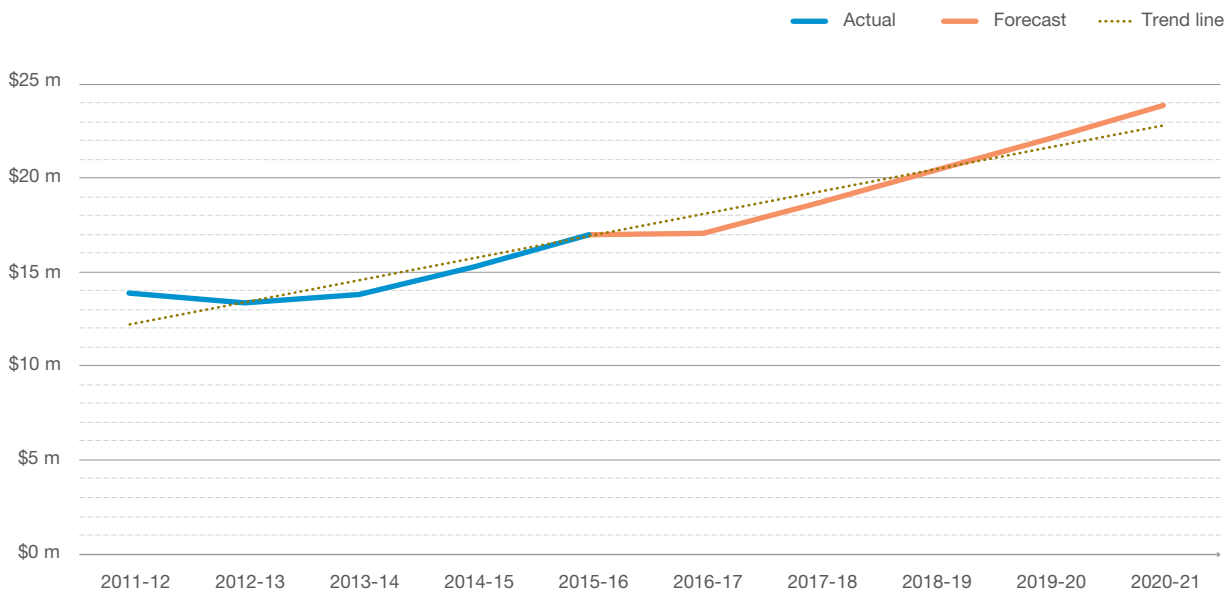


Figure A3.4: Concessions revenue.

Future of the ICT environment: under the AoG directive, agencies are moving from a capital-owned model to an operating arrangement with the aim of improving services and securing efficiencies. This will result in operating cost pressures across the IT infrastructure, which the Department will look to manage initially through a transfer of capital expenditure to operating expenditure. Likelihood: almost certain (80-100%) to occur over the 4-year period and potential cost of \$2 million each year.

Budget initiative through the National Resources Sector (NRS) - wilding conifers management programme: wilding conifers have significant impacts on biodiversity, landscapes and farm productivity. At the current rate of 5-6% spread annually, within 20-30 years conifers will have invaded most of the 6 million hectares of at-risk land. A NZ Wilding Conifer Management Strategy led by MPI and working with LINZ, regional councils and the forestry and pastoral farming industries has been developed and is subject to final funding considerations. Likelihood: is likely (50-80%) to occur over the 4-year period and potential cost of \$16 million or \$4 million each year up to 10 years.

Rural fire hazards: forecast weather conditions indicate an El Niño effect of a dry and windy summer that will increase the risk of rural fires and the subsequent DOC response. The impact of the recent amalgamation of NZ Fire Service and the Rural Fire Authorities into a single Fire Service won't be fully known until the legislation and structure to support the new organisation and service-level agreements are developed. DOC will continue to provide fire fighters and still have a role in rural fire management on land administered by the Department - this is part of our responsibilities as land managers. Likelihood: is possible (30-50%) it will occur over the 4-year period and potential cost of \$2 million each year.

Tenure review: with successful tenure reviews come the increased size of public conservation land and consequential maintenance and management costs. Likelihood: is possible (30-50%) it will occur over the 4-year period and potential cost of \$0.5 million each year.

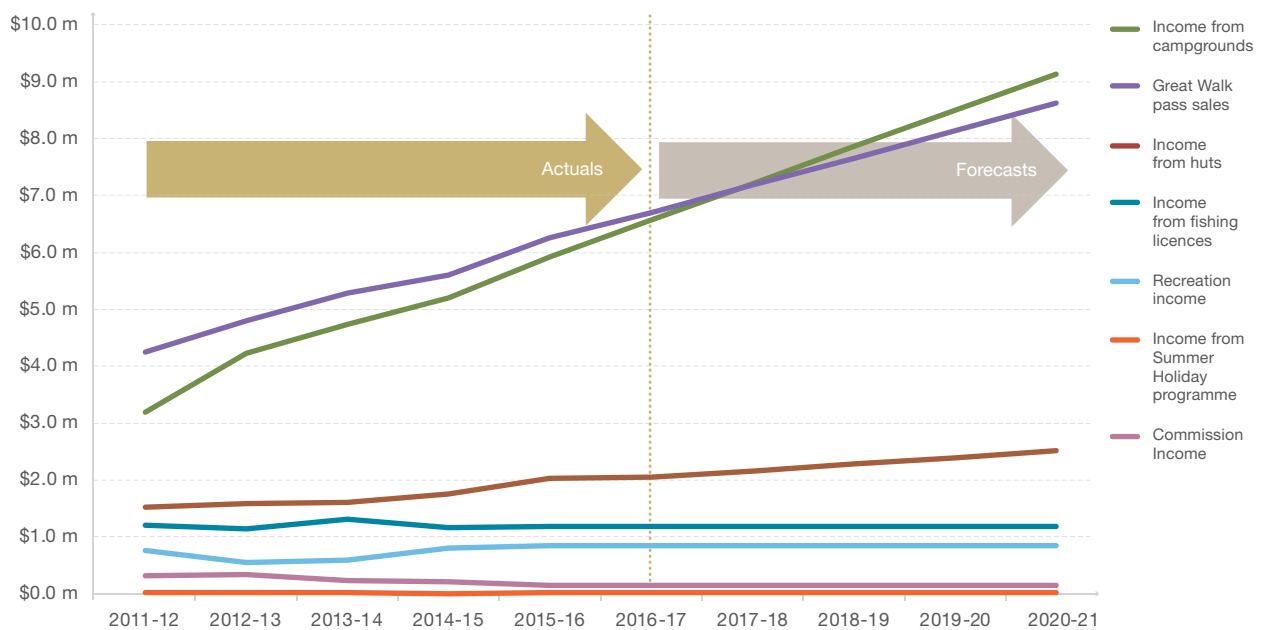


Figure A3.5: Recreation revenue by type.

Annex 4: Asset management and investment intentions

Asset management

The Department recently (November 2016) completed its first Long Term Investment Plan (LTIP) in response to Cabinet Office circular CO (15) 5 'Investment Management and Asset Performance in the State Services', which brings focus on investment processes in government.

DOC is an experienced asset manager – it is at the heart of what the Department does. The LTIP describes DOC's investment journey in support of its long-term vision and goals. It shows what the Department will be investing in and how investment will occur to achieve the delivery of conservation strategies.

Owning the right assets, managing them well, funding them sustainably, and managing risks to the Crown balance sheet, are all critical ingredients to the ongoing provision of high-quality and cost-effective public services that New Zealanders value. That means that the quality of investment management is vital to maintaining New Zealanders' living standards now and in the future. It explains why the Government is committed to ensuring investment management and asset performance practices remain fit-for-purpose.

—
The Treasury, February 2016⁹

In the conservation context, 'fit for purpose' means natural habitats that have clean air and water and are free of contaminants and predators, where our native animals and plants flourish, and recreational facilities that enhance people's appreciation and enjoyment of our outdoors while ensuring their impact does not compromise on future generations' ability to do the same.

DOC currently delivers an enormous scale of work across New Zealand's lands and waters. As stewards of

New Zealand's unique environment, the Department looks after a third of the country on behalf of all New Zealanders, works in part on at least 195 ecosystem types, and strives to prevent the decline of taonga where interventions are undertaken. The Department has had outstanding successes, especially with kākāpō, whio and takahē. Recreation assets are a phenomenal resource for New Zealand.

Against the backdrop of these successes, there are some long-term challenges for the Department. It is operating in a rapidly changing environment. Demands on its resources are mounting with increasing focus on pest control and freshwater issues. Environment Aotearoa¹⁰ highlights the effects of human activities on the marine environment, the impact of pests and erosion on land, and the varying quality of freshwater rivers and lakes.

There is increasing demand for improved visitor infrastructure and the forecast is for a doubling in international visitors by 2025, but the prime tourism places are already approaching capacity at peak times. This will be partially managed through increased capital provided by the Government as part of Budget 2017 targeted at maintenance and growth of tourism infrastructure.

DOC is also responsible for protecting historic and cultural heritage by looking after historic sites on public conservation land. While New Zealand's unique natural history started around 85 million years ago when it separated from Gondwanaland, New Zealand's human history is one of the newest in the world. Human habitation in Aotearoa started only around 700 or so years ago and is a unique story. Māori have passed on rich and detailed oral histories and legends where places have special cultural and ancestral significance that DOC needs to safeguard, and it manages many early post-European buildings, bridges, roads and tracks. In all, there are over 13,000 known archaeological and historic sites recorded on public

⁹ The Treasury, February 2016: Guidance for developing and maintaining a long term investment plan. Version 3. The Treasury, Wellington.

¹⁰ Ministry for the Environment and Statistics New Zealand. October 2015: Environment Aotearoa 2015: data to 2013. *New Zealand's Environmental Reporting Series*. Ministry for the Environment and Statistics New Zealand, Wellington.

conservation lands, of which active management covers around 600. The challenge is to bring these sites to life for visitors while maximising their protection and providing access.

There is an increasing focus on working with and supporting others in conservation initiatives. In addition, there is a growing awareness of the role conservation plays in protecting natural capital on which many of New Zealand's industries depend. DOC must continue to invest in engagement with New Zealanders. Over the past several years, DOC has taken steps to leverage partnerships, improve the way it operates and better prioritise work both internally and in partnerships with others. Almost 1000 community groups and 18,000 volunteers work with DOC on conservation projects, contributing nearly 5 million workday equivalents.

The Department initiated the DOC 2025 project to clarify what a sustainable DOC would look like in line with its 10-year stretch targets, and what resources, capabilities and partnerships would be needed to deliver sustainable conservation and recreation. DOC 2025 raised some fundamental questions about the conservation policy settings that will require external consultation. More work is to be done and the outputs will be used to inform future updates of the LTIP.

Other key inputs to the LTIP have been the Four-year Plan and asset management plans (AMPs). The AMPs describe the condition of existing assets and the LTIP uses the information to plan the capital needed to renew, maintain or retire them.

New Zealand's future is created by what it does today. Ten years from now is but a single point on the conservation continuum, and a mere blink in time. Indeed, conservation time horizons consider what needs to be done to sustain New Zealand society in

perpetuity. By the close of this 10-year planning horizon:

- New Zealand would have gained another 400,000 people, most of them in Auckland.
- We will have progressed with our Treaty Settlement arrangements, leading to mature co-investment relationships with iwi for the protection of their whenua, and the development of business opportunities.
- The number of visitors to our shores will have nearly doubled to 5.4 million per annum (3.3 million in April 2016) and contribute \$20 billion per year (\$10.2 billion in March 2016) to our economy.
- Climate change will result in increased temperatures, heightened fire risk on land, increased storm damage to ecosystems and visitor infrastructure, higher sea levels and increased ocean acidity.¹¹
- We will be 10 years into the Government's objective to achieve a predator-free New Zealand by 2050, and it would have been 13 years since we began the Battle for our Birds programme to counter plagues of rats and stoats.

The LTIP process is about DOC and its partners collectively demonstrating leadership in the Natural Resources Sector, creating a clear picture of the investment needed to ensure value continues to be delivered into the future.

¹¹ Royal Society of New Zealand. April 2016: Climate change implications for New Zealand. *Expert advice papers*. Royal Society of New Zealand, Wellington.

