Department of Conservation

Annual Report

For the year ended ***30 June 2010***

Department of Conservation
Te Papa Atawhai

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Presented to the House of Representatives pursuant to section 44(1) of the Public Finance Act 1989.

ISSN 1176-7324 (print)
ISSN 1177-990X (online)
Printed on 9Lives paper using 100% vegetable-based inks.

The Minister of Conservation

Pursuant to section 44(1) of the Public Finance Act 1989, I am pleased to submit this report on the operations of the Department of Conservation for the year ended 30 June 2010.

Alastair Morrison
DIRECTOR-GENERAL

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Director-General's overview

Since its establishment, the Department of Conservation (DOC) has been progressively forming partnerships and collaborating with others to build strong relationships that deliver conservation outcomes. Working with community groups, iwi, territorial authorities, private landowners, regional councils and sponsors is consistent with DOC's advocacy and education role, delivers conservation gains and gives substance to statutory relationships.

Over the last decade, heightened pressure has created new demand and potentially new opportunities for DOC to increase its collaborative effort and create new avenues for engagement. A number of factors have fed into this.

In terms of demand, in 2005 an independent review of the first 5 years of the New Zealand Biodiversity Strategy showed that despite our efforts, the health of our species and natural places is going backwards, and the cost of turning that around is beyond any reasonable call on taxpayers alone. It also showed that, to be successful, we need to work beyond the lands and waters currently protected as public conservation land. While the evidence is that where we work we are successful, the fact remains we are not intensively managing for conservation across sufficient areas of the landscape to stem the tide of habitat and species decline.

As this annual report illustrates, DOC works in a wide range of partnerships and collaborations with other conservation-minded agencies, groups and individuals. These collaborations vastly enhance conservation results. We also recognise that there is a developing case for business to engage as a matter of course more fully in environmentally-friendly operations. The extent to which DOC is already working with the commercial sector is demonstrated in this annual report. In fact, the interests of business and conservation have been intersecting to a far greater extent over recent years.

The push for increased energy generation early this decade meant DOC was faced with large Resource Management Act 1991 and concession cases that involved complex negotiations with large corporations. Commercial considerations, biodiversity impacts and other conservation values are being considered together, and on a scale and scope unprecedented for the Department in dealing with landowner consents. DOC has been challenged to grow its capability and experience in dealing with large commercial ventures.

Public concerns around climate change have a focal point in carbon, and the potential to create new wealth through carbon farming and trading begins a process where nature's systems can be seen as natural capital.

The debate around climate change has heightened public awareness and concern around environmental issues in general. Citizens are increasingly expressing that concern in the marketplace, demanding more environmentally friendly produce and products. Consumers are flexing their muscles as the new regulators of production methods, locations and standards.

The debate is broadening from carbon to the wider sphere of environmental degradation, loss of habitat, biodiversity loss, and a greater realisation that ecosystem services are finite. The quality of fresh water and amount available for allocation is a looming issue.

This has brought in to sharp relief 'brand NZ' and its potential value to the future prosperity of New Zealand and New Zealanders.

The developing story presents opportunities for DOC to create a case that conservation is good for business, and business is good for conservation. But that will only appeal to business if it is built around the ability to robustly measure the impact of activity on biodiversity at a place. Once it can be measured, it can be managed.

Measuring the impact of activity in a place on carbon storage is one thing, but measuring the impact an activity in a place has on biodiversity is much more complex.

There is a strong international focus on this work.

In 2007, the environment ministers from the G8 and five major developing economies met in Potsdam and commissioned a programme of work called *The Economics of Ecosystems and Biodiversity* (TEEB).

In July, TEEB published its report for business. It developed the case that 'the economic invisibility of nature's flows into the economy is a significant contributor to the degradation of ecosystems and the loss of biodiversity'. It cited evidence that the cost of this is serious and being felt, and that business 'is beginning to notice the threat posed by biodiversity loss'. The report continued:

> *There are both serious risks to business, as well as significant opportunities, associated with biodiversity loss and ecosystem degradation… There is also a need for business to quantify its impact on biodiversity and ecosystems, in order to manage these risks and opportunities and enable a better future for all.*

Therein lies the new ground for the Department of Conservation to till. If a robust measure of biodiversity

enhancement can be created, then the potential to engage business in conservation activity can be leveraged. The key is to develop the metric. There are currently two focal points for that endeavour.

The Natural Heritage Management System (NHMS) is developing science-based measurement and monitoring systems for assessing the status and trends of biodiversity and prioritising decisions. The Cross Departmental Research Pool Biodiversity Offsetting Programme is a collaboration between DOC, the Ministry of Economic Development, the Ministry of Agriculture and Forestry, and Land Information New Zealand, and connects with NHMS. It is designed around creating objective measures of the impact of an activity on biodiversity at a site, and what it would take to offset that and achieve a net gain in biodiversity. It involves pilot cases for specific developments.

There is increasing international activity around biodiversity. In June this year, Parties to the Convention on Biodiversity (CBD) met in the last of three meetings to establish a body focused on connecting science and policy to prevent the continued loss of biodiversity and ecosystem services. The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) is expected to be ratified by the United Nations 65th Special Sitting in September. A scientifically sound framework for measuring the impact of activity on biodiversity is central to IPBES's objectives.

This work all connects with DOC's strategic direction to build on its existing successful partnerships with the community by working with business for mutual benefit. There is a wealth of small-scale experiences in the Department's conservancies to build on. The ambition is to engage business in large-scale conservation work, not just to offset any negative impacts but to brand around corporate environmental responsibility by enhancing biodiversity.

It is an ambitious concept that is controversial within the conservation community and it needs to be carefully developed with the general support of that community to ensure that the Department's core conservation work sits at the heart of what success will look like.

The establishment of the Commercial Business Unit within DOC is part of achieving the objective. The Department sees this as a major potential route to achieving more conservation work within a long-term climate of public sector restraint. It is not free of risks, and success will hinge on our ability to develop a convincing objective case that engaging in conservation contributes to greater prosperity for New Zealand and New Zealanders.

Alastair Morrison
DIRECTOR-GENERAL
30 September 2010

1.

Introducing the Department of Conservation

1.1

The nature and scope of DOC's functions

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

The Minister of Conservation is the Responsible Minister, and DOC's work is funded through Vote Conservation.

DOC was established by the Conservation Act 1987, and its key functions are set out in that Act. It also has functions under a number of other Acts, including the National Parks Act 1980, the Marine Reserves Act 1971, the Reserves Act 1977, the Wild Animal Control Act 1977, the Wildlife Act 1953 and the Marine Mammals Protection Act 1978.

DOC interprets and administers the Conservation Act to give effect to the principles of the Treaty of Waitangi in accordance with section 4 of the Act.

Much of DOC's work takes place over more than one-third of the country (about 8.5 million hectares of conservation land), 33 marine reserves (covering almost 1.28 million hectares), and 6 marine mammal sanctuaries (covering approximately 2.4 million hectares) that it manages on behalf of New Zealanders. Conservation areas on land include national parks, high country parks, forest parks, offshore and subantarctic islands, and historic sites.

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

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

Some of DOC's functions go beyond the boundaries of public conservation lands and waters. It protects marine mammals and native freshwater fisheries, manages freshwater recreational fisheries and freshwater habitats, and is responsible for conserving protected native wildlife wherever it lives. It advocates generally for the conservation of natural and historic resources, provides conservation information, and promotes the economic, environmental and social benefits of conservation.

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

The national office in Wellington provides policy advice to the Minister of Conservation, contributes to whole-of-government policy processes, and provides organisational service and support functions. It also services ministerial advisory committees and the New Zealand Conservation Authority.

Fieldwork and conservation outputs are delivered mainly from the network of 49 area offices. The 49 areas are grouped into 12 conservancies, each with a conservancy office to provide support. The conservancies are led and managed by two General Managers Operations; one working from the Northern Regional Office in Hamilton, and the other from the Southern Regional Office in Christchurch.[1]

As at 30 June 2010, DOC employed 1843.7 permanent full-time equivalent staff and 225.9 temporary full-time equivalent staff.

DOC works across the central government sector, primarily but not exclusively through the natural resources sector group. It works with tangata whenua; landowners; regional and local government; businesses; science providers; recreation, outdoor and conservation organisations; and community groups.

Further information on the main organisations and sectors with which DOC works to progress toward its outcome and intermediate outcomes is provided throughout this annual report.

[1] Further information on DOC can be found on its website: www.doc.govt.nz. This includes legislation DOC administers, relevant international conventions, the organisation's structure, location of the offices, etc.

1.2

Setting DOC's compass

DOC's efforts to work towards its outcome, the subject of this annual report, are guided by its strategic direction, which is made up of the vision, outcome statement, purpose, values, behaviours and strategic approaches.[2]

Vision	New Zealand is the greatest living space on Earth *Kāore he wāhi i tua atu i a Aotearoa, hei wahi noho i te ao*
Outcome statement	New Zealanders gain environmental, social and economic benefits from healthy functioning ecosystems, from recreation opportunities, and from living our history.
Purpose	To sustain and enhance ecosystems and connect people to the source of their wellbeing, prosperity and sense of identity.
Values	Performance *Whakamanawatanga* Collaboration *Whakakotahitanga* Innovation *Auahatanga* Trust *Whakawhirinakitanga* Guardianship *Kaitiakitanga*
Behaviours	*Performance*: We inspire confidence by being clear about our goals, and by delivering conservation outcomes that benefit New Zealanders. We are agile, forward looking and responsive to change. *Collaboration*: We achieve mutual success by understanding others' needs and building relationships based on transparency and integrity. *Innovation*: We find new solutions by building knowledge and sharing expertise, pushing boundaries, taking sensible risks, and learning. *Trust*: We trust our colleagues and work as one integrated organisation. We are trusted because we are reliable and relevant. We do the hard yards and walk our talk. *Guardianship*: We respect the wairua of Aotearoa's unique biodiversity, and the spirit of all its living things. We understand the importance of nature, outdoor recreation, and opportunities to know our history for the wellbeing and prosperity of all New Zealanders. We act sustainably, and pass things on to future generations in better condition than we found them.
Strategic approaches	Achieving increasing conservation results: • Through promoting and demonstrating the value of conservation and its links to the prosperity and wellbeing of New Zealand and New Zealanders. • Through collaborating, and developing and sharing knowledge, tools, and techniques. • Through working to nationwide priorities, and responding to community and iwi values. • Through working proactively with the business sector.

[2] This builds on DOC's strategic direction released in 2006 and set out in previous annual reports.

2.

How DOC delivers for New Zealand

2.1 Delivering the Government's priorities

DOC's conservation work is set within the context of the statutory framework and its role as a Crown department that contributes to whole-of-government exercises in response to the priorities of the Government of the day.

Specific work undertaken to respond to the priorities set by the Minister of Conservation during 2009–2010 are outlined below.

Strengthening DOC's contribution to tourism

The Destination Management Framework (DMF) has been developed to help focus efforts to grow people's participation in tourism and outdoor recreation activities on public conservation lands and waters. The key components in getting more people to participate are knowing what they want, providing and promoting experiences that match that demand, and meeting expectations. The framework will focus investment in places that are popular or have the potential to be popular, and thus will provide more benefits to New Zealanders through economic growth from tourism, and increased health and wellbeing for those who participate.

Further information on the DMF and the associated work is reported on in section 8.

Supporting brand New Zealand

DOC's management of recreation facilities on public conservation land increasingly contributes to the '100% Pure New Zealand' brand that underpins the tourism industry. For example, as part of its sustainability work, DOC has reduced energy use by installing solar hot water heaters at four serviced DOC campgrounds, and in five trampers' huts and seven hut wardens' quarters. The latter reduces the amount of LPG flown in by helicopter. DOC's efforts towards efficiency through sustainability are reported more fully in section 12.8.

Possible new Kauri National Park

In February 2010, the New Zealand Conservation Authority resolved to ask the Director-General to undertake an investigation into the suitability of national park status for selected areas of public conservation land in Northland, agreed between DOC and Te Iwi o Te Roroa. The areas fall within the iwi's rohe. The Department has worked closely with trustees of Te Roroa Whatu Ora and Manawhenua Trusts to map out the investigation process and explore opportunities for co-management. This park would encompass the 'Big Trees Experience' (Rakau Rangitira), centred on the large kauri of Waipoua Forest.

Multi-day walkways

The Cape Reinga walkway is progressing well, with engineering designs completed for the first construction phase and planning well advanced for construction.

Construction of a walkway around Lake Tarawera (the Tarawera Trail) has begun. A governance group of tangata whenua, landowners and DOC has been established to coordinate concessions opportunities on the trail. This was the largest regional development project in the North Island in 2009–2010.

On Great Barrier Island (Aotea Island), plans for the Kauri to Coast Trail multi-day walkway have progressed with a contract for bridges, minor structures and track upgrades all being completed, and planning under way for a new 20-bunk hut.

Cycle opportunities

DOC has worked in conjunction with the Ministry of Tourism to plan and construct the 90-kilometre Central North Island Rail Trail, which will use the historic Ellis and Burnand Ongarue tramway system (and other tramways) for much of its length. This is reported on in more detail in section 6.

DOC has also been active in contributing to the Mountains to the Sea section of the National Cycleway. The Mangapurua Valley section of the trail was completed and opened by the Prime Minister in July 2010. This work is part of the larger Whanganui-Ruapehu Trails cycle trail, which is being developed in partnership with local communities and is expected to significantly boost the local tourism industry. Another part of the Mountain to Sea Cycleway is Ohakune Old Coach Road, where construction is ongoing and will be completed in October 2010.

Stage one of the St James Cycleway in the Waiau Valley was completed. The remainder of the trail is well advanced, with the official opening planned for November 2010.

25 new affordable camping opportunities for New Zealand families

DOC, the Tourism Industry Association of New Zealand (TIA), and the Holiday Accommodation Parks Association of New Zealand (HAPNZ) continue their collaboration to identify specific sites for potential new camping opportunities. The focus is on identifying places where the demand, or potential demand for camping exceeds the existing supply, so that new campgrounds are more likely to receive sufficient demand to support successful businesses.

Streamlining concessions processes

An internal review identified ways to improve the timeliness and transparency of concessions processes. Procedure changes and a training package were developed for implementation from 1 July 2010.

A key part of this work was investigating how quality concessions are managed. This involved consulting recipients of the concessions process and benchmarking concession standards with protected natural area agencies overseas—all Australian states and the Northern Territory, Parks Canada, and the National Parks Service in the United States of America. The review working group also looked at recent work in Namibia, which has just established a new concessions regime for its protected natural area network. As a result, improvements to the standards of timeliness, fairness and consistency will be included in DOC's new concessions programme being implemented in 2010–2011.

Further to this, as part of regulatory reform associated with Phase Two of the Government's Resource Management Reform, DOC is working with the Ministry for the Environment (MfE) to develop a joint process for concessions and resource consents (under the Resource Management Act 1991) for activities considered nationally significant.

Carbon sequestration

In November 2009, the Government decided to provide an iwi commercial entity with rights to use 35 000 hectares of public conservation land for carbon sequestration through afforestation under the New Zealand Emissions Trading Scheme (ETS). One parameter of this new programme is that afforestation projects are to be compatible with the maintenance and enhancement of the existing conservation values of sites and adjoining conservation land.

DOC has been working with MfE and the Ministry of Agriculture and Forestry (MAF) to identify areas of public conservation land that are suitable for afforestation and are either currently or potentially eligible to enter into the ETS. No afforestation projects have yet been implemented.

Marine protection

Applications for marine reserves at Tawharanui Peninsula and in Akaroa Harbour were progressed during 2009–2010. The Minister of Conservation approved Tawharanui and sought concurrence from the Ministers of Transport (received) and Fisheries (pending). The Minister of Conservation was considering the Akaroa proposal and, subsequent to the period covered by this report, declined the proposal.

Progress was made by multi-party forums working on marine protected areas (MPAs) for the subantarctic islands and the West Coast of the South Island. Both forums have presented their recommendations for the MPAs to the Ministers for consideration. See section 5 for further information.

Review of Schedule 4 of the Crown Minerals Act 1991

DOC worked with the Ministry of Economic Development to produce a discussion document for the Government on proposals to:

- Add areas to schedule 4 to enhance their protection.
- Remove areas to enable additional economic growth to be derived from high value minerals on public conservation land.
- Alter decision-making on access to conservation land for mining purposes.

As part of this process, DOC provided advice on biodiversity and other conservation values to ensure the Government had the best information available. The Government made decisions on the review in July 2010.

Treaty of Waitangi settlements

DOC has been involved in all current Treaty settlement negotiations to help achieve the Government's target of settling all historic Treaty of Waitangi grievances by 2014. It has also contributed to cross-sector work in Treaty settlements. Work is under way to consider how DOC can best contribute to implementing settlements.

Independent review of non-departmental funds supporting conservation on private land

The review of non-departmental funds focused on whether the funds provide the most effective support for broader community conservation effort, and represent value for money.[3] The reviewers concluded that the funds benefit biodiversity on private and Māori land; engage landowners, communities and local authorities; are operated efficiently with satisfactory evaluation and reporting; and have appropriate governance structures. Following consideration of the report by the Minister, DOC and the representatives of those funds, DOC has committed to implementing initiatives suggested by the reviewers to make further value for money improvements, principally by:

- Sharing support services provided by DOC to the funds.
- Investigating the feasibility of a single system for monitoring and reporting on biodiversity outcomes.
- Reducing Ngā Whenua Rāhui's costs, with DOC bearing more of the cost of staff and vehicles.
- Improving the tracking and reporting of existing and future commitments.

Review of the tax treatment of private landowners undertaking conservation work

DOC continued to work with the Inland Revenue Department on the potential for landowners to be able to gain tax deductions for nature conservation work carried out on productive properties.

Freshwater

DOC has contributed significantly to the Government's New Start for Freshwater programme. This included:

- Providing technical expertise into the development of standards to assist regional council decision-making on setting flows in freshwater bodies.
- Providing policy advice and contributing to establishment of the Land and Water Forum.
- Producing, in collaboration with other partners, the Freshwater Ecosystems of New Zealand (FENZ) geodatabase, which includes a set of spatial data layers that describe and interpret environmental and biological patterns in New Zealand's freshwater ecosystems.

FENZ will be used by DOC to provide a context for a broad range of freshwater management activities centred around both ecosystems and species. It will be made available for use by all interested parties, including local government and government agencies, and also community groups, iwi, power companies, irrigators, tourism operators and other water users.

DOC's relationship with hunters

DOC has worked to enhance its relationship with hunters through the following actions:

- A nationally-focused hunting advisor position was created in June 2009 and has worked to implement the recommendations of the Wild Animal Control Advisory Committee.
- The hunting permit system has been reviewed and changes made to make it easier for hunters to use, and to enhance national consistency. An online permitting system is being developed.
- Communications and relationships with hunters have been enhanced through improving the accessibility of hunting information on the DOC website, through newsletters and magazine articles, and through increased emphasis on local and national liaison meetings.

A method is being developed to monitor the impacts these initiatives have on the health of DOC's relationship with hunters.

DOC is also providing advice on and funding for the Game Animal Council Establishment Committee.

Performance improvement actions

The Government has signalled that it expects departments to focus their resources on frontline services, demonstrating performance and value for money in the services they provide. The Minister of Conservation has agreed that DOC's performance improvement actions (PIAs) for the medium-term are to establish a Commercial Business Unit and an associated commercial approach, the Natural Heritage Management System (NHMS) and the DMF.

A Commercial Business Unit has been established to improve DOC's ability to deliver positive commercial outcomes, build productive business partnerships that deliver conservation gains, increase net revenue flows and increase the prosperity of New Zealand through wise use of conservation assets. More information on the unit and its work is set out in section 9.

The NHMS programme continued to develop DOC's ability to prioritise and report on performance. Progress was made on an optimisation system to identify the most cost-effective natural heritage work, and on design and implementation options for a Biodiversity

[3] The funds included were: QEII National Trust funds received from Vote Conservation; Nature Heritage Fund; Ngā Whenua Rāhui Fund; Mātauranga Māori Fund (Mātauranga Kura Taiao Fund); Moutoa Gardens/Pakaitore Fund; and the New Zealand Biodiversity Advice and Condition Funds.

Monitoring and Reporting System. Further information on the NHMS programme is set out in section 5.

Progress on the DMF is noted above as part of strengthening DOC's contribution to tourism, and also in section 8.

Other initiatives to improve efficiency and effectiveness

DOC's 'Prioritising for the Future' programme was initiated during 2009 in response to the Government's direction that the public sector enhance the efficiency and effectiveness of its service delivery. This programme focuses on a combination of cost reductions, and revenue and service improvements to drive effectiveness, efficiencies and new ways of operating. Specific actions included:

1. *Identifying 'quick wins'*: Internal administration costs for travel, mobile devices and computer leases have been reduced. Other quick-win projects being progressed in 2010–2011 include cost reductions in the vehicle fleet and in publications.
2. *Support services*: Detailed investigation allowed the design of high-level service models to reduce internal duplication in support services, and build critical mass in functional and specialist areas. This is consistent with the whole-of-government approach to shared services. Success will be measured in effectiveness and efficiency gains.
3. *Procurement*: The National Procurement team will coordinate high-cost procurement activities. This centre-led model provides more purchasing power. Market engagement plans have been completed, which will deliver better prices, terms and conditions for the supply of goods and services to DOC.
4. *Information and technology*: DOC continues to review its spending on information and technology, as well as looking for opportunities to improve its cost effectiveness.
5. *Service provision*: A project is under way to identify the most effective and efficient ways to deliver information and transactional services, and meet customer needs. For example, services that are currently provided manually, but which could be provided online through the DOC website, have been identified. In 2010–2011, hut passes and hunting permits will move to being provided online.

2.2

How DOC measures its effectiveness

DOC operates an outcomes-based model to achieve economic, social and environmental benefits for society and for communities, as reflected in the **outcome statement**. In 2009–2010, DOC worked towards achieving the outcome through seven **intermediate outcomes**. Three relate to natural heritage, one covers historic and cultural heritage, and there is one each for recreation, engaging New Zealanders, and building connections with business.

Each intermediate outcome has a range of **outputs** that relate to the fieldwork done each year to achieve it. There are 16 outputs in total, and each can be aligned to one or more intermediate outcome(s).

The outcome statement, intermediate outcomes and outputs are described in section 3.

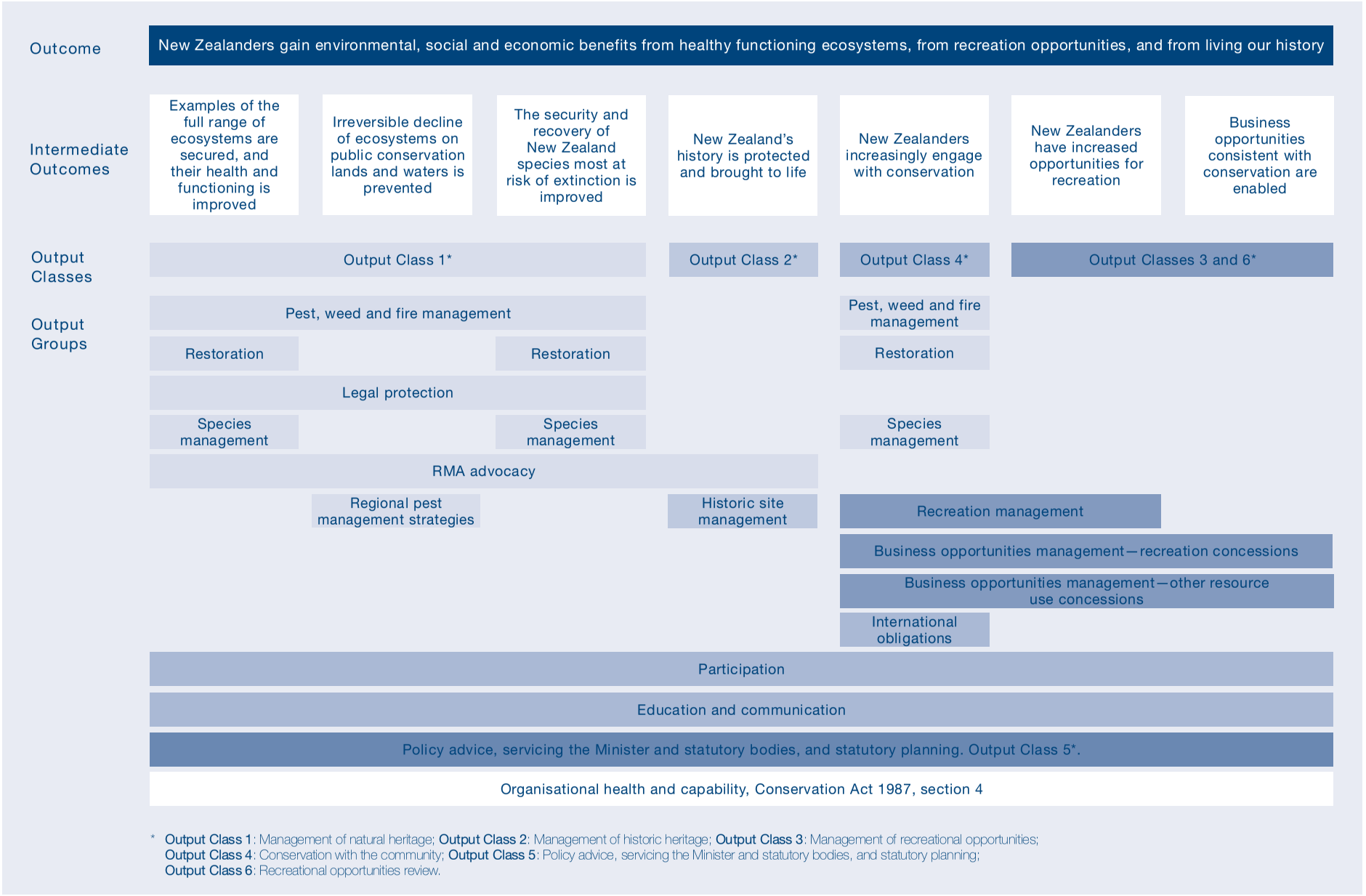
Working toward the intermediate outcomes is a medium- to long-term programme. While each year's work programme often does not demonstrate immediate impacts, the Department's annual interventions do ensure steady and incremental progress.

Figure 1 shows the outcome and intermediate outcomes described above, and how they linked with the output classes and output groups in 2009–2010. Figure 2 shows the link between outcomes and outputs more explicitly, using a visitor asset example.

Demonstrating performance and effectiveness

DOC's approach to cost effectiveness made further progress this year, though is still some way off a fully operational programme. This work focuses on identifying the most cost-effective set of interventions to enable DOC to progress toward its long-term intermediate outcome indicators. To test its thinking, the Department is focusing on natural heritage, which represents around 50% of its business. Building on the previous year, where DOC identified the main interventions it delivered for natural heritage, it is now in the process of grouping these around the intermediate outcomes that they support. The ongoing development of the suite of natural heritage intermediate outcome indicators means work can now progress on establishing the relationship between the indicators and these interventions.

The Department is now engaged in the next phase, which involves fully costing the agreed interventions to standardise cost information. Once this step is completed, the cost drivers for the interventions can be established.



* **Output Class 1**: Management of natural heritage; **Output Class 2**: Management of historic heritage; **Output Class 3**: Management of recreational opportunities; **Output Class 4**: Conservation with the community; **Output Class 5**: Policy advice, servicing the Minister and statutory bodies, and statutory planning; **Output Class 6**: Recreational opportunities review.

Figure 1. How the Department's work supports its outcome and intermediate outcomes.

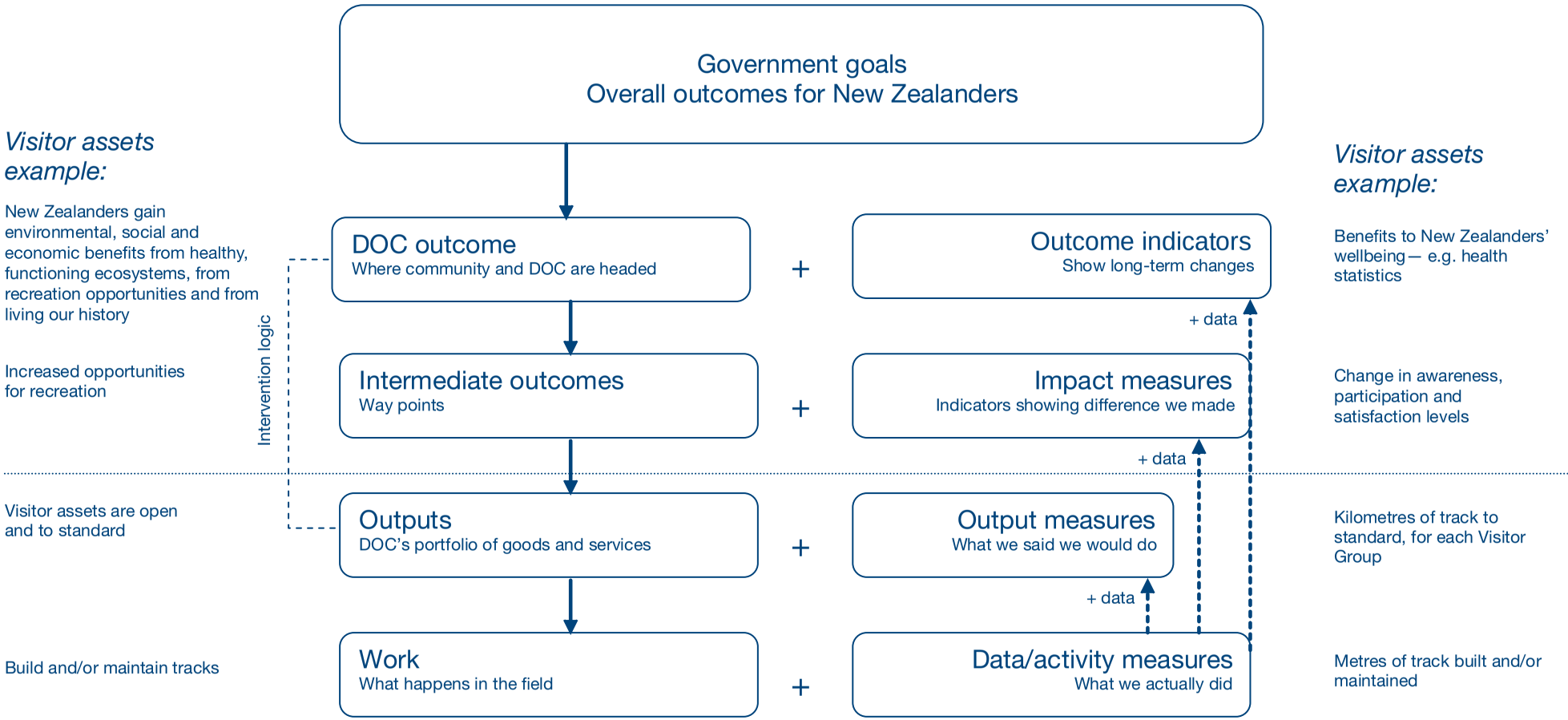


Figure 2: A visitor assets example showing the links between DOC's conservation outcomes and outputs.

Over the next few years, as the outcome indicator data become available, the final phase of the programme will be developed. This will use the cost data and change in outcome indicators to establish cost-effectiveness ratios for the most important interventions in natural heritage. From that information, new interventions or combinations of interventions can be tested to establish their potential cost effectiveness before they are adopted.

Taking a long-term view

While DOC chooses outputs that make the most effective use of annually-assigned resources, the impacts of this delivery can take some time to manifest. For example, each cycle of animal pest control results in incremental improvements to the forest canopy, but demonstrable changes can take several years to show.

The gradual nature of the changes in natural environments that result from annual management poses challenges for developing meaningful and feasible measurement systems that will allow DOC to demonstrate its long-term effectiveness in delivering value for money.

Steady improvements have been made in the main output classes, and DOC's ability to collect the information required to monitor and measure the results of a range of interventions is now at an advanced stage of development for some intermediate outcomes, while others are at an earlier stage.

For example, indicators and measures for the three natural heritage intermediate outcomes are well advanced (intermediate outcomes 1, 2 and 3). By comparison, work on DOC's commercial framework (intermediate outcome 7) is in its early stages and work streams will be identified in the coming year.

Wherever possible, and taking into account the varying stages of its measurement systems, this annual report places the work of 2009–2010 into the context of DOC's medium- and long-term priorities for each intermediate outcome to show how annual outputs are helping to achieve the outcome in a cost-effective way.

Ensuring quality in output delivery

DOC is one of the biggest land and aquatic management organisations in the country, responsible for 8.5 million hectares or 30% of New Zealand's total land area. The span of its operations makes it the lead agency across a wide range of work areas, from animal pest control to managing recreation facilities and engaging young people in conservation volunteer programmes.

Ensuring quality standards are met across this range of work is managed through DOC's best practice and standard operating procedures. These practices and procedures are benchmarked externally wherever possible, and internal quality assessment processes are used where no comparable external benchmarking organisations exist. Once approved, all best practice and standard operating procedures are published on the Department's intranet, making them available for all staff to use, and are included in external contracts for delivery work. Weed control is one area where industry standards have been adopted. DOC relies on spray application standards and guidelines used in the agricultural sector and makes extensive use of external contractors to ensure these standards are met and operational success is achieved.

Where external standards are either not available or not immediately transferrable to DOC's operations, or where DOC is the only agency that undertakes the work, an internal peer review process is used to ensure best practice remains up-to-date and maintains the quality demanded by good operators. An example of this internal process is shown in Figure 3. It is used across the range of departmental operations to ensure quality standards are assessed, implemented and communicated to staff.

Where DOC is one of several agencies undertaking the work, external comparison of standards and peer review is possible to ensure quality practices are followed. One example is possum control, where the Animal Health Board (AHB) is a major agency undertaking operations on a similar scale and frequency as DOC. In this instance, the AHB and DOC have together developed quality standards and protocols to ensure control and monitoring meet industry best practice.

Other approaches to maintain quality standards are also applied. For example, in recreation, DOC has worked with the New Zealand Standards Association to lead development of the handbook, *Tracks and Outdoor Visitor Structures*[4]. This ensures consistent standards for developing and managing these recreation facilities are upheld by the main agencies involved, including regional councils and territorial authorities, as well as DOC.

Learning and improving

In DOC's *Statement of Intent* for 2010–2013, the intermediate outcomes differ slightly from those reported on this year.

The changes reflect DOC's commitment to listen and respond to the Government, business and communities. The changes to the outcome model reflect DOC's efforts to develop and improve how it tries to achieve its outcome by identifying a clear line-of-sight between the work done, what it seeks to achieve, and what is measured.

[4] Standards New Zealand 2004: *SNZ HB 8630:2004—Tracks and Outdoor Visitor Structures*. Standards New Zealand, Wellington.

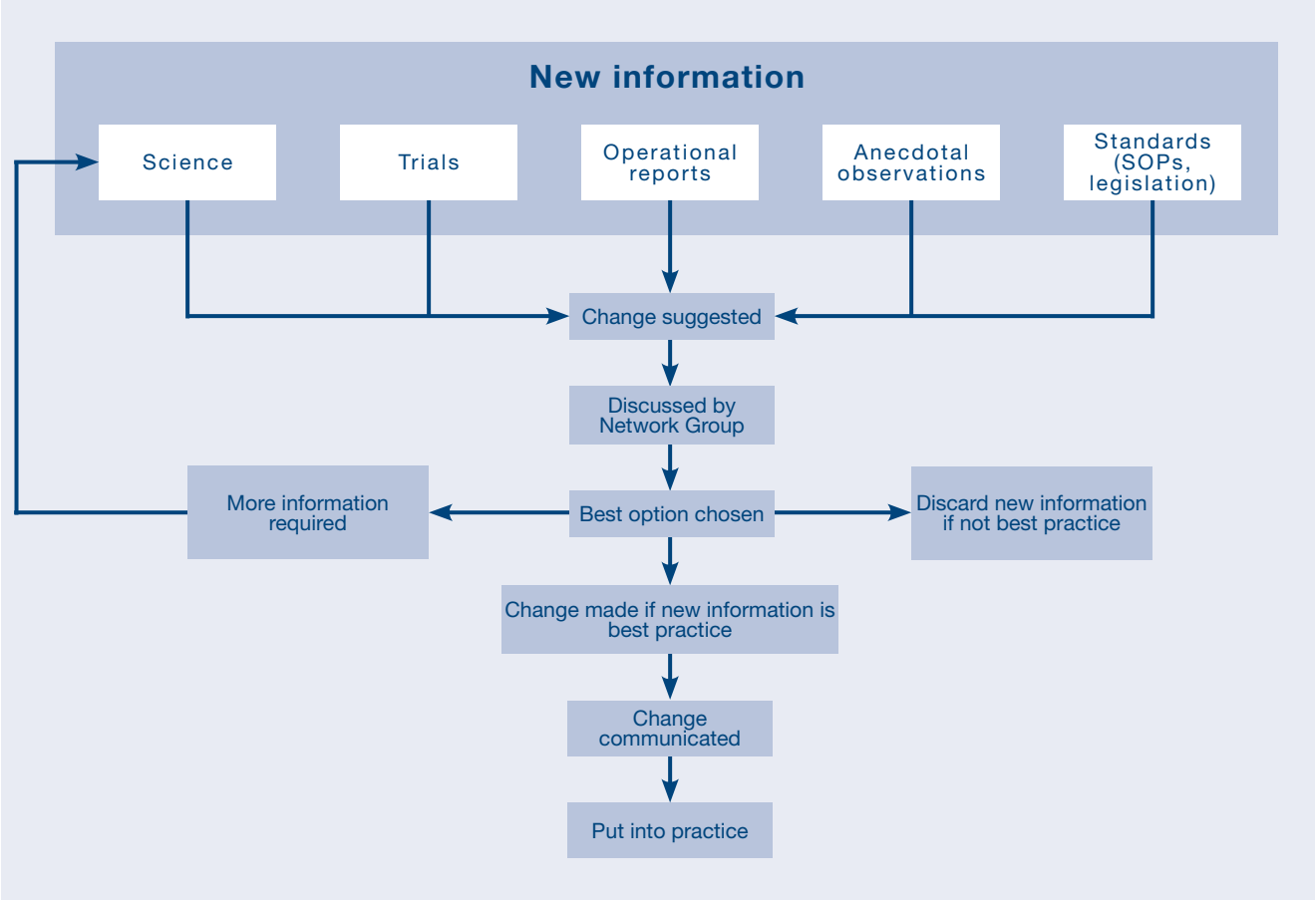


Figure 3. Process for changing current best practice.

3.

The DOC outcomes model

As described in section 2.2, DOC's outcomes model has a high-level outcome statement, 7 intermediate outcomes and 16 outputs. These are discussed below.

3.1

The outcome statement

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

The outcome statement expresses the value that conservation as a whole delivers to New Zealanders and to DOC's aspirational vision for New Zealand's future—*New Zealand is the greatest living space on Earth.*

The Department makes major contributions to the outcome, both through the work DOC does itself, and through what it supports others to do.

DOC contributes both directly and indirectly to the wellbeing and prosperity of New Zealanders. It is increasingly clear that sound management of natural areas produces the life-sustaining ecosystem services that are the basis of our economy and underpin our lifestyle. These are services such as freshwater yield and storage, soil fertility and stability, and carbon storage. Sound management of natural resources also contributes strongly to tourism, a major foreign exchange earner—the destinations for both domestic and international visitors are primarily around public conservation lands and waters. The businesses that support and complement tourism are major contributors to regional economies and local communities.

In addition, sound management of natural and historic resources preserves these resources for their own inherent value and for the benefit of current and future generations.

Natural and historic heritage also form key components of New Zealanders' identity and connection with places, and provide experiences that enrich lives.

Providing recreation and other visitor opportunities contributes to New Zealand's tourism industry, creates physical, mental and spiritual benefits, and helps to improve health and wellbeing.

DOC's work creates opportunities for Māori, as tangata whenua, to exercise kaitiakitanga over natural and cultural heritage, and to maintain and revitalise mātauranga Māori.

Combined, these benefits enhance the prosperity and wellbeing of individual New Zealanders and their families, and they contribute to the viability and resilience of local communities and New Zealand's international reputation.

3.2

The seven intermediate outcomes

DOC works towards achieving the outcome through seven intermediate outcomes. In the language of outcome models, these express the impacts (changes) DOC seeks to make through its interventions (the work that it does). The intermediate outcomes are:

1. Examples of the full range of ecosystems are secured, and their health and functioning is improved.
2. Irreversible decline of ecosystems on public conservation lands and waters is prevented.
3. The security and recovery of New Zealand species most at risk of extinction is improved.
4. New Zealand's history is protected and brought to life.
5. New Zealanders increasingly engage with conservation.
6. New Zealanders have increased opportunities for recreation.
7. Business opportunities consistent with conservation are enabled.

Although the intermediate outcomes each have a specific focus, they are not mutually exclusive. For example, conserving natural heritage provides opportunities for recreation and for businesses, which in turn help to increase engagement.

DOC seeks to give effect to the principles of the Treaty of Waitangi in the work it does towards each of these intermediate outcomes. This means engaging with tangata whenua to protect Māori cultural values. It includes supporting Māori communities to fulfil their customary duty as kaitiaki of taonga, and encouraging their participation in conservation delivery and support for conservation.

Figure 1 in section 2.2 sets out the outcome and intermediate outcomes, and shows how they link with the output classes and output groups.

The remaining sections of this annual report describe DOC's progress toward each of the intermediate outcomes.

3.3
Departmental outputs

The work DOC does (the outputs it delivers) falls into 16 output groups (see Figure 1). They are:

1. *Pest, weed, and fire management*: This covers managing and responding to threats to species and ecosystems. This includes maintaining an effective fire management capacity; surveying and monitoring the impacts of pests and weeds; and eradicating and controlling pests and weeds, including newly established organisms that pose a threat to indigenous biosecurity.
2. *Biosecurity*: This work covers DOC's biosecurity effort in support of MAF Biosecurity New Zealand[5], which aims to help prevent the entry and/or establishment of new organisms that pose a threat to New Zealand's native biodiversity, and to reduce the unwanted damage caused by harmful organisms that have established in New Zealand.
3. *Regional pest management strategies*: This involves controlling regional priority pests and weeds[6] that occur on conservation lands, which may cause problems for neighbouring landowners, as outlined in regional pest management strategies developed and implemented by regional councils and unitary authorities under the Biosecurity Act 1993.
4. *Restoration*: This involves restoring ecosystems that have been degraded, damaged or destroyed, both on the mainland and on offshore islands. It includes restoring and maintaining the six approved 'mainland island' sites.[7]
5. *Species management*: This includes actions to support the survival of populations of targeted threatened species. It also includes working with the fishing industry to mitigate adverse effects of commercial fishing on protected species.
6. *Legal protection—terrestrial and marine protection*: This includes formal legal protection of land, freshwater and marine places, including protection to benefit species. Tools used are purchases, Crown land allocations such as tenure review, riverbed allocations, covenants, kawenata and gifts. It includes supporting landowners to protect natural heritage on their land. This work also implements the Marine Protected Areas Policy. Within that policy, DOC establishes and manages marine reserves.
7. *Resource Management Act 1991 advocacy*: This includes encouraging others to protect places and species with natural, recreational, historic or cultural values that lie outside protected areas. To do this, DOC works directly with people and organisations, and uses the formal processes in the Resource Management Act 1991 (RMA) to seek that policy statements, plans, and conditions on consents provide for the protection of those values. This output also includes RMA responsibilities relating to the New Zealand Coastal Policy Statement, regional coastal plans, and other plans that cover the coastal marine area.
8. *Historic site management*: This involves actions to improve the overall state of managed historic sites on public conservation lands and waters. It includes actions directed at both threats and opportunities. Where practical, sites are made more accessible to visitors. Not included are sites where the only management activity is fencing.
9. *Participation*: This involves providing people with ways to make a difference for conservation by giving their time, expertise and/or goods and services. Interventions delivered by DOC include volunteer programmes; collaboration/partnership programmes (with community groups, tangata whenua, business and other organisations); consultation; and supporting others to achieve their own conservation initiatives by sharing skills and knowledge.
10. *Education and communication*: This is about helping people to connect with conservation and its full value and benefits through education and communication and, through this, building understanding of, and support for, conservation. Interventions delivered by DOC include working with the media, education initiatives, and providing information through the internet, publications and multi-media formats.
11. *International obligations*: This involves contributing to international conservation initiatives and obligations through international committees, agreements and conventions.
12. *Recreation management*: This involves providing information, facilities and access to enable

[5] MAF Biosecurity New Zealand is the lead agency for all pre-border, border response and most national-scale pest-led work. National-scale work includes work to eradicate or contain pests at a national level.

[6] As defined through discussions with regional councils and unitary authorities.

[7] The six mainland islands sites and the DOC conservancy each falls under are Trounson Kauri Park Restoration Programme (Northland); Northern Te Urewera Ecosystem Restoration Project (East Coast Bay of Plenty); Boundary Stream Mainland Island (East Coast Bay of Plenty); Paengaroa Mainland Island (Whanganui); Hurinui River, South Branch (Canterbury); and Rotoiti Natural Recovery Project (Nelson/Marlborough).

people to carry out outdoor activities on public conservation lands and waters. The network of managed assets includes huts, tracks and campsites, structures, roads, car parks and visitor centres. It includes using a planning framework to link different types of recreation opportunity, from urban settings to remote wilderness sites, and providing different types of information to meet the different needs, expectations and abilities of defined visitor groups.

13. *Business opportunities management—recreation/tourism concessions*: This involves services associated with managing recreation and tourism concessions and concession applications. It includes allowing recreational and tourism concessions to operate where they increase the range of opportunities available, and are compatible with the protection of natural, cultural and historic values and visitors' enjoyment. It includes monitoring and recording any adverse conservation impacts.
14. *Business opportunities management—other resource use concessions*: This involves services associated with managing non-recreation concessions and concession applications. It includes allowing non-recreation concessions to operate where they are compatible with the protection of natural, cultural and historic values and visitors' enjoyment. It includes monitoring and recording any adverse conservation impacts.
15. *Conservation policy advice*: This covers policy advice, submissions and legislative proposals to the Minister of Conservation, and the Director-General, and to other government agencies. It includes biosecurity, strategic and policy advice, and Treaty of Waitangi and foreshore and seabed negotiation advice.
16. *Ministerial services, management planning, and servicing of statutory and ministerial bodies*: This work includes providing correspondence reply, coordinating and information services to the Minister of Conservation and DOC. It includes preparing, reviewing, and monitoring conservation management strategies and national park management plans. It also includes providing services to conservation-related statutory and ministerial bodies.[8]

[8] See section 10 for further information on statutory and ministerial bodies.

4.

The outcome statement—measuring progress

The outcome towards which DOC works is:

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

How we measured progress toward the outcome

DOC monitors three indicators to show its progress towards the outcome.

Tracking changes in native vegetation cover across New Zealand as a whole, by environment type and level of protection.

This indicator provides a measure of the 'conservation of natural heritage' aspect of the outcome. It uses both the Land Environments of New Zealand (LENZ) database, and the New Zealand Land Cover Database (LCDB), combining maps of the different types of environment in New Zealand with interpretations of land cover types (e.g. forest, shrub and pasture). The maps are derived from interpretation of satellite imagery. The land cover database is curated by MfE and the intention was to update it at 5-yearly intervals, subject to resource availability.

This indicator was first reported on in the annual report for the year ended 30 June 2006. Reports used maps showing the overall change in native vegetation by environment type. Threat categories for environment types were mapped, based on the percentage of vegetation loss, the percentage under legal protection, and the rate of loss of indigenous cover across New Zealand over a 5-year period ending in 2006.

A report on this indicator is due this year but was not able to be provided because the updated Land Cover Database (LCDB3) is not available. Information of this type is, however, recognised as a fundamental dataset for New Zealand, and DOC, MfE and Landcare Research are working to complete an equivalent dataset for natural lands, to better track changes in land use and land cover. This should enable reporting on this indicator next year. Consideration of which agency should host the ongoing dataset is under way.

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

This indicator provides a measure of the 'benefits' aspect of the outcome. A quantitative survey is used to assess the connections New Zealanders make between conservation and benefits. It was first reported on in the year ended 30 June 2006, for the then 'appreciation outcome' (now replaced), and was reported on again in 2008.

The next report on this indicator is due in 2011.

The desired trend is that over time New Zealanders will cite a wider range of benefits, and that the proportions citing economic and social benefits will increase. Between 2006 and 2008, the main benefits identified remained relatively unchanged: 'to protect New Zealand's clean green image' (identified by around 60% in both surveys); and 'to protect and preserve the natural environment for future generations/for children' (around 50% in both surveys). Two new benefits were mentioned in 2008: 'protecting our economy/economic wellbeing' (6%); and 'free access to conservation land, the ability to enjoy free activities and/or natural activities' (4%).

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

This indicator was first reported in 2005–2006, and most recently in 2007–2008. The results to date suggest that many New Zealanders attribute a high value to conservation.

Of people surveyed in mid-2010, 73% stated that conservation is 'very important' or 'somewhat important' to them personally, a similar result to 2009 (72%). However, of that 73%, the proportion of people stating that conservation is 'very important' to them personally fell by 10% between 2009 and 2010, down to 35% (similar to the 2008 result of 34%). The proportion of people surveyed who stated that conservation as an activity is 'somewhat unimportant' or 'very unimportant' to them personally increased by 17% between 2009 and 2010, to 20% of people.

The most highly valued outcomes in surveys have been 'preserving natural land and water habitats', 'protecting national parks and nature reserves', and 'protecting native plants and animals'.

In 2010, 77% of people stated that conservation is becoming 'somewhat more important' or 'a lot more important' to them personally over time. Conversely, 2% of people stated that it is becoming 'somewhat less important' or 'a lot less important'.

While just under one-third (31%) of people stated that they are 'somewhat satisfied' or 'very satisfied' with their involvement in conservation-related activities in the last 12 months, just under one-quarter (24%) stated that they are 'somewhat dissatisfied' or 'very dissatisfied' with their involvement in such activities over that time.

Of the people surveyed, 75% rated the work undertaken by DOC as 'somewhat important' or 'very important' to them personally, while 14% rated it as 'somewhat unimportant' or 'very unimportant'.

5. Natural heritage: Report against operating intentions

Optimising effort is a primary objective of DOC's medium- to long-term work towards the natural heritage intermediate outcome. This forms part of DOC's long-term focus on developing and reporting on cost effectiveness throughout its operations.

The Natural Heritage Management System (NHMS) is a multi-pronged programme of work designed to create a nationally consistent, scientifically sound system of natural heritage management that enables improved prioritisation and planning, and the achievement of outcomes to be monitored. Fundamental to NHMS are:

- Clear outcomes and goals.
- Soundly-based outcome measures, and accurate and efficient data collection.
- Better integration of measures, standards and data, both within DOC and with other agencies (such as regional councils and local authorities).

Development and implementation of NHMS is being carried out over a number of years, with tools put into operational use as they become available. NHMS will be shared with others to contribute towards national planning and reporting on the state of New Zealand's biodiversity across the whole country, not just areas managed by DOC.

NHMS is progressively improving DOC's ability to select the highest priority outputs to deliver the greatest long-term conservation benefit in the most cost-effective way.

It does this by identifying optimised projects for species and ecosystem management in ranked lists. These lists order species and ecosystems according to the best combination of what is most urgent, most unique, most cost effective, and has the best chance of success. The lists, which include best practice management techniques, will help inform management by both DOC and others wanting to contribute to natural heritage conservation, including businesses, tangata whenua, communities, non-government organisations and landowners. Implementation of the species list within DOC will begin in 2010–2011, and the combined species and ecosystems list will follow in 2011–2012.

NHMS is also about monitoring effectiveness and feeding information back into investment and management decisions. The Biodiversity Monitoring and Reporting System has progressed to development of detailed design and implementation options, with a view to begin the scheme in 2011–2012. This is discussed further in section 5.1.

Information accessibility is a critical part of NHMS. Existing natural heritage information is being collated into a biodiversity inventory and will be held in a digital database. The information is being used to create maps of key pests and weeds, and these are being made widely available through the Department's geoportal, using the national information system known as NATIS. Planning is under way for collecting new information in digital form.

The NHMS tools and information will also assist with decisions on where and how best to balance economic development and conservation values by supporting ongoing development of biodiversity offsets.[9]

While the NHMS programme will enhance the cost effectiveness of its own natural heritage management, DOC recognises the vital importance of supporting others to manage the natural heritage that they value. This support will continue to be one of the means by which DOC delivers benefits to New Zealanders.

As part of integrating the NHMS tools into DOC, delivery of a suite of natural heritage training courses, integrated with the NHMS tools, continued during 2009–2010.

Pest control is a significant aspect of natural heritage management. For example, DOC treats a total annual area of between 250 000 and 300 000 hectares for possums, with around half of this area being managed by ground control. This area represents the annual area treated as part of DOC's long-term rolling programme of maintaining sustained control for possums over around 1 000 000 hectares. DOC uses a range of tools for this work, including 1080,

[9] Further explanation of biodiversity offsets is available at www.doc.govt.nz/publications/conservation/biodiversity-offsets-programme.

brodifacoum, cyanide and trapping. Decisions on which control method is appropriate largely depend on the nature of the individual site being managed. For example, if it is challenging country with thick understory, then the use of aerially applied 1080 will be two to three times cheaper than ground control. A recent aerial 1080 operation in the Cascade Valley, South Westland, covering 30 000 hectares, had an aerial 1080 cost of $17 per hectare, while ground control cost $48 per hectare. In this instance, using aerial application of 1080 saved more than $900,000. However, in other areas, ground control will be cost effective and trapping is a valued component in the mix. DOC's emphasis is on results. If contractors feel they can do the job better with one form of toxin over the other, or by sole use of trapping, then the Department judges them on performance, including cost effectiveness and quality.

Ensuring quality is built in as part of these possum operations is achieved through DOC's best practice and standard operating procedures, described in section 2.2. For possums, this involves DOC benchmarking its operations with a comparable external agency (the Animal Health Board) to ensure an industry standard for quality is used, and then applying this standard in both operations and in assessments of their success.

DOC has also developed many best practices to cover the overall animal and weed pest areas (some $70 million of the $160 million natural heritage budget) to ensure consistent and standard delivery of quality in these programmes. These best practices (often termed 'standard operating procedures') apply to the main animal pests—possums, goats, rats, ferrets, stoats, feral cats, pest fish and thar—and also weeds.

For other natural heritage outputs, such as species management work, DOC is often the only agency doing work in the area, which means there are few comparable agencies operating at the scale and intensity to allow consistent external benchmarking of quality and standards in operations. This is the case for threatened species management, which is allocated around $38 million of the $160 million natural heritage budget. In this area, DOC is the lead agency in New Zealand, and operates at a much broader scale than any other agency.

In these cases, DOC uses species recovery groups, involving technical experts and scientists from within and outside DOC, to quality check the standards and techniques it uses for output delivery. These recovery groups provide advice to DOC on the objectives and techniques applied to the 200 species security programmes run each year. Increasingly, external experts are also advising DOC on the quality standards (or prescriptions) for individual species. This pool of external expertise is growing as the community and other agencies (such as Landcare Research and universities) become more involved in work DOC has traditionally led.

During 2009–2010, DOC clarified its six areas of focus for natural heritage work. These six areas are combined with a single natural heritage intermediate outcome in the *Statement of Intent 2010–2013*, expressed as: 'the diversity of our natural heritage is maintained and restored'.[10] In DOC's next annual report (to 30 June 2011), this single intermediate outcome will replace the three natural heritage intermediate outcomes reported on here.

Intermediate outcome 1

Examples of the full range of ecosystems are secured, and their health and functioning is improved

What we are seeking to achieve and why

The best possible examples of each native ecosystem type will be legally protected and managed towards a standard of health and functioning that is high enough to provide long-term security for each ecosystem type. The desired state for these ecosystems is that the native species, the non-living parts (such as sunlight, temperature and water), and the natural processes (such as nutrient cycling) all function together in sustainable communities, habitats and landscapes.

Further examples of ecosystems will be protected and managed to provide greater security.

Securing examples of the full range of ecosystems is a key means to address the ongoing depletion of New Zealand's natural heritage. This work contributes to the New Zealand Biodiversity Strategy. Sustaining healthy functioning ecosystems delivers benefits for wellbeing and prosperity, as outlined in section 3.1.

What we did to achieve this—actions in 2009–2010

The output groups through which DOC works to achieve this intermediate outcome are set out in Figure 1 (section 2.2). The performance measures for these outputs are focused on fire control, restoration, pest and weed control, and legal protection of areas and sites.

Tools development

As part of NHMS, an ecosystem optimisation tool is being developed to help select the best examples

[10] See: Department of Conservation 2010: section 3.1 in: *Statement of Intent 2010–2013*. Department of Conservation, Wellington. Also available at www.doc.govt.nz/statement-of-intent-2010.

of a full range of terrestrial, freshwater and marine ecosystems for management. 'Best examples' considers elements of ecological integrity, cost effectiveness and feasibility. DOC continued to build the ecosystem tool and finished collecting field data. Final model choice and data validation will continue in 2010–2011, and the system will be implemented progressively from 2011–2012.

Freshwater ecosystems

As outlined in section 2.1, DOC and other partners have produced the Freshwater Ecosystems of New Zealand (FENZ) geodatabase, which will significantly aid decision-making on freshwater issues. Interest from councils, the private sector and iwi is strong, as the database will allow all to undertake planning, protection and development using a common information base.

Work to protect and restore particular freshwater ecosystems is outlined below.

The Arawai Kākāriki (Green Waterway) is a national wetland restoration programme coordinated by DOC, with strong community participation. It began in 2007 and will run until at least 2011. It presently focuses on three of New Zealand's most significant wetland/freshwater sites—Whangamarino (Waikato), Ō Tū Wharekai (mid-Canterbury) and Awarua Wetlands (Southland). A key outcome of the programme is research to develop best practice management and monitoring tools to share with others. In 2009–2010, work included:

- Supporting studies into hydrological change and sediment/nutrient pollution in Whangamarino Wetland. A $200,000 contract for weir repair was completed, which will ensure minimum water levels are retained throughout the wetland.
- Establishing strong community links and putting in place programmes to understand and restore Ō Tū Wharekai, the wetlands of Ashburton Basin, and its associated ecosystems, which include weed control actions to protect threatened species and habitats.
- Working with the National Institute of Water and Atmospheric Research (NIWA) to measure the ecological integrity of Ō Tū Wharekai, including impacts of willows and vulnerability to increased nutrient and sediment loading.
- Collaborating with Environment Southland to assess the status and future risks of aquatic macrophytes in Waituna Lagoon, which will support management of water levels in the internationally recognised Ramsar site.
- Promoting sustainable farming practices, weed control and riparian fencing on adjoining private land to improve water quality in the Awarua-Waituna Wetlands. New World sponsorship also supported this work.
- Communicating new approaches to wetland restoration at national forums, including the National Wetland Symposium.
- Developing a new understanding of the distribution and threat status of wetland birds, in particular Australasian bittern, and developing protocols for monitoring population size.
- Researching new information on the pre-human settlement of wetland ecosystems, in partnership with the University of Otago and University of Queensland. Palaeoecological research on historical vegetation and trophic status will form the basis for ecological restoration.

Other freshwater work included:

- Providing technical and logistical support to the Muddy Feet project, which ultimately aims to restore the health and functioning of the southern Firth of Thames Ramsar intertidal wetland.
- Working in partnership with Fish & Game (Eastern Region) and Environment Bay of Plenty to raise water levels in the Kaituna Wildlife Management Reserve, a wetland of national significance.
- Working with the community to remove stopbanks at the Athenree Wildlife Management Reserve, near Waihi, and inundate the pasture to restore it back to freshwater wetland and salt marsh. Ongoing restoration plantings and weed control will further enhance this wetland.
- Forming a governance group with the Greater Wellington Regional Council, South Wairarapa District Council, hapū, Rangitāne o Wairarapa and Kahungunu ki Wairarapa to establish and manage the Wairarapa Moana Wetlands Park—the largest wetland complex in the southern North Island, covering over 9000 hectares. The partnership aims to restore the mana of the lake, reversing degradation and preserving and enhancing remaining values.
- Working with those interested in grass carp to agree a new approach for deciding on applications to place grass carp in waterways (where they are used to control freshwater weeds). This will streamline the process, reduce costs to DOC and applicants, and provide clarity and consistency on how applications are treated.

Marine ecosystems

DOC's work on marine ecosystems included:

- Working with the Ministry of Fisheries (MFish) on an inventory to determine what percentage of New Zealand's marine environment is legally protected in a national marine protected areas (MPA) network and identifying where there are gaps to fill. The inventory and gap analysis will guide the next steps in implementing the Marine Protected Areas Policy and Implementation Plan.
- Working with MFish, representatives of industry, conservation stakeholders, tangata whenua, science providers and local communities in regional marine protection planning forums for the subantarctic islands and the South Island West Coast. The West Coast Marine Protection Forum's report is based on extensive consultation over 5 years, and its recommendations for marine reserves and restricted fishing areas have created an opportunity for significant gains in marine biodiversity protection on the West Coast. Its final report will be presented to the Ministers of Conservation and Fisheries and Aquaculture at the end of July 2010.
- Progressing applications for marine reserves at Tawharanui Peninsula and in Akaroa Harbour, as reported in section 2.1.
- Mapping the marine environment at a coarse national scale. More detailed mapping classified coastal ecosystems and habitats at the Kermadecs, Northland, the Hauraki Gulf, Wellington, Banks Peninsula and the subantarctic islands. Marine habitat maps were progressed for the Northeastern Marine bioregion. This major piece of work covered areas of biological and ecological significance in the East Coast Bay of Plenty Conservancy, the entire eastern coast of Northland and down to the bottom of Ninety Mile Beach on the west coast.
- Monitoring of the effects of different marine management measures in Northland. This information now informs the MPA policy.
- Maintaining up-to-date marine content on the DOC website, including information on the marine protection initiatives under way. Particular initiatives included an interactive, web-based CD that brings together information about Wellington's marine environment, and extending the Bay of Plenty Marine Library to cover the entire conservancy, including Te Tapuwae of Rongakako Marine Reserve, and a section on implementing the MPA policy.
- Undertaking collaborative research to determine the ecological functioning of marine reserves.
- Working collaboratively with two regional councils and four district councils to engage the community in sustainably managing Tauranga Harbour and the Waihou River catchments, including the Kaimai Ranges. The ecosystem service benefits of this project will flow to the Tauranga Harbour and the Firth of Thames. A 'state of the environment' report was completed to support informed discussion with stakeholders.
- Providing advice to the Minister of Conservation on restricted coastal activity applications and vesting applications.

In addition, DOC's ongoing compliance and law enforcement work in marine reserves and marine mammal sanctuaries supports the recovery and maintenance of environmental integrity in the marine environment. DOC now has a firm presence within the National Maritime Coordination Centre, which it relies on for logistical support (such as to re-supply offshore islands) and marine compliance support (such as for compliance patrols of marine reserves and no-landing islands).

Working with others

DOC is committed to collaborating with others to deliver the best outcomes for New Zealand's native biodiversity, on and off public conservation lands and waters.

During 2009–2010, the natural heritage suite of training was made available to the public through the website, DOC trainers and an external provider (Nelson Marlborough Institute of Technology). Uptake of the opportunities has been strong, both within New Zealand and internationally. (See the back cover of this annual report for more information.)

To enable greater public access to biodiversity information, a central repository was built for DOC's spatial datasets (NATIS) and various datasets readied for such access.

DOC provides services for several independent funds, which each play a major role in protecting and maintaining New Zealand's rare ecosystems on lands outside public conservation areas. (See also section 10.3.) Their achievements, while independent of DOC, are referenced below, as they each contribute to this intermediate outcome. Further information on the performance of Ngā Whenua Rāhui, the Nature Heritage Fund, the Biodiversity Condition and Advice Funds and the Community Conservation Fund is provided in a separate report.[11]

[11] Vote Conservation: Te Papa Atawhai: Report in relation to selected non-departmental appropriations for the year ended 30 June 2010, presented to the House of Representatives pursuant to section 32A of the Public Finance Act 1989.

Ngā Whenua Rāhui

- Eleven kawenata agreements were formally signed off by the Minister of Conservation—10 native bush areas, and 1 wetland site. At 30 June 2010, the total number of sites under legal protection was 182, covering 161 000 hectares. Sites are selected because they contain 'acutely' or 'chronically' threatened environments (as defined in *Protecting Our Places*[12]).
- Thirty-eight further sites are in the negotiation process, representing mainly bush land environments covering 4929 hectares.
- Pest operations were conducted on 70 000 hectares—10 sites (61 000 hectares) for feral goat control, 3 sites (5000 hectares) for possums, and multiple-pest operations at a further 5 sites for specific species protection (4000 hectares).
- Biodiversity inventory monitoring, using NHMS tools and nationally approved protocols, was carried out on 13 sites covering 19 886 hectares of private land.
- Ecosystem restoration is under way on 15 sites. Six nurseries have been developed to supply plants for all Ngā Whenua Rāhui restoration projects.

Nature Heritage Fund

Two significant purchases were made by the Nature Heritage Fund. Both met New Zealand Biodiversity Strategy priorities for protecting biodiversity on private land. The Nature Heritage Fund has now protected 340 051 hectares, at an average cost of $455 a hectare. The two purchases were:

Waiho, West Coast: 378 hectares of dense lowland kahikatea forest and associated wetland at the mouth of the Waiho River near Franz Josef on the West Coast, to be added to Westland *Tai Poutini* National Park.

Baring Head, Wellington: 284.6 hectares of coastal farmland was purchased in partnership with a consortium led by Greater Wellington Regional Council. It is an addition to the East Harbour Regional Park.

Biodiversity Funds

The Biodiversity Condition and Advice Funds, administered by DOC, continue to support private landowners, community groups, companies and local authorities, to manage and enhance native biodiversity on private land. Two funding rounds were completed with more than $6.8 million allocated to 145 projects with work programmes up to 3 years. A further $10 million contributed by landowners and other funders resulted in a total investment of almost $17 million on biodiversity protection on private land. These projects cover more than 98 000 hectares of private land and are helping protect many of New Zealand's at risk species and habitats.

Community conservation fund

The Community Conservation Fund, administered by DOC, was established for 2 years in May 2008. The May 2009 Budget announced that the second year appropriation of $2 million had been withdrawn. During 2009–2010, no funding rounds were held. However, at the end of 2008–2009, the second and final funding round for this Fund was under active consideration. Of the 43 applications received, 41 were approved to a combined value of $632,536. In total, this Fund allocated $1,695,917 across 86 projects throughout New Zealand. Other contributions from community groups and other funders (such as councils) contributed an additional $2 million, giving a $3.7 million boost to community conservation projects on public land.

Terrestrial and freshwater biodiversity information system programme

The Terrestrial and Freshwater Biodiversity Information System (TFBIS) supports the conservation of New Zealand's indigenous biodiversity by increasing awareness of, and access to, fundamental data and information about terrestrial and freshwater biota and biodiversity. The TFBIS programme allocated $1.1 million to seven biodiversity data and data management system projects. These included the multi-agency New Zealand Organisms Register, for which $652,000 of funding was approved for years two and three. This is significant for both biodiversity and biosecurity management, because of the creation of an authoritative and continuously updated catalogue of taxonomic names.

Terrestrial restoration projects

Programmes to eradicate stoats and red deer from Secretary Island (8000 hectares), on the southwest coast of the South Island, are now well advanced and only small numbers of the pests now remain. Six threatened species (rock wren, kōkako, saddleback, yellowhead/mohua, robins and takahē) have been established on the island through translocations funded by sponsors. Translocations of these species to nearby Bauza Island were also completed. Similar programmes to eradicate stoats and deer from Resolution Island (21 000 hectares) are under way.

[12] Ministry for the Environment; DOC 2007: *Protecting our Places—Information about the Statement of National Priorities for Protecting Rare and Threatened Biodiversity on Private Land.* Ministry for the Environment, Wellington.

Te Urewera Mainland Island is the largest restoration project in the country, totalling 50 000 hectares. Five core areas hold substantial kōkako populations, which are being successfully protected and managed by reducing animal pests. Integrated pest control operations were completed to target possums (16 000 hectares), rats (1500 hectares) and stoats (7800 hectares), and ground hunting was used to control deer (2500 hectares) to improve the health and functioning of northern Te Urewera. 'Sentinel' possum kill traps are now established over 16 000 hectares to develop a prescriptive methodology and enable cost-effective ground-based possum control on an annual basis.

In Eglinton Valley, Fiordland, rats were controlled over 3000 hectares using pindone in ground-based bait stations. A 0% presence of rats was maintained inside the treated areas from when baiting began in September 2009 through to February 2010. Short-tailed bats were monitored throughout the operation and results show they had a good season, with 97% individual survival rate.

In August 2009, the Conservation Minister announced that three Abel Tasman National Park islands (Adele, Fishermans and Tonga) are now predator-free sanctuaries following rodent eradication operations in 2007. Robins have already been released on Adele Island, from Motuara Island in the Marlborough Sounds.

Progress with the Rangitoto and Motutapu Islands pest eradication programme continues. Orange-fronted parakeets/kākāriki, pāteke and bellbirds have already been returned to Motutapu.

How we measured progress toward the intermediate outcome

The measurement of progress towards intermediate outcome 1, and the other two natural heritage intermediate outcomes, is discussed in section 5.1.

Intermediate outcome 2

Irreversible decline of ecosystems on public conservation lands and waters is prevented

What we are seeking to achieve and why

The natural heritage of these ecosystems will be protected by ensuring that human activity, pest animals, weeds and other pressures are not such that they bring about accelerated deterioration that significantly compromises the natural heritage of these ecosystems and their ability to provide ecosystem services.

Whereas the examples of ecosystems managed to contribute to intermediate outcome 1 are the best examples and are intensively managed, the ecosystems that contribute to intermediate outcome 2 are the remainder of public conservation lands and waters that are managed less intensively.

This work contributes to the New Zealand Biodiversity Strategy. Preventing the irreversible decline of ecosystems delivers benefits for wellbeing and prosperity, as outlined in section 3.1.

What we did to achieve this—actions in 2009–2010

The output groups through which DOC works to achieve this intermediate outcome are set out in Figure 1 (in section 2.2). The performance measures for these outputs are focused on fire control, restoration, pest and weed control, and legal protection of areas and sites.

Part of the focus of this intermediate outcome is monitoring the condition and state of public conservation lands. National sampling to provide such data across all the land managed by DOC will be one of the outcomes of the Biodiversity Monitoring and Reporting System (see section 5.1).

To further understanding of the impact of management actions, such as animal control, on the levels of carbon in forests, DOC provided input into the design of Landcare Research programmes and continued to contract Landcare Research to study the influence of browsing animals on carbon in natural forests.

To support aerial 1080 baiting for possum, rat and stoat control, DOC has established a research programme to investigate the safety, efficacy and ecological outcomes from aerial 1080 pest control operations. The aim is to minimise detrimental effects and maximise protection of threatened species and native ecosystems.

A review of submissions to the Environmental Risk Management Authority 1080 review, from people opposed to the use of aerial 1080 for pest control, was completed to better understand their perspective and design better ways of doing business.

Research into ecosystem services

DOC is collaborating with Landcare Research on studies to better understand the provision of ecosystem services (such as freshwater yield and storage, soil stability and fertility, and carbon storage) in natural heritage management.

A study of ecosystem services focused on the catchments flowing into Tauranga Harbour, where most streams and rivers originate in the Kaimai Range. These catchments deliver high-quality potable water to communities, landowners and commercial enterprises, as well as providing recreation opportunities. The Kaimai Range provides habitat for threatened species, outstanding natural landscape features, and high value sites which are key components in the proposed

ecological corridors. Major waterways, and associated riparian vegetation, are particularly important for ensuring that ecological processes remain connected between high-value inland and coastal sites, and also to protect water quality. Coastal habitats also warrant additional protection.

An overseas model was used to calculate an indicative economic value for the ecosystem services in the study area, which came to NZ$195 million a year, contributing about 5% of the region's annual gross domestic product (GDP).

DOC manages one quarter of the land within the Kaimai-Tauranga catchment, and works alongside the Tauranga City Council, Western Bay of Plenty District Council, and the wider community for ongoing protection and enhancement of the remaining natural values and resources delivered by the Kaimai Range.

Broad-scale pest control

Aerial 1080 operations during 2009–2010 included the following:

- Treating the entire Egmont National Park to control possums. This work, combined with decades of ground-based goat control, and maintaining the Park's deer-free status, has allowed its diverse altitudinal sequence of native vegetation to recover to its current excellent condition.
- Treating 30 000 hectares of lowland podocarp forest in Whanganui National Park to knock down stoats, rats and possums and significantly boost forest health and the country's largest protected population of western brown kiwi. This ongoing work is part of the 'Kia Wharite' collaborative project between DOC, Horizons Regional Council, local iwi and private landowners. The project won the 'Working together for better services' award at the 2010 IPANZ Public Sector Excellence awards.
- Applications in the Dart, Landsborough, Maruia and Oparara Valleys, and the Catlins (Coastal Otago), to provide protection for yellowhead/mohua, blue duck/whio, great spotted kiwi, long- and short-tailed bats and *Powelliphanta* snails following a beech mast event that caused predator numbers to soar.

How we measured progress toward the intermediate outcome

The measurement of progress towards intermediate outcome 2, and the other two natural heritage intermediate outcomes, is discussed in section 5.1.

Intermediate outcome 3

The security and recovery of New Zealand species most at risk of extinction is improved

What we are seeking to achieve and why

Conservation of New Zealand species will be improved by enhancing both security from extinction and the longer-term recovery of as many species as possible. A species would be considered secure when at least one population is protected to the extent that the species will be present as a viable population in 50 years' time. The aim with recovery is to buffer populations of species against the types of events (for instance, loss of genetic diversity) that threaten species populations over much longer time frames (100–300 years). The focus is on species that naturally occur in New Zealand, including species that have been self-introduced, but not those introduced by humans.

Species are conserved for their contribution to biodiversity and for their role in indigenous ecosystems. This work contributes to the New Zealand Biodiversity Strategy. Improving the security and recovery of New Zealand species most at risk of extinction also delivers benefits for wellbeing and prosperity, as outlined in section 3.1.

What we did to achieve this—actions in 2009–2010

The output groups through which DOC works to achieve this intermediate outcome are set out in Figure 1 (in section 2.2). The performance measures for these outputs are focused on fire control, restoration, pest and weed control, legal protection of areas and sites, the conservation services programme and species management.

Overview

- DOC spent $16.4 million on threatened species work targeting 365 species spread across 5 threatened species categories. This specifically focused on achieving security through direct intervention management, as well as improvement work through survey, monitoring and research in order to improve understanding of status, trend, threats and response to management action.
- An optimisation tool has been completed for both security and long-term recovery of species, and combined under a common 'species persistence'[13] objective. The information is guiding planning for 2010–2011. Opportunities to link with the ecosystem optimisation tool will be explored to achieve further

[13] Long-term 'species persistence' is having a 95% probability of a species persisting within the next 50 years or 3 generations (whichever is longer), given that all human-induced threats likely to occur within 300 years are adequately mitigated.

efficiency by managing species and ecosystem values at the same place wherever feasible.

- Common techniques continue to be deployed to manage priority species, including animal pest management, habitat restoration, captive breeding, supplementary feeding and establishing predator-free areas. Additionally, new tools are being trialled to improve the efficiency and effectiveness of pest control and monitoring to protect priority species, such as kiwi.
- The review of the protection of a number of species protected under the Wildlife Act 1953 was completed and the Minister of Conservation made decisions on the recommendations. The review aimed to ensure that species had the appropriate protection status.
- DOC facilitated an independent review, by a panel of local and international experts, of the threat status of marine mammals under the New Zealand Threat Classification System. The panel recommendations were peer-reviewed before publication in the *NZ Journal of Marine and Freshwater Research*. As a result of the review, the New Zealand sea lion was re-listed as 'nationally critical' and the bottlenose dolphin was re-listed to 'nationally endangered'.
- DOC supported the annual census of Ngapukeariki kōkako, under the Mangaroa/Ohotu Kawenata (Eastern Bay of Plenty). The Kawenata (covenant) was funded by Ngā Whenua Rāhui. The October 2009 survey found 30 territorial birds—12 pairs and 6 singles. Population monitoring will continue until 25 breeding pairs have been established. Future translocations of kākā are planned, and consultation with experts and tangata whenua will be carried out in 2010–2011.

Freshwater species

- Habitat suitability models were developed to set the level of in-stream flow in braided rivers needed to protect at risk species, such as wrybill, plover and black-fronted terns.
- Models are being developed to help manage water flows and groundwater levels to protect the habitat of highly threatened lowland longjaw galaxiid populations in north Otago.
- DOC and MFish worked to clarify the respective jurisdictions and considerations each has under relevant legislation when processing commercial eel harvest applications for areas DOC administers. This work aims to make applications more straightforward for businesses, as well as affording appropriate protection to long-finned eel populations and the ecosystems that they are an integral part of.
- An annual survey of the Hurunui, Waimakariri, Rakaia, Rangitata, Tasman, Tekapo and Ohau Rivers increased knowledge of the distribution of braided river bird communities, especially threatened wrybills, black-fronted terns, black-billed gulls, black stilts and banded dotterels.

Marine species

- DOC has continued to work with the fishing industry and MFish to avoid, remedy or mitigate bycatch of protected marine species. This includes joint work with the Seafood Industry Council and MFish over the Conservation Services Programme annual plan, and active participation in the Southern Seabird Solutions Trust, a multi-stakeholder group planning pro-active seabird bycatch mitigation.
- The Maui's dolphin species recovery group met to discuss and identify research priorities for this 'nationally critical' species.
- A species management plan was established for the New Zealand sea lion to facilitate recovery efforts over the coming 5 years.
- DOC has continued to collect sightings, photo identifications and, where possible, biopsy samples of southern right whales around the mainland. The work will enable a better understanding of the links between populations of this species.

Terrestrial plants

Monitoring of the Marlborough plant *Pachycladon fasciarium* found that protective cages had allowed numbers of this 'nationally critical' species to increase to 53, doubling its population of several years ago. Monitoring also showed progress on *Carex ovalis* control, and gradual recovery of native plant species at Sedgemere ephemeral tarn, which supports four 'nationally critical' species (*Craspedia* "tarn", *Cardamine* "tarn", *Pseudognaphalium ephemerum, Chaerophyllum colensoi* ssp. *delicatulum*), and one species ranked as 'declining' (*Lobelia ionantha*). Monitoring was also carried out for three 'endangered' species (*Carmichaelia muritai, Gingidia* aff. *enysii* "Clarence" and *Muehlenbeckia astonii*), and for one 'vulnerable' species (*Pachycladon cheesemanii*).

Coastal peppercress ('nationally critical') was transferred to a predator-free islet off Pepin Island (near Nelson) and further caged plantings were established on Tonga Island (Abel Tasman National Park). White mistletoe ('declining') was planted along the Park's coastline and on Adele and Fisherman Islands (the latter sites are possum-free refuges).

Improved understanding

A small number of poorly known threatened species, at risk of being overlooked in Whanganui Conservancy, were identified through the species optimisation project. Staff carried out additional survey work to better understand these species, and found that of these species, the little-known moth *Orocrambus jansonii* is far more abundant than was previously thought.

Resources have been directed to monitoring the native land snail *Wainuia Clarkii* in the South Taupo Wetland as a result of the species optimisation project. Little is known about this species, and monitoring shows it is 'declining' (cause unknown). DOC's management aims to understand the cause of decline and reverse the trend.

How we measured progress toward the intermediate outcome

The measurement of progress towards intermediate outcome 3, and the other two natural heritage intermediate outcomes, is discussed in section 5.1.

5.1
Measuring the impact that DOC makes in its management of natural heritage

It is much more challenging to measure the difference DOC makes than to measure the outputs it produces. As part of NHMS, DOC is working towards improving its ability to measure and report on the impacts of its management, including cost effectiveness, and to demonstrate the status of New Zealand's natural heritage and how it is changing.

A suite of indicators has been identified to assess performance in relation to both ecosystems and species. These indicators apply across terrestrial, freshwater and marine ecosystems and species. Some indicators are under development or being piloted, whereas others are already in use.

As well, DOC has been a partner in the Department of Statistics' Environmental Domain Plan. This aims to identify and fill information and reporting gaps in the environmental sector.

Biodiversity Monitoring and Reporting System

The Biodiversity Monitoring and Reporting System is being developed to provide a common platform for assessing statuses and trends in the health and functioning of ecosystems and species, and for monitoring the effectiveness of management actions. It is underpinned by reference sites. Detailed design and implementation options are now being developed. This work should be completed before December 2010, and the system will be implemented progressively from 2011–2012.

The monitoring and reporting system includes developing a marine and freshwater monitoring framework. This will enable DOC to report on the ecological integrity and biological trends in marine reserves at a national level.

The monitoring and reporting system is supported by national standards established through an inventory and monitoring toolbox. The toolbox is already operational for birds, vegetation, animal pests and bats, and is being further developed to support monitoring of invertebrates and herpetofauna (reptiles and amphibians), and monitoring in the marine environment. Interest in these tools from other agencies is strong. Their wide adoption will lead to a much clearer and more accurate national picture of biodiversity, and improvements to management across all of New Zealand.

Further reporting options will come from the findings and recommendations of research projects funded through the cross-departmental research pool:

- Research in the freshwater area has given strong confidence in a suite of indicators, particularly those related to human pressures. A multi-metric indicator has been developed for rivers. The modelling work has helped set water quality limits in the whole-of-government 'New Start for Freshwater' programme, and will be used by various agencies in setting priorities for freshwater initiatives.
- Terrestrial cross-departmental research pool projects that contribute to a better understanding of the drivers of change in selected indicators will be completed later in 2010.

Indicators for ecosystems

DOC currently tracks six indicators for ecosystems processes. Ongoing development of these indicators and the means to monitor them is part of the Biodiversity Monitoring and Reporting System.

Ecosystems processes

Progress in ecosystems processes is monitored through three indicators:

Productivity—measured by mast flowering (occasional heavy flowering, resulting in more fruit and more predators) and fruit production.

Ecosystem disruption—measured by the number, extent and control of fires.

Land cover—measured as the area of land under indigenous vegetation. Reporting against this indicator is supported by updates of the Land Cover Database (LCDB), as outlined in section 4.

The first two indicators (*productiviy* and *ecosystem disruption*) are new, and measurement methodologies are under development, as follows:

- Development of the *productivity indicator* included expanding the range of sites where the quantity of seeds produced by dominant tree species around New Zealand is measured, in collaboration with Landcare Research. Information critical to understanding the relationship between seed masting events and climate is provided by NIWA-installed climate stations at these sites. Landcare Research, in partnership with the University of Canterbury, is now developing models exploring these relationships.
- Development of the *ecosystem disruption indicator* has progressed by compiling historic fire records and associated spatial data into a database. Fire records from National Rural Fire Authority and DOC are updated each year. These data are critical to understand and predict risk, which is essential input into the Wildfire Threat Analysis framework. Additional research on flammability traits of vegetation will improve DOC's ability to anticipate and plan for management of vulnerable vegetation types across New Zealand.

For the *land cover indicator*, a report is due but is not able to be provided because the third iteration of the Land Cover Database (LCDB3) was not yet available, as explained in section 4. DOC is working with MfE and Landcare Research to complete an equivalent dataset for natural lands, which should enable reporting on this indicator in 2011–2012.

Reducing the spread and dominance of invasive exotics

One indicator is used to measure the reduction in spread and dominance of invasive exotic species.

Exotic weed and pest dominance is measured by the distribution and abundance of selected exotic weeds and pests considered a threat.

Developing the methodology for this indicator has been part of a 3-year work programme with Landcare Research. It is due to be reported on in 2011.

During 2009–2010, this work progressed with the completion of 32 animal pest and 20 weed distribution maps. Updates and expansion of the number of weed species mapped are planned.

Maintaining or restoring ecosystem composition

One indicator is used to measure the maintenance or restoration of ecosystems.

Composition is measured through trends in:

- Size–class structure of selected canopy dominants.
- Representation of plant functional types, such as aquatic plants and palatable plants.
- Demography of selected widespread animal species, including fish and invertebrates.
- Extent of potential range occupied by indigenous species of particular interest.

DOC has partnered with Landcare Research in a 3-year programme to develop the methodology to measure trends in the first three bullet points—size–class structure, representation of plant functional types, and demography of selected widespread animal species. All three are due to be reported on in 2011.

Tracking changes in the size–class structure of selected native dominants in particular places within forests on conservation land measures trends in the structure and composition of forests and other vegetation communities that can show the influence of pest species, as distinct from other things influencing native plant populations. Recent findings indicate that strong changes in size–class distributions have occurred over recent decades. Tree species selected or

preferred by invasive ungulates (such as red deer) show particularly strong shifts.

A sampling programme designed to capture data on measures for this indicator is part of the Biodiversity Monitoring and Reporting System discussed earlier.

Reporting against trends for the fourth bullet point (extent of potential range occupied by native species) depends on the completion of species maps currently under development.

Improving ecosystem representation

One indicator, *environmental representation and protected status*, is used to measure an improvement in the representation of ecosystems.

Environmental representation and protected status is measured through trends in:

- Proportion of environmental unit under indigenous cover.
- Proportion of environmental unit under indigenous cover and protected.
- National change in extent and integrity of threatened naturally uncommon and significantly reduced habitats.
- Proportion of threatened naturally uncommon and significantly reduced habitats protected.
- Proportion of environmental unit in marine protected sites.

Measurement of these trends builds on previous indicators of trends in percentage of the most at risk environment types under legal protection.

Data on the first two trends—the proportion of environmental unit under indigenous cover and the proportion of environmental unit under indigenous cover and protected—will be reported on when LCDB3 is available next year. Appendix 2 shows the percentage of the overall environmental unit protected.

The next two trends are not being reported on this year.

The final trend, the percentage of marine reserves making up New Zealand's marine environment (its territorial sea and exclusive economic zone (EEZ)), is 0.31%. There has been no change from the previous reporting period in 2008–2009.

Indicators for species

DOC tracks three indicators for species.

Ensuring the persistence of threatened species

Progress is monitored through three indicators: *extinct species*, *status of threatened species*, and the *status of at risk species*.

Extinct species is measured through trends in the number of indigenous species that are extinct.

Status of threatened species[14] and *status of at risk species*[15] are measured through trends in:

- The number of species in each category.
- The number of species in each category under active management.
- The demographic response to management at population level for selected species as case studies.

Assessments of the threat status of species are made using the New Zealand Threat Classification System, with the status of all species reviewed over a 3-year cycle. The system methodology was revised in 2008 to improve its usefulness. The indicators are scheduled to be reported on in June 2011, when the current review cycle is expected to be completed. In the meantime, work continues on assessing the threat status of species using the New Zealand Threat Classification System.

[14] 'Threatened species' are those likely to become endangered in the foreseeable future. Threatened species have been further classified as 'acutely threatened', 'chronically threatened', and 'at risk'.

[15] 'At risk species' have either restricted ranges or small, scattered sub-populations, and do not meet the criteria of 'acutely threatened' or 'chronically threatened'. Although not currently in decline, these species could be rapidly depleted by a new threat.

STATEMENT OF SERVICE PERFORMANCE 2009–2010: MANAGING NATURAL HERITAGE

2009–2010 PERFORMANCE MEASURES AND TARGETS	NATIONAL COMMENTARY[16]
Fire control	
11 conservancies will operate within a fire response/action plan published in accordance with the National Departmental Fire Plan.	10 conservancies operated within a fire response/action plan published in accordance with the National Departmental Fire Plan. The East Coast Hawke's Bay Conservancy was amalgamated into Bay of Plenty and Wellington Conservancies, respectively, after the target of 11 was set, resulting in a reduced total of 10 conservancies.
2 conservancies will operate within the Fire Plan of a Rural Fire District.	2 conservancies (West Coast *Tai Poutini* and Southland) operated within the Fire Plan of a Rural Fire District. While a number of conservancies had partial coverage under a Rural Fire District plan, only Southland and West Coast *Tai Poutini* Conservancies operated fully under a Rural Fire District plan. Conservancies with only partial Rural Fire District coverage were excluded from this measure.
Pest and weed control—possums	
305 800 hectares of land will receive treatment this year for possums.	285 338 hectares of land received treatment this year for possums. Early planning indicated the Department was on track to exceed the target of 305 800 hectares; however, by year end 285 338 hectares of land had received treatment for possums. Wellington Hawke's Bay Conservancy reported Ministry of Health approvals were not received for 10 000 hectares of treatment planned for the Tararua Ranges, which did not proceed as a result. Waikato Conservancy reported delays affecting 9000 hectares due to weather unsuitable for aerial operations. Northland Conservancy reported treatment of 7000 hectares in Waipoua and Mataraua could not be considered complete as monitoring was not undertaken due to unavailability of specialist monitoring staff. Treatment of an additional 2000 hectares could not be completed as planned due to delays in finalising contracts.
1 055 300 hectares of land will be under sustained control for possums.	1 023 846 hectares of land was under sustained control for possums.
123 possum control operations will be undertaken, with 90% of operations meeting their targets for operational success, by year end.	106 possum control operations were undertaken this year. Of these, 95 (90%) met their targets for operational success. Northland Conservancy cited a number of reasons for the reduction of 5 operations, including non-completion of monitoring due to unavailability of specialist monitoring staff, change in priorities and delays in finalising contracts. Nelson/Marlborough Conservancy reviewed possum operations in the Marlborough Sounds during the year, resulting in 4 small operations being discontinued. Auckland and Wellington Hawke's Bay Conservancies reported changing priorities affected 3 operations, which were discontinued. West Coast *Tai Poutini* Conservancy did not proceed with 1 operation at Ōkārito as the pest abundance level did not reach the trigger point for proceeding. Tongariro/Taupo Conservancy discontinued 1 planned operation as the site was no longer a national recovery plan site for the affected species.
Pest and weed control—deer	
359 600 hectares of land will receive treatment this year for deer.	360 120 hectares of land received treatment this year for deer.
794 400 hectares of land will be under sustained control for deer.	720 495 hectares of land was under sustained control for deer. Whanganui Conservancy completed a review of deer control and made a strategic decision to reduce the area under routine deer surveillance in order to move resources to other higher priority natural heritage programmes. This affected 75 000 hectares.
Pest and weed control—goats	
1 358 000 hectares of land will receive treatment this year for goats.	1 468 262 hectares of land received treatment this year for goats.

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[16] DOC considers that target performance has been achieved when the output is within a tolerance level acceptable for the nature of the operation. For field operations, this is generally within plus or minus 5% of the projected performance target.

2009–2010 PERFORMANCE MEASURES AND TARGETS	NATIONAL COMMENTARY
2 399 700 hectares of land will be under sustained control for goats.	2 184 817 hectares of land was under sustained control for goats. Nelson/Marlborough Conservancy completed its review of goat control aimed at focusing on high priority areas, resulting in a reduction of 230 000 hectares under sustained management.
Pest and weed control—other terrestrial animal pests	
45 pest control operations will be undertaken against other terrestrial animal pests. (Number that met the criteria for success set out in their programme plan will be reported at year end.)	44 pest control operations were undertaken, covering a range of animals (e.g. rats, mustelids, cats, rabbits and invertebrates). 38 of the 44 operations met their targets for operational success. For the remaining operations, detection of survivors (and therefore the results of the operation) will not be known within this reporting year.
Pest and weed control—aquatic animal pests	
2 aquatic animal pest eradication operations will be undertaken in treatable sites. (Number that met the criteria for success set out in their programme plan will be reported at year end.)	6 aquatic animal pest eradication operations were undertaken in treatable sites. Success depends on detection of survivors that form the nucleus of residual populations—this will not be known until further monitoring is completed next year. Nelson/Marlborough Conservancy reported that monitoring revealed residual populations of pest fish in previously treated ponds, requiring early re-treatment. This applied to 6 out of 9 ponds monitored.
Pest and weed control—weeds (including aquatic weeds)	
97 weed control work plans will be completed using a weed-led approach. (Number that met the criteria for success set out in their programme plan will be reported at year end)	93 weed control work plans were completed using a weed-led approach. 54 met the criteria for success set out in their programme plans. Success of a number of weed control programmes cannot be determined for a number of years post-control, until monitoring shows any residual infestations.
531 600 hectares of land will receive treatment this year for weeds using a site-led approach.	504 013 hectares of land received treatment this year for weeds using a site-led approach. Tongariro/Taupo and Nelson/Marlborough Conservancies reported delays due to unfavourable field conditions.
1 599 900 hectares of land will be under sustained weed control using a site-led approach.	1 653 010 hectares of land was under sustained weed control using a site-led approach.
Natural heritage restoration	
46 restoration programmes will be undertaken, with 90% meeting the criteria for success set out in their programme plan, by year end.	46 restoration programmes were undertaken. 45 programmes (98%) met the criteria for success set out in their programme plan.
87 island biosecurity programmes will maintain a pest-free status.	86 island biosecurity programmes maintained a pest-free status. Auckland Conservancy reported a rat incursion on Motuora Island and successfully carried out control.
Species management	
45 'acutely threatened' species or subspecies will have improved security for one or more populations as a result of active species conservation programmes. (This excludes vascular plants and birds from 2009–2010.)	46 'acutely threatened' species or subspecies had improved security for one or more populations as a result of active species conservation programmes. (From 2009–2010, this excludes vascular plants and birds.)
14 'chronically threatened' species or subspecies will have improved security for one or more populations as a result of active species conservation programmes. (This excludes vascular plants and birds from 2009–2010.)	11 'chronically threatened' species or subspecies had improved security for one or more populations as a result of active species conservation programmes. In one programme, an expert review recommended the conservation programme not proceed. (From 2009–2010, this excludes vascular plants and birds.)
11 'at risk' species or subspecies will have improved security for one or more populations as a result of active species conservation programmes. (This excludes vascular plants and birds from 2009–2010.)	10 'at risk' species or subspecies had improved security for one or more populations as a result of active species conservation programmes. (From 2009–2010, this excludes vascular plants and birds.)

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2009–2010 PERFORMANCE MEASURES AND TARGETS	NATIONAL COMMENTARY
57 reclassified 'at risk' vascular plant and bird species or subspecies will have improved security for one or more populations as a result of active species conservation programmes. (Includes only vascular plants and birds for 2009–2010.)	55 reclassified 'at risk' vascular plant and bird species or subspecies had improved security for one or more populations as a result of active species conservation programmes. (From 2009–2010, this includes all vascular plants and birds.)
120 reclassified 'threatened' vascular plant and bird species or subspecies will have improved security for one or more populations as a result of active species conservation programmes. (Includes only vascular plants and birds for 2009–2010.)	119 reclassified 'threatened' vascular plant and bird species or subspecies had improved security for one or more populations as a result of active species conservation programmes. (From 2009–2010, this includes all vascular plants and birds.)
The Department will have achieved improved understanding of status and threats for 38 'acutely threatened' species or subspecies through survey, monitoring and research. (This excludes vascular plants and birds from 2009–2010.)	The Department achieved improved understanding of status and threats for 38 'acutely threatened' species or subspecies through survey monitoring and research. (From 2009–2010, this excludes vascular plants and birds.)
The Department will have achieved improved understanding of status and threats for 23 'chronically threatened' species or subspecies through survey monitoring and research. (This excludes vascular plants and birds from 2009–2010.)	The Department achieved improved understanding of status and threats for 24 'chronically threatened' species or subspecies through survey monitoring and research. (From 2009–2010, this excludes vascular plants and birds.)
The Department will have achieved improved understanding of status and threats for 13 'at risk' species or subspecies through survey, monitoring and research. (This excludes vascular plants and birds from 2009–2010.)	The Department achieved improved understanding of status and threats for 13 'at risk' species or subspecies through survey monitoring and research. (From 2009–2010, this excludes vascular plants and birds.)
Improved understanding of status and threats will be achieved through survey, monitoring and research for 47 reclassified 'at risk' vascular plant and bird species or subspecies. (Includes only vascular plants and birds for 2009–2010.)	Improved understanding of status and threats was achieved through survey, monitoring, and research for 47 reclassified 'at risk' vascular plant and bird species or subspecies. (From 2009–2010, this includes vascular plants and birds.)
Improved understanding of status and threats will be achieved through survey, monitoring and research for 138 reclassified 'threatened' vascular plant and bird species or subspecies. (Includes only vascular plants and birds for 2009–2010.)	Improved understanding of status and threats was achieved through survey, monitoring and research for 146 reclassified 'threatened' vascular plant and bird species or subspecies. (From 2009–2010, this includes vascular plants and birds.)
The Conservation Services Programme will meet its agreed performance criteria and milestones. Achievement will be reported at year end.	The Conservation Services Programme undertakes research into the interactions between commercial fishing and marine protected species. The programme met its agreed performance criteria and milestones. 1391 days of observer coverage in 17 fisheries was achieved to monitor protected species interactions. Field projects were undertaken as part of population studies into New Zealand sea lions, white-capped albatrosses and black petrels. Final reports can be found on DOC's website in the Publications section under Conservation/Marine and Coastal. Projects presented include coral and seabird identifications and fish waste management strategies. An active involvement was also maintained in the Agreement on the Conservation of Albatrosses and Petrels, and other regional fishery management organisations. New work included increasing awareness of, and identifying and implementing measures to, reduce interactions with protected species, especially in the inshore trawl and demersal longline fisheries.

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2009–2010 PERFORMANCE MEASURES AND TARGETS	NATIONAL COMMENTARY
Legal protection of areas and sites	
Hectares of marine areas legally protected during the year to concurrence stage: • 930 hectares. Concurrence is sought from the Minister of Fisheries. Hectares of marine areas legally protected during the year to fully approved stage: • 930 hectares.	**Akaroa Harbour** 530 hectares. The report on this proposed marine protected area was submitted to the Minister of Conservation and, subsequent to this reporting period, the application was declined. Therefore, concurrence was not sought from the Minister of Fisheries. **Tawharanui** 400 hectares. This marine protected area has been approved by the Minister of Conservation. Concurrence has been received from the Minister of Transport and is pending from the Minister of Fisheries. The two proposed marine protected areas that comprise the 930 hectares (Akaroa Harbour, 530 hectares, and Tawharanui, 400 hectares) had not progressed past the concurrence phase by year end, and are therefore not yet fully approved or gazetted. Subsequent to this reporting period, the application for Akaroa was declined.
1 279 704 hectares of marine area will be gazetted and under sustained management during the year.	33 marine reserves covering 1 279 181 hectares of marine area were fully gazetted and under sustained management at year end. No new marine areas were gazetted during the year.
40 500 hectares of terrestrial environment will be legally protected during the year.	18 827 hectares of terrestrial environment were legally protected during the year. Otago Conservancy reported slower than anticipated progress across a range of tenure review properties, affecting 24 000 hectares and 12 runs.

OUTPUT CLASS OPERATING STATEMENT 2009–2010: MANAGEMENT OF NATURAL HERITAGE

	ACTUAL 30/06/10 $000	MAIN ESTIMATES 30/06/10 $000	SUPP. ESTIMATES 30/06/10 $000	ACTUALS 30/06/09 $000
Revenue				
—Crown	146,879	144,906	146,879	151,023
—Other	9,434	12,175	10,375	9,872
Total revenue	156,313	157,081	157,254	160,895
Expenses	153,736	157,081	157,254	158,690
Surplus/(deficit)	**2,577**	**0**	**0**	**2,205**

STATEMENT OF SERVICE PERFORMANCE 2009–2010: REGIONAL PEST MANAGEMENT STRATEGIES

2009–2010 PERFORMANCE MEASURES AND TARGETS	NATIONAL COMMENTARY
Crown pest/weed exacerbator costs	
16 regional pest management strategies with completed Crown exacerbator weed and pest programmes.	The Department completed exacerbator weed and pest programmes for 15 regional councils/unitary authorities. A number of district council weed and pest programmes are included in the umbrella regional authority.

OUTPUT CLASS OPERATING STATEMENT 2009–2010: REGIONAL PEST MANAGEMENT STRATEGIES

	ACTUAL 30/06/10 $000	MAIN ESTIMATES 30/06/10 $000	SUPP. ESTIMATES 30/06/10 $000	ACTUALS 30/06/09 $000
Revenue				
—Crown	2,958	2,982	2,958	3,064
—Other	7	0	0	7
Total revenue	2,965	2,982	2,958	3,071
Expenses	2,949	2,982	2,958	2,553
Surplus/(deficit)	**16**	**0**	**0**	**518**

6.

Historic and cultural heritage: Report against operating intentions

DOC is taking a 'values-led' management approach to its historic heritage responsibilities. This encourages people to see the value of this work for them personally, and highlights how DOC's actions add to that value.

The focus is therefore increasingly on communicating the significance of places, and working to provide a memorable visitor experience. This includes giving priority to work on national Icon sites, with the aim of bringing them up to a benchmarked standard. For the remainder of sites, priority is given to those that are popular with visitors, require urgent work to halt deterioration, or have local communities that make an active contribution.

Intermediate outcome 4

New Zealand's history is protected and brought to life

What we are seeking to achieve and why

The aim is to conserve and interpret historic and cultural places managed by DOC that represent the different aspects of New Zealand's history and cultural character, so that they are available for people to learn from and enjoy. New Zealanders will actively contribute to the conservation and interpretation of both the stories (history) and the physical elements. Tangata whenua, as kaitiaki of their historic and cultural heritage, will actively participate in identifying, conserving and managing heritage of significance to them. Outside public conservation lands and waters, the Department has a role to advocate for historic conservation generally, and this also contributes to this intermediate outcome.

Conserving and interpreting a representative range of historic and cultural heritage places will benefit New Zealanders by contributing to their knowledge of this country's diverse past, and through this, increase their sense of place, pride and national identity. For example, the Department has given priority to heritage sites identified as Icon sites.[17] These allow New Zealanders to connect with some of the strong stories that contribute to their Kiwi identity.

The presence and use of historic and cultural heritage offers economic benefits through tourism, provides New Zealanders with opportunities to learn about and enjoy the nation's past, and provides Māori with opportunities to exercise kaitiakitanga and to maintain and revitalise cultural practices and identity.

As people visit these sites, and some become involved in managing and/or using them, they will develop greater interest in, understanding of, and support for, the conservation of New Zealand's historic and cultural heritage.

What we did to achieve this—actions in 2009–2010

The output groups through which DOC works towards achievement of this intermediate outcome are set out in Figure 1 (in section 2.2). The performance measures for delivery of these outputs are focused on active management of heritage sites (measures of remedial work, regular maintenance and heritage assessment reports).

Work towards this intermediate outcome was supported by building the capability of staff and members of the public who participate in heritage conservation:

- Five Historic Heritage Basic Principles training courses were delivered to 87 staff and public participants around the country. These aim to build understanding of why conserving historic heritage is important, and explain the heritage management system and how to apply it.
- Work to upgrade DOC's intranet content was completed, with easy-to-follow pages now offering basic information about managing historic heritage. This gives staff ready access to technical information and supports the training.

A priority is to share conservation information and expertise with the public. The internet is the most cost-effective way to do this, and DOC increased information available on its website. This included information on the 591 historic heritage sites that are kept open to the public and the experiences they offer, along with reports on what was achieved with current major conservation work.

The Department is integrating its systems that support management of recreation and historic assets. Progress was made in adding historic heritage management capability to its Asset Management Information System (AMIS), and this is expected to be functional in November 2010.

[17] Icon sites are identified later in this section, in the report on the indicator for visitor numbers to Icon sites.

Historic sites development as part of the national cycleway

Ongoing research and planning was done to develop the 90-kilometre Central North Island Rail Trail, which will use the historic Ellis and Burnand Ongarue tramway system (and other tramways) for much of its length. The project is one of seven 'Quickstart' projects to develop the New Zealand Cycleway. Construction of the first 8 kilometres has been completed. Interpretation of the historic logging industry and the associated infrastructure will raise the profile of heritage sites, create an enduring new recreation and tourism asset, and provide employment. Several historic assets, such as haulers and boilers, will be relocated to original sites along the trail as points of interest for visitors.

DOC's work with the Hauraki Rail Trail Trust and Hauraki District Council has seen the Hauraki Plains Cycleway selected as another of the 'Quickstart' projects. Along with the Central North Island Rail Trail, it will greatly increase visitation to key historic assets along the routes, including the Karangahake mines.

Denniston coal mine

During 2009–2010, work continued on the major public-private heritage tourism development to showcase pre-1900 coal mining at Denniston. This included:

- Making geological assessments before reopening a portion of the 1884 underground Banbury Mine as a guided tourism attraction.
- Constructing a railway along the line of the former Banbury Rope road, including a bridge across the historic Banbury Arch.
- Refurbishing an electric locomotive and building rolling stock to carry passengers underground.
- Investing in visitor facilities, including interactive interpretation, car parking, toilets, a viewing platform and pathways.

Moriori and Māori heritage

In partnership with Otago University and the Hokotehi Moriori Trust, the Department has preserved rakau momori (tree carvings; dendroglyphs) on the Chatham Islands by surveying and recording the images using a 3D digital scanner. The rakau momori were carved by Moriori on around 170 trees between 200 and 400 years ago. The trees are now succumbing to age and the images are in danger of being lost forever. DOC was commended by the Hokotehi Moriori Trust for its initiative and willingness to help preserve the carvings for future generations.

DOC is involved in a joint project to develop information and a plan for the Wairau Bar and Boulder Bank area, which is New Zealand's foremost site from the Moa Hunter Era. This work is a collaborative effort with Rangitāne, Ngati Toa, the Marlborough District Council, New Zealand Historic Places Trust and a private landowners.

How we measured progress toward the intermediate outcome

DOC monitors four indicators that cover the 12,000 known heritage sites on the lands and waters it manages. Of these, 591 are actively managed sites.[18]

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

This is a new indicator for 2009–2010. DOC's AMIS is currently being set up to report on this measure from 2010–2011. While this change is not yet complete, information on the status of sites has been generated for 30 June 2010 on the basis of an in-depth data collection exercise (see Table 1). This first inventory of the status of historic sites does not allow the change in the percentage of heritage sites categorised as stable or deteriorating to be mapped, but will be comparable to the annual data generated through AMIS, and will provide valuable baseline data for reporting in future years.

> Increase in the number of key heritage sites at which the core history is safeguarded, the values are identified, and these values are communicated.

As an indicator of this measure, DOC counts the number of heritage assessment reports completed to the Department's standards for the 591 sites that are

TABLE 1. THE PERCENTAGE OF KEY HERITAGE SITES CATEGORISED AS STABLE OR DETERIORATING.

TOTAL NUMBER OF SITES	SITES STABLE[19]	SITES DETERIORATING[20]
591	48.6% (287)	51.4% (304)

[18] In the annual report to 30 June 2009, the figure for actively managed sites was 656. The variance is caused by either the management of sites passing to another agency, or because the site deteriorated beyond cost-effective repair.

[19] A site is considered stable when a) all remedial/upgrade work is completed; and b) it is maintained to standard.

[20] A site is considered deteriorating when a) not all remedial/upgrade work has been completed; and/or b) it is not maintained to standard.

actively managed. These reports preserve the stories, identify the values and make information available. The intention is to safeguard key history at all 591 sites.

This indicator is reported on annually and is revised for 2009–2010 to include information about historic sites posted on DOC's website. Using the internet is a new approach and, to date, 24 reports have been made available through this medium.

In previous years, data recorded against this indicator have been for a mix of single assets, and sites which include a number of assets (see Table 2). This year, the Department is only reporting against the number of sites for which heritage assessment reports have been completed to the Department's standards for this work.

Change in visitor numbers at Icon sites in the context of departmental and whole-of New Zealand visitor numbers.

This is the first report against this indicator. It is reported for the 10 Icon sites where development is completed or advanced, and where visitor counting processes are in place (see Table 3). Visitor counting at other Icon sites will be progressively phased in as they are developed.

DOC has developed an innovative electronic device to help overcome the challenges of reliably counting visitor numbers at remote sites that have free entry, no power supply and no scheduled staff presence. The Department expects to progressively improve counting to produce annual figures that give a robust year-to-year comparison.

Visitor counting is yet to be implemented at Ohakune Coach Road, Central North Island Rail Trail and Denniston. Additionally, Kerikeri, Pukerangiora Pa, Wairau Bar and Molesworth are yet to be developed as Icon sites.

Increase in New Zealanders' aspiration to visit Icon sites.

This is a new indicator included in the *Statement of Intent 2009–2012*. The baseline is derived from the Automobile Association '101 Must-Dos for Kiwis' aspirations survey, conducted in 2008. This survey showed that 6 of the 20 historic Icon sites made the 101 threshold. The indicator will be reported 5-yearly, beginning in 2013.

TABLE 2. THE NUMBER OF HISTORIC SITES (AND ASSETS, UP TO 2008–2009) WHERE HISTORY HAS BEEN SAFEGUARDED.

	2006–2007	2007–2008	2008–2009	2009–2010
Total sites where heritage inventories have been completed *Total number of sites: 591* *Total number of assets: 1104*	222 assets and sites	299 assets and sites	385 assets and sites	165 sites

TABLE 3. ESTIMATED VISITOR NUMBERS AT THE 10 COMPLETED ICON SITES.

ICON SITE	ESTIMATED VISITOR NUMBERS 2009–2010
1. Cape Reinga, Northland	250 000
2. Ruapekapeka Pa, Northland	4 000
3. Karangahake mines, Bay of Plenty	44 000
4. Waitawheta tram, Bay of Plenty	9 000
5. Bridge to Nowhere, Whanganui	10 000
6. Government Building, Wellington	6 000
7. Ship Cove, Marlborough	22 000
8. Godley Head, Canterbury	36 000
9. Central Otago Rail Trail, Otago	24 000
10. Arrowtown Chinese settlement, Otago	45 000
	Total 450 000

STATEMENT OF SERVICE PERFORMANCE 2009–2010: MANAGEMENT OF HISTORIC HERITAGE

2009–2010 PERFORMANCE MEASURES AND TARGETS	NATIONAL COMMENTARY[21]
Historic heritage restoration	
46 historic or cultural heritage assets for which remedial work is completed to standard.	Remedial work was undertaken to standard on 33 historic or cultural heritage assets. Auckland Conservancy reported that a shortage of specialist advice delayed several restoration programmes. West Coast *Tai Poutini* Conservancy reported Banbury Mine remedial work was not completed due to unforeseen complexities and contractor delays.
742 historic or cultural heritage assets for which regular maintenance work is on track, to standard.	Regular maintenance work was on track, to standard, for 849 historic or cultural heritage assets. Northland Conservancy undertook a review and implemented an improved reporting process, which resulted in a greater number of assets undergoing maintenance being identified. West Coast *Tai Poutini* Conservancy's progress was ahead of schedule as a result of opportunities including early availability of contractors, which allowed work to be brought forward.
76 historic or cultural heritage assessment reports completed to standard.	63 historic or cultural heritage assessment reports were completed to standard. Tongariro/Taupo Conservancy reported a delay in completing an assessment due to continuing consultation with iwi. Northland Conservancy reported underestimating the technical effort involved in assessment reports. An experienced contractor has been engaged to ensure progress in the 2010–2011 year. Nelson/Marlborough Conservancy reported a heritage specialist had been redirected to higher priority work associated with Treaty settlements, tenure review and working with iwi.

OUTPUT CLASS OPERATING STATEMENT 2009–2010: MANAGEMENT OF HISTORIC HERITAGE

	ACTUAL 30/06/10 $000	MAIN ESTIMATES 30/06/10 $000	SUPP. ESTIMATES 30/06/10 $000	ACTUALS 30/06/09 $000
Revenue				
—Crown	5,139	5,389	5,139	5,554
—Other	165	477	477	153
Total revenue	5,304	5,866	5,616	5,707
Expenses	5,360	5,866	5,616	5,536
Surplus/(deficit)	**(56)**	**0**	**0**	**171**

[21] DOC considers that target performance has been achieved when the output is within a tolerance level acceptable for the nature of the operation. For field operations, this is generally within plus or minus 5% of the projected performance target.

7.

Engagement: Report against operating intentions

While DOC has long held the strategic goal of promoting awareness and understanding of conservation amongst New Zealanders, and encouraging and supporting New Zealanders' involvement in conservation, the Department is in the early stages of prioritising and planning how to deliver the most cost-effective results for this intermediate outcome.

This work is supported by ongoing efforts to improve the organisation's marketing, communications and relationships systems, and its capability in these areas.

Because of the increasingly important role local communities play in conservation, working on their own projects and alongside DOC, this intermediate outcome links closely with the objectives and achievements under the natural heritage intermediate outcomes.

Intermediate outcome 5

New Zealanders increasingly engage with conservation

What we are seeking to achieve and why

In 2010, DOC developed a new aspirational vision—*New Zealand is the greatest living space on Earth*—and a core conservation message—*conservation is an investment in New Zealanders' economic, social and environmental wellbeing*.

The vision and core conservation message give focus to DOC's efforts to shift the way New Zealanders think about conservation—to value it as an investment in all of our wellbeing and prosperity, not simply a cost—and to make conservation more relevant to people's day-to-day lives. DOC seeks to connect with New Zealanders in ways that enable them to understand the value of a healthy environment, to feel a personal connection to the environment and its benefits, and to choose to take action to protect the environment. This means that New Zealanders will engage with conservation in a range of ways: by learning about conservation and its benefits, experiencing natural and historic heritage, exercising kaitiakitanga, working on conservation projects, and contributing to debates and decisions about conservation issues.

Engagement promotes understanding and valuing of conservation, and behaviours that support conservation. Engagement can also extend opportunities for conservation-based businesses. The combined beneficial impact is stronger and more prosperous communities, and better results for natural and historic heritage.

What we did to achieve this—actions in 2009–2010

The output groups through which DOC works towards achievement of this intermediate outcome are set out in Figure 1 (in section 2.2). The performance measures for delivery of these outputs are focused on promotion activities (measured by numbers of education and communication initiatives and participants' responses to these), and on collaboration and participation (measures of volunteer participation, partnerships and partners' responses to working with the Department).

Opportunities for people to learn about conservation

- *Conservation Week 2009*: To raise awareness of conservation and New Zealand's special conservation places, the Department ran or supported more than 200 events around the country to celebrate Conservation Week 2009. More than 20 000 people participated in these events, and 3240 students from around the country enrolled in the virtual field trip to Codfish Island/Whenua Hou to learn about kākāpō.
- *Seaweek 2010*: The Department ran or contributed to more than 30 events.
- *Interactive education*: The Department continues to work with the Real Theatre Company in Auckland to take *Perils of the Deep Blue Sea* and other interactive conservation theatre performances to large audiences of families and children, in association with education activities for schools and communities.
- *Media*: The partnership continued with Television New Zealand's digital channel TVNZ 6 to create the series *Meet the Locals*, with 200 4-minute mini-documentaries showcasing every aspect of conservation in New Zealand. As well as showing on TVNZ 6 and SKY Television, the series is on the TVNZ and DOC websites, and shown in the Department's visitor centres. A special half-hour episode was funded by TVNZ 6 to play during Conservation Week 2009.
- *Sharing information*: DOC is working with other agencies in the central government Natural Resources Sector to plan a New Zealand Clearing House Mechanism for biodiversity information, a requirement under the Convention on Biological Diversity.

Education programmes for young people

- *Online resources*: In association with the Ministry of Education, teachers and educational specialists, DOC has developed a new online conservation education framework for primary school teachers, aligned with the themes of the new school curriculum. This will be launched during 2010–2011.
- *Enviroschools*: DOC has renewed its partnership with the Enviroschools Foundation, following the success of four pilot projects where Canterbury and Southland schools engaged in conservation projects with DOC. These projects have contributed to the prominence of biodiversity and conservation in the Enviroschools programme, which now involves a quarter of New Zealand schools and kura kaupapa.
- *Youth leadership*: DOC has continued its involvement in several youth leadership programmes, providing emerging young leaders with conservation experiences and knowledge, and supporting them to take leadership roles as conservation advocates in their schools and wider community. Examples are the Junior Kaitiaki Rangers in Tongariro/Taupo Conservancy; Make a Difference (MAD) about Marine in Auckland Conservancy (in partnership with Auckland Regional Council); and the Kiwi Forever programme, in partnership with the Untouched World Foundation, BNZ Save the Kiwi Trust and Ngati Rangi. A new Kiwi Forever programme with Canterbury and West Coast schools, Untouched World Foundation, BNZ Save the Kiwi Trust and Ngāi Tahu was trialled in the South Island.
- *Virtual learning:* DOC continued to fund five 3-day interactive web-based LEARNZ virtual field trips for schools, reaching 20 000 students through the virtual classroom.

Partnerships and volunteers

- DOC worked in partnership with more than 550 community groups, tangata whenua and associates, carrying out conservation work on public land and in support of its conservation programmes. The results of a 2007 survey commissioned by DOC were published, showing that 200 of DOC's community partner groups contributed $16.8 million worth of voluntary labour, funds and in-kind contributions in 1 year.
- Some specific examples of partnerships include the following:
  - Continued support for the Waikato Biodiversity Forum, providing funding and also office space for the coordinator. The Forum is a partnership between research and management agencies, iwi groups, private landowners, communities and projects about native biodiversity in the Waikato region.
  - Partnering with Ngati Porou, Youth Transition Services and the Ministry of Social Development to provide opportunities for a Ngati Porou cadetship, which offers on-the-job training and core conservation skills. The cadets successfully gained placements on the Nelson Marlborough Trainee Ranger Programme.
  - In Kaikoura, DOC works closely with the Hutton's Shearwater Trust to bring the species back to Kaikoura Peninsula. A predator-proof fence was erected by volunteers and funded by the Trust.
  - Working with the New Zealand Deerstalkers' Association, the Southland Recreational Hunting Club, Rakiura Hunter Camp Trust and the Fiordland Wapiti Foundation to promote hunting and how to be safe in the outdoors. For the first time, a joint Department-local hunter display was set up at the Southern Agricultural Field Days.
- The number of individual volunteers working on DOC projects reached some of the highest numbers seen in the last decade, with 10 536 people contributing 30 007 work days during 2009–2010. The number of young people and businesses involved in conservation volunteering continues to increase.

Working with other landowners

- *Private landowners*: Biodiversity Funds, administered by the Department, have granted more than $6.7 million (for work programmes up to 3 years long) for biodiversity protection projects on more than 98 000 hectares of private land. Landowners and other organisations involved in these projects are contributing a further $10 million, giving a significant boost to many of New Zealand's at risk species and habitats. These projects are directly assisting more than 7500 private landowners to manage the indigenous biodiversity on their properties.

- *Māori landowners*: Applications for Ngā Whenua Rāhui Kawenata (covenants) continue to be oversubscribed by hapū and iwi. Requests for advice from the Ngā Whenua Rāhui Unit, to support hapū and iwi undertaking conservation management of their lands, continues to increase.

International representation and advocacy

- DOC scientific staff contributed to the development of a post-2010 Strategic Plan for the Convention on Biological Diversity (CBD), most particularly around the 20 new targets that are science-based and SMART (specific, measurable, achievable, relevant and time-bound). Also, DOC led New Zealand's case in the negotiations for the establishment of a new Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), which is to be recommended for action at the 65th Special Session of the United Nations General Assembly in September 2010. The key purpose of IPBES will be to undertake regular and timely regional and global assessments of the status and trends of the planet's biodiversity and ecosystem services. The science information derived from the NHMS Monitoring and Reporting System will feed directly into the international IPBES process.
- *Ramsar sites*: DOC continues to support communities and landowners to identify wetland sites that may be suitable for designation as Wetlands of International Importance under the provisions of the Convention on Wetlands of International Importance (Ramsar Convention). Advice and support was also provided to community groups and landowners developing applications for Ramsar designation.
- *World Heritage sites*: DOC continues to engage with community groups and landowners to identify potential World Heritage sites for inclusion on the New Zealand World Heritage tentative list. DOC also maintains engagement with work to nominate these sites for inscription on the World Heritage List.
- *Invasive species*: Working in partnership with a number of government agencies and organisations, DOC hosted an international workshop in April 2010 on invasive species management on islands. The workshop had 82 participants representing 24 countries and 29 organisations from the Pacific, the Coral Triangle, the Indian Ocean and the Caribbean. Using an innovative model, DOC brought together donor agencies, technical providers and developing island nations to showcase successes and share lessons learned in invasive species management in New Zealand and the Pacific region. The workshop is now hailed internationally as a successful example of 'triangular partnership', highlighting the strength that can be found in bringing together these three groups to achieve global progress in conservation management.

International Year of Biodiversity

- DOC is leading New Zealand's celebrations of the International Year of Biodiversity 2010. The year was launched by the Prime Minister, John Key, in association with the launch of a Ministry of Tourism–DOC website www.spokesbird.com, which promotes the exploits of Sirocco, the world-renowned kākāpō. International Day of Biodiversity on 22 May was marked by the launch of a national photographic competition (a partnership between DOC, UNESCO, NIWA and the Royal Forest and Bird Protection Society) and an initiative for young people called Words on a Wing, where two giant kākāpō, formed from wire mesh, began touring Auckland, Hamilton and Wellington, gathering 'feather' messages about biodiversity. These messages will be taken to the Convention on Biological Diversity meeting (CBD COP10) in Japan in October 2010.

How we measured progress toward the intermediate outcome

Change in New Zealanders' understanding of important conservation issues.

The impact of DOC's efforts to increase awareness of conservation is tracked through quantitative surveys that show trends from year-to-year. This indicator was reported on for the first time in the annual report for the year ended 30 June 2006, and is reported on annually (see Figure 4).

In 2010, the main conservation issues identified by people surveyed were 'protecting native forest, bush and plants' (44%, up from 38% in 2009), followed by 'protecting native animals' (38%) and the protection of waterways and wider marine areas (35%, up from 30% in 2009 and the highest this issue has rated since 2007 when the figure was 37%). 'Pollution' was mentioned by 31%, a fall of 8% from 2009.

In mid-2010, 84% of people surveyed stated that conservation is 'important' or 'very important' to New Zealand as a country, about the same as the 2009 result (83%), and down from 86% in 2008. A further 11% said that conservation is 'unimportant' to New Zealand as a country.

Of people surveyed, 38% said that conservation is 'very important' to them personally (down 7% from 2009,

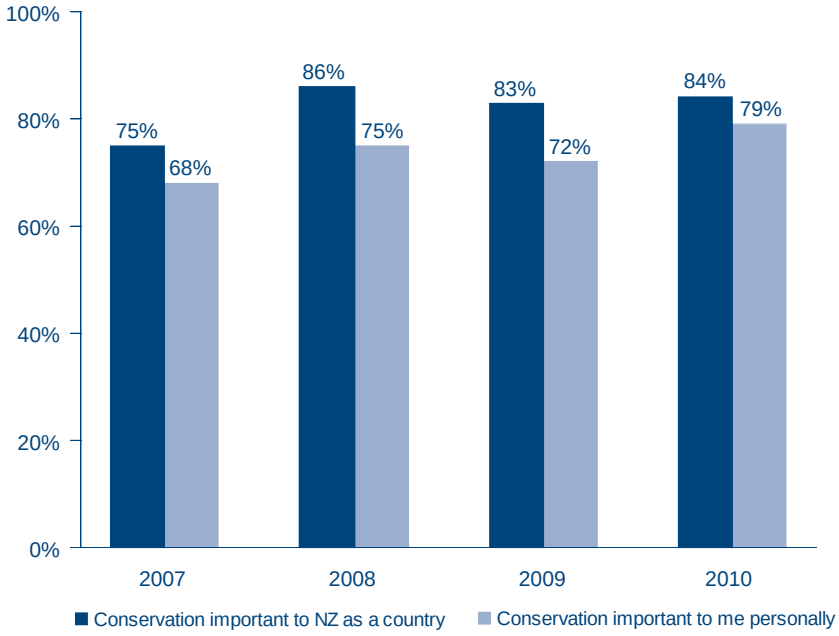


Figure 4. Yearly comparison of the percentage of people who believe conservation is 'important' or 'very important'.

but up 3% from 2008), and 41% said that it is 'somewhat important'. A further 13% said that conservation is 'unimportant' or 'somewhat unimportant' to them personally.

People rated conservation as more important to the country and the planet than to themselves as individuals.

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

This indicator uses surveys to seek feedback. It was reported on for the first time in the annual report for the year ended 30 June 2006, and has been reported on annually. Surveys of key associates provide feedback on the health of these relationships and the overall performance of DOC from the stakeholders' perspective.

For the 2008–2009 year, the research consisted of in-depth interviews with senior staff of 36 key stakeholder organisations. This was reported on in the annual report to 30 June 2009. In summary, most stakeholders interviewed believed that the Department had significantly improved the quality of its engagement over the last 3 to 5 years. Many stakeholders believed that improvements must continue to be made for the organisation to be aligned with its strategic direction. And most stakeholders were optimistic about the future of their relationships with DOC, while expressing caution in terms of the constraints, both resourcing and legislative, that it faces.

These findings, particularly the relationship issues identified, have informed and influenced several significant change initiatives within DOC during 2009–2010. This indicator has not therefore been measured again this year, because many of these changes are not complete and research would not yet offer value for money. It is planned to survey key associates again in 2011.

Change in the satisfaction of tangata whenua with the Department's activities to assist them to maintain their cultural relationships with taonga.

Surveys of tangata whenua provide feedback on the overall performance of DOC from their perspective. This indicator was reported on for the first time in the annual report for the year ended 30 June 2006, and is reported on annually.

In mid-2010, 52% of tangata whenua surveyed reported that they are 'very satisfied' or 'somewhat satisfied' with the Department's activities to assist them to maintain their cultural relationships with taonga. This is a decrease of 21% from mid-2009. Those who were 'neither satisfied nor dissatisfied' increased to 27%, from 23% in 2009.

Reasons given for being 'very' or 'somewhat' satisfied included trust, openness and good collaborative working relationships with DOC; and DOC being quick to react, making efforts to listen, improving its performance, and keeping them well informed.

Of people surveyed, 17% reported they were 'somewhat dissatisfied' and 4% said that they were 'very dissatisfied' with DOC's activities to assist them. Reasons given for this small increase from mid-2009 include inconsistency between the people on the ground and national office; an increasingly commercial perspective when dealing with concessions (that is, at the perceived expense of cultural values); and delays in communication.

Of the respondents, 58% said that DOC has performed 'very well' or 'somewhat well' over the last 12 months to

mid-2010 (compared with 65% in 2009), while 27% said it has performed 'neither well nor poorly'. Another 10% said that it has performed 'somewhat poorly', while 4% stated that it has performed 'very poorly'.

When asked to rate the quality of their organisation's relationship with DOC compared with the best other relationship that their organisation has, 69% rated it as 'a lot better' or 'somewhat better', and another 16% rated is as 'neither better nor worse'.

STATEMENT OF SERVICE PERFORMANCE 2009–2010: ENGAGEMENT

2008–2009 PERFORMANCE MEASURES AND TARGETS	NATIONAL COMMENTARY[22]
Education and communication	
365 education initiatives will be provided during the year, with greater than 70% of participants surveyed rating the initiatives as 'effective' or 'partly effective' at meeting their objectives.	460 education initiatives were provided during the year. Of the 987 participants surveyed, 950 rated the initiatives as 'effective' or 'partly effective' at meeting their objectives (96%). Canterbury Conservancy reported 49 additional requests for its education programme, which has increasingly been picked up by other schools in Christchurch. Nelson/Marlborough Conservancy took up an opportunity to run a pest control training day with its local council. Whanganui Conservancy reported 40 additional initiatives in response to an increased number of requests from schools in relation to the new curriculum.
Participation	
22 921 workday equivalents will be contributed by people volunteering.	30 007 workday equivalents were contributed by people volunteering. The target was exceeded due to a combination of factors, including favourable weather conditions over the summer, novel opportunities (such as work on islands, e.g. Tiritiri Matangi), involvement in the wetlands programme (e.g. Ō Tū Wharekai), the Otago Rail Trail and the contribution made by international student programmes.
426 partnerships will be run during the year, with greater than 80% of partners surveyed rating their contribution to conservation as 'moderate' or 'significant'.	453 partnerships were run during the year. This increased performance was due to a focus on partnerships with community groups and businesses (such as the 'buy a box' trapping programme in Southland Conservancy), and recreational groups (such as with the Te Aroha Tramping Club). 203 partners were surveyed, of which 95% (192) rated their contribution to conservation as 'moderate' or 'significant'.
30% of the 426 partnerships involve tangata whenua.	Of the 453 partnerships, 133 (29%) involved tangata whenua.

OUTPUT CLASS OPERATING STATEMENT 2009–2010: CONSERVATION WITH THE COMMUNITY (ENGAGEMENT)

	ACTUAL 30/06/10 $000	MAIN ESTIMATES 30/06/10 $000	SUPP. ESTIMATES 30/06/10 $000	ACTUALS 30/06/09 $000
Revenue				
—Crown	14,630	12,663	14,630	13,251
—Other	958	1,303	1,303	1,020
Total revenue	15,588	13,966	15,933	14,271
Expenses	14,810	13,966	15,933	13,784
Surplus/(deficit)	**778**	**0**	**0**	**487**

[22] DOC considers that target performance has been achieved when the output is within a tolerance level acceptable for the nature of the operation. For field operations, this is generally within plus or minus 5% of the projected performance target.

8.

Recreation: Report against operating intentions

Building on the recent focus on life-cycle management for visitor assets, DOC is now also looking at how to ensure the portfolio of recreation assets and services match what people want now, and what will appeal to future generations of New Zealanders. From this, DOC seeks to deliver its intermediate outcome 6 and the Government's goals for tourism and economic growth.

The Destination Management framework (DMF) has been developed with a particular focus on getting more people using conservation areas. The Framework focuses on four things: being demand driven, optimising investment, providing quality experiences, and working with others. (See also section 2.1.)

The Framework is enhancing DOC's capital asset management capability by establishing the clear purpose and vision for providing visitor facilities and services, along with processes for anticipating and responding to change, and service expectations and data management.

Another component of the Framework is appropriate and targeted research, evaluation and monitoring to inform decision-making. A national visitor monitoring implementation plan will establish procedures to collect the relevant information over time to track progress in growing participation. Research needs are being identified to fill information gaps, such as understanding demand, as are evaluation needs regarding the effectiveness and efficiency of approaches being taken.

Intermediate outcome 6

New Zealanders have increased opportunities for recreation

What we are seeking to achieve and why

New Zealanders will be able to enjoy outdoor activities on public conservation lands and waters through a range of opportunities. This range covers the spectrum of outdoor activities—from hunting, diving, tramping, walking, mountain biking, camping and motorised recreation, through to activities such as picnicking, sightseeing and doing volunteer conservation projects.

A key motivator for recreation is the setting itself; the opportunity to be in a natural setting or to visit an historic site.

Participation in this range of opportunities will be increased by improving people's awareness of recreation opportunities provided by DOC, along with their access to and use of those opportunities. Opportunities will be extended partly as a result of the Department partnering with, or complementing, others in providing recreation facilities and services.

Providing recreation opportunities will deliver benefits to New Zealanders as outlined in section 3.1. These include the employment and revenue that flow into communities from recreation concessions. Additional benefits are the contribution that outdoor recreation makes towards the New Zealand Health Strategy's[23] population health objective of increasing the level of physical activity and reducing obesity. A significant, but hard-to-measure benefit, is the contribution that recreation in New Zealand's natural areas makes to growing the awareness and appreciation that people have for these places and for what it means to be a New Zealander.

What we did to achieve this—actions in 2009–2010

The output groups through which DOC works towards achievement of this intermediate outcome are set out in Figure 1 (section 2.2). The performance measures for delivery of these outputs are focused on information provision (measures of publications), and on management of visitor facilities (measures of huts, tracks and structures that meet required standards).

DOC's recreation publication standard is an internal document developed by DOC's publications experts to guide internal publishers and external graphic designers in the production of DOC's visitor information. This helps ensure publications meet a consistent quality standard and are easily identifiable as belonging to the Department of Conservation.

Quality standards also support the management of visitor facilities. For example, huts are managed according to the *Huts Service Standard*, which sets out the level of service to be provided at all backcountry huts open to visitors on lands managed by DOC. These standards are built around the visitor groups that participate in recreational activities and the facilities and services they require. They were developed in consultation with external user groups.

Track and structure quality standards and levels of service delivery are managed to the standards set out in the New Zealand Standards Association Handbook,

[23] Ministry of Health Manatū Hauora 2000: *New Zealand Health Strategy.* Ministry of Health Manatū Hauora, Wellington. Pp. 9–12. Available at: www.moh.govt.nz.

Tracks and Outdoor Visitor Structures[24], developed with external agencies expert in track and structure construction, maintenance and use. Tracks and structures account for around $40 million of DOC's annual $120 million Recreational Opportunities budget.

DOC's comprehensive Asset Management Information System (AMIS) is used to ensure the standards for huts, tracks and structures are actively managed, with regular reports throughout the year. All recreation standards are communicated to staff and available on the intranet in the same way as those developed and used for natural heritage.

To implement the DMF, a set of actions has been identified and is being progressed to establish better decision support tools, focus DOC's effort, and encourage the delivery of quality experiences for the people who choose to visit public conservation areas. These actions fall within four areas of work that form the focus for the changes needed: being demand driven, optimising investment, providing quality experiences, and working with others.

Recreation and tourism management experts have peer reviewed the analysis, key conclusions and proposed actions of the framework, and further engagement is under way with government agencies and user groups to help test DOC's planned approaches.

Work this year included:

- Beginning a process to optimise DOC's investment in visitor facilities and services by categorising destinations into four types of opportunity: those destinations that underpin tourism; those that encourage New Zealand families to begin recreating in the outdoors; those places that are special to local communities; and a backcountry network that supports the more traditional tramping, hunting, fishing and climbing activities.
- Identifying destinations best able to support tourism (Icon destinations) and encourage New Zealanders to recreate (Gateway destinations). These form the basis for further discussion with key agencies and user groups, and will focus facility development and upgrades.
- Beginning a review of literature that explores who recreationists and tourists are, and what they want from their visits to public conservation areas. This draws on the Ministry of Tourism *Domestic Tourism Market Segmentation* study, to categorise broad types of people to help decide what facilities are required and ways to promote opportunities to more people.
- Carrying out preliminary work to highlight best practices and guide the management of destinations in order to provide appealing and usable places that meet people's needs; an area that needs improvement in DOC.
- Initiating a project to learn from tourism businesses what they expect from DOC when running businesses that rely in some way on protected areas.
- Improving public information about hunting and mountain biking, and producing a 'how to' guide for camping, which has been widely distributed. These are activities DOC seeks to encourage.
- Expanding the visitor risk management system by implementing a standard operating procedure for managing risk at visitor destinations. This aims to ensure a consistent approach is taken in identifying, evaluating and treating risks associated with new and existing visitor hazards on all land managed by the Department. Following a nationwide road show to introduce the procedure, conservancy-based staff have begun making assessments and building the priority actions into their work programmes.
- Enabling easier and faster online booking for Great Walks and a selection of popular campgrounds, cottages and backcountry huts. Several new services have also been added, including Pinnacles Hut on the Coromandel Peninsula, Angeles Hut in Nelson Lakes National Park, and cabins and campgrounds in the Bay of Islands.

Cycleways

Work in support of the Central North Island Rail Trail, the Mountains to the Sea section of the National Cycleway and the St James Cycleway falls within the priorities set by the Minister of Conservation, and progress on these is reported in section 2.1.

Other progress in support of the Government's national cycle trail initiative includes:

- Working with community group Bike Taupo to promote and develop a new cycle track on public conservation land at the northern-most tip of Lake Taupo, which has become one of the national cycleway projects.
- Ongoing work with Waikato iwi groups and other interested parties is supporting the development of concession business opportunities associated with the Central North Island Rail Trail and national cycleway.

[24] Standards New Zealand 2004: *SNZ HB 8630:2004—Tracks and Outdoor Visitor Structures*. Standards New Zealand, Wellington.

- Progressing the Hauraki Rail Trail, as outlined in section 6.

Walkways and tracks

The development of three multi-day walkways (Cape Reinga, the Tarawera Trail, and the Kauri to Coast Trail) falls within the priorities set by the Minister of Conservation, and progress on these is reported in section 2.1.

As well, a development plan for Whareroa Farm, at Paekakariki, is being produced in conjunction with existing community groups, the farm lease holder and other interested user groups.

Increasing participation

The revised Kahurangi National Park Management Plan was forwarded to the New Zealand Conservation Authority. It proposes trialling mountain biking on the Heaphy Track (during winter), on the Flora carpark to Barron Flat track (all year) and on the Killdevil Track (all year). It also proposes to allow horse riding operated by concessionaires. The Authority is considering the plan. As well, DOC is amending the Tongariro National Park Management Plan to allow mountain biking concession opportunities on Old Coach Road, and an increased number of transport operators for the Tongariro Alpine Crossing.

The Department collaborated with Sport Waikato and local town promoters to increase participation in recreation through the ECHO Walkfest, a series of 21 walks in the Coromandel and Kaimai regions, which attracted more than 600 people. Of these, 55% were new participants.

Icon sites

In Westland *Tai Poutini* National Park, the Franz Josef and Fox Glacier access roads have been sealed, dramatically improving the experience for visitors, concessionaires and locals. These roads had by far the highest volume of traffic on unsealed roads in New Zealand. The project was fully funded by the New Zealand Transport Agency.

An operational plan has been produced for the 78 000-hectare St James Pastoral Lease and is out for public comment. Along with the national cycleway project in the Waiau Valley, amenity areas at the three main access points have been improved, and the Te Araroa section over Waiau Pass has been marked.

The 65 000-hectare Oteake Conservation Park in Otago was opened, providing significant and varied recreation opportunities.

As reported in section 2.1, a proposal for a national park in Northland is under investigation.

How we measured progress toward the intermediate outcome

There are three indicators to monitor progress towards the intermediate outcome. A UMR nationwide telephone survey of a representative sample of 750 New Zealanders aged 18 years and over has been used to measures these indicators. The margin of error for the sample size of 750, for a 50% figure at the 95% confidence level, is ± 3.6%.

Change over time in New Zealanders' awareness of the Department of Conservation as a recreation provider.

An assumption underpinning the indicator is that, if people are aware that DOC provides recreation opportunities, they are also aware that they can recreate on public conservation lands and waters, should they wish to.

Of the people surveyed, 60% declared that they were aware DOC provided recreation services. Of that 60%:

- 64% responded that they were aware of some features to do with the landscape and access to it: tracks 51%, picnic areas 7%, forestry 2%, lakes/rivers/streams/wetlands 1%.
- 54% were aware of accommodation: huts 27%, camping areas 27%.
- 19% mentioned information services.
- 8% mentioned education activity.
- 5% mentioned specific activity types.

The overall level of awareness at 60% clearly has an impact on the likelihood of visitation. There appears to be a significant opportunity to grow this awareness to encourage participation in recreation.

Change over time in New Zealanders' participation in recreation on public conservation lands and waters.

Participation measures the uptake of recreation opportunities. The number of people taking part, and especially the trends over time, indicate the relevance of the available opportunities. The results from this current survey period show 33% of New Zealanders had visited a DOC-managed area, compared with 34% for 2009 and 39% for 2008. This suggests a downward trend. Further testing should reveal whether DOC's initiatives to better understand demand and grow participation will result in an upwards trend.

National parks are the most popular public conservation areas, with the percentage of people who visited a national park over the past 12 months increasing from 18% in 2009 to 21% in 2010. This does not yet match 2008's high visitation rate to national parks of 24%.

Change over time in New Zealanders' satisfaction with the quality of recreation opportunities provided.

The degree of reported satisfaction indicates whether the level of infrastructure and services enables a 'good' or 'satisfying' experience. The 2010 results show 89% of visitors were either 'satisfied' or 'very satisfied' compared with 82% in 2009 and 84% in 2008. This shows a positive trend, indicating that those visiting and recreating on public conservation land are increasingly satisfied with the level of access, and facilities and services provided to support them. The relationship between decreasing rates of participation and increasing satisfaction of those who do participate will be further explored by DOC over the coming year.

STATEMENT OF SERVICE PERFORMANCE 2009–2010: RECREATION OPPORTUNITIES

2009–2010 PERFORMANCE MEASURES AND TARGETS	NATIONAL COMMENTARY[25]
Recreation opportunities management	
295 visitor recreation and interpretation publications meet publication standard, with a target of 90%.	285 out of 388 visitor recreation and interpretation publications met publication standard (73%). Tongariro/Taupo and Southland Conservancies reported that a number of publications were completed jointly with external parties and, as such, did not meet DOC's standard. Conservancies generally report this work as being of lower priority and therefore frequently deferred.
Asset management	
90% of huts will meet the required service standard.	Out of a total of 956 huts managed, 821 (86%) met the required service standard at year end. While 12 huts had serious or critical work outstanding at year end, 107 of the 135 huts not-to-standard were as a result of outstanding service standards tasks. These tasks are part of the normal ongoing maintenance programme and are not considered serious or critical. This represents a 10% improvement in the number of huts meeting the standard compared with the previous year (76%), and confirms the further bedding-in of the asset management system rolled out in 2008–2009.
40% of tracks will meet the required service standard.	7557 kilometres of track out of a total track length of 13714 kilometres (55%) met the required service standard at year end.
98% of structures will meet the required service standard.	Out of a total of 13358 structures, 12639 (95%) met the required service standard at year end. 21 structures had serious or critical work outstanding at year end. 77 structures were closed. Meeting the target of 98% to standard will always be difficult to achieve due to the dynamic nature of the environment. At any one time, structures will be closed pending critical repairs, or have restrictions where structural work is deemed to be a low safety risk.
Business opportunities management—recreation concessions	
530 active one-off recreation concessions will be managed.	504 active one-off recreation concessions were being managed. Southland Conservancy reported that a general slow down in film industry permits (particularly aircraft landing permits) contributed to the reduced performance.
A target of 15% of the number of active longer-term recreation concessions managed will be monitored annually.	235 of the 1049 longer-term recreation concessions managed were monitored (22%). Two conservancies (East Coast Bay of Plenty and Northland) reported increased monitoring as a result of combining monitoring work with other operations.

Continued on next page

[25] DOC considers that target performance has been achieved when the output is within a tolerance level acceptable for the nature of the operation. For field operations, this is generally within plus or minus 5% of the projected performance target.

Statement of Service Performance 2009–2010: Recreation opportunities—continued

2009–2010 PERFORMANCE MEASURES AND TARGETS	NATIONAL COMMENTARY[25]
1126 active longer-term recreation concession permits, licences, leases and easements managed.	1049 active longer-term recreation concession permits, licences, leases and easements were managed. Nelson/Marlborough Conservancy reported a reduction due to older concessions reaching their expiry date and not being renewed. Canterbury Conservancy reported variance due to slow down in economic conditions. East Coast Bay of Plenty Conservancy reported a variance due to changes brought about through Treaty settlements.
Business opportunities management—other resource use concessions	
148 active one-off other resource use concessions will be managed.	178 active one-off other resource use concessions were managed. The majority of the variance came from West Coast *Tai Poutini* and Southland Conservancies, which reported an increase in extraction permits, e.g. gravel extraction, primarily due to weather conditions, causing a need for increased road maintenance. Wellington Hawke's Bay Conservancy reported an unexpected increase due to greater availability and demand for firewood.
A target of 15% of active longer-term other resource use concessions will be monitored annually.	434 active longer-term other resource use concessions were monitored annually (434 of 3023, or 14%). West Coast *Tai Poutini* Conservancy reported a change in monitoring frequency from annually to 2-yearly, as effects from specific grazing licences do not warrant annual monitoring. Southland Conservancy reported redirecting monitoring effort to the higher priority Milford/Cleddau Flood Protection project.
2916 active longer-term other resource use concession permits, licences, leases and easements managed.	3023 active longer-term other resource use concession permits, licences, leases and easements were managed.

OUTPUT CLASS OPERATING STATEMENT 2009–2010: MANAGEMENT OF RECREATION OPPORTUNITIES

	ACTUAL 30/06/10 $000	MAIN ESTIMATES 30/06/10 $000	SUPP. ESTIMATES 30/06/10 $000	ACTUALS 30/06/09 $000
Revenue				
—Crown	102,815	103,389	102,815	101,340
—Other	24,093	21,772	25,572	20,669
Total revenue	126,908	125,161	128,387	122,009
Expenses	123,325	125,161	124,587	121,048
Surplus/(deficit)	**3,583**	**0**	**3,800**	**961**

OUTPUT CLASS OPERATING STATEMENT 2009–2010: RECREATIONAL OPPORTUNITY REVIEW

	ACTUAL 30/06/10 $000	MAIN ESTIMATES 30/06/10 $000	SUPP. ESTIMATES 30/06/10 $000	ACTUALS 30/06/09 $000
Revenue				
—Crown	0	0	0	0
—Other	0	0	0	0
Total revenue	0	0	0	0
Expenses	278	400	400	334
Surplus/(deficit)	**(278)**	**(400)**	**(400)**	**(334)**

9. Business opportunities: Report against operating intentions

The term 'conservation economy' refers to the contribution that conservation makes to the health, wealth and security of New Zealand's economy.

New Zealanders, through the Government and through their own efforts, also invest extensively in conservation. Maximising the return on their investment is an obvious way to create most value for people from their investment. Doing so is likely to increase the extent to which they value conservation and broaden the reasons for this support.

One way to maximise the return on investment is to enable commercial activities on, or associated with, public conservation lands. DOC is moving to put in place a more commercial approach to how it engages with business and commercial activities. Particular areas of focus are improving DOC's ability to deliver positive commercial outcomes, building productive business partnerships that deliver conservation gains, and increasing net revenue flows, all in the context of enabling business opportunities that are consistent with conservation to raise New Zealand's prosperity.

Intermediate outcome 7

Business opportunities consistent with conservation are enabled

What we are seeking to achieve and why

More business opportunities will be enabled, delivering increased economic prosperity and conservation gain. Businesses and DOC will be able to operate together in ways that deliver environmental, social and economic benefits to New Zealanders.

These benefits include the employment and revenue that flows into communities, and the revenue, carbon credits and branding benefits that businesses receive. Additional environmental benefits include the contributions to conservation that come from resources generated by business opportunities, and from wider recognition of the links between conservation and successful businesses; and of the economic value that flows from conservation-based business. A wider range of people will have a stake in conservation. Conservation management will benefit from the different ideas and initiatives likely to come from interactions with the commercial sector.

Recreation concessions help to broaden the range of recreation opportunities available, and so help to meet the needs and preferences of a wider range of people. Other benefits flow from concessions that enable activities such as telecommunications transmission, grazing and prospecting.

What we did to achieve this—actions in 2009–2010

The output groups through which DOC works towards achievement of this intermediate outcome are set out in Figure 1 (in section 2.2). The performance measures for delivery of these outputs are focused on management and monitoring of both recreation and 'other resource use' concessions.

DOC established a Commercial Business Unit (CBU) in February 2010. The key objectives of this unit are to:

- Improve DOC's ability to deliver positive commercial outcomes.
- Build productive business partnerships that deliver conservation gains.
- Increase net revenue flows.
- Increase New Zealand's prosperity through wise use of conservation assets.

Specific actions that the CBU has been initiating in 2009–2010 include:

- Working in partnership with the private sector campground industry to identify new opportunities for commercial camps on public conservation land. This is reported more fully in section 2.1.
- Reviewing the objectives and operations of DOC's national network of visitor centres.
- Providing tourism concessionaires with an opportunity to have information about their operations hosted within the DOC website to improve visitor information and enable more business opportunities for concessionaires.
- Reviewing pricing of DOC's hut and camp system. Great Walk Hut fees were increased, while conservation campground fees remained the same.

Other actions to deliver on this intermediate outcome during 2009–2010 include the review of concessions processes, and the work to develop a joint process for concessions and resource consents for nationally significant activities. These actions responded to Ministerial priorities and so are reported on in section 2.1.

The efficiency and effectiveness of low-impact concession processing (for both DOC and applicants)

is being improved by the full implementation of the conforming non-notified process. Under this process, publicly available schedules provide details of acceptable activities and relevant conditions at specific locations, so that concessions can be processed with fewer costs for applicants, faster decision-making and greater certainty of outcome.

DOC also provided policy advice on options to create a more workable regulatory regime for the aquaculture sector, and technical support to the Environment and Fisheries Ministers' Aquaculture Technical Advisory Group.

Supporting regional development

DOC has supported the establishment and running of the Te Urewera Rainforest Route tourism cluster. This self-started group of independent tourism operators has now established the former SH38 through Te Urewera National Park as a touring route, with official signs in place. The group continues to advance a strategy that sees development of eco-tourism on public conservation lands as critical to social and economic development for a number of largely Māori, impoverished and remote communities. A business partnership between DOC and Network Murupara provides visitor information services by tangata whenua in the Murupara community. The relationship also offers Network Murupara a ground-level opportunity to establish a viable business infrastructure while avoiding many of the risks inherent with start-up businesses.

DOC worked closely with private landowners on the Queen Charlotte Walking Track to ensure continued public access to private land along the track by putting in place a system for landowners to charge for that access. The track is a significant contributor to the region's economy.

In Wellington, DOC worked with tourism consultants, the Regional Tourism Organisation and Tourism Industry Association New Zealand (TIA) to develop processes and plans for increasing tourism on public conservation land.

The Te Amo Taiao project successfully completed its first year. The 2-year initiative in DOC's Whanganui Area was set up jointly with Horizons Regional Council, the Ministry of Social Development and Te Puni Kokiri to develop a skill base among local iwi who are then able to compete in the open market for conservation contracts. Five trainees graduated.

The Bay of Plenty Energy Lease and Easement concessions were signed off in March 2010 to permit the establishment of a 12-metre-high weir/dam on the Kaituna River to generate power. As part of the project, parts of the Upper Kaituna Scenic Reserve will be used for structures and inundation. The project is expected to generate approximately 13.5 megawatts of power for local consumption.

In Northland, 41 business opportunities were enabled through the concessions process, about half of them for guided walks. Guided walks are a popular business opportunity which can operate in remote locations and require minimal set-up costs. This is an example where the conforming non-notified process enabled a faster process that was easier and cheaper for applicants, with 32 tracks identified as appropriate to include. Northland is currently investigating other opportunities to assist iwi to identify and quantify business opportunities on public conservation lands.

Delivering more conservation

A project to protect and restore internationally significant wetlands in the South Island West Coast's glacier region has been supported by Air New Zealand Environment Trust. The project will protect and restore wetland, podocarp forest and coastal habitats of the Ōkārito Lagoon system and kahikatea swamp forest around Lake Wahapo.

Also on the West Coast of the South Island, Solid Energy New Zealand Limited continued to contribute half the annual resources required for blue duck/whio conservation programmes. The BNZ Save the Kiwi Trust funds a significant part of the rowi/Ōkārito brown kiwi programme at Ōkārito, as well as many other DOC and community kiwi projects.

Sponsorship from Setpoint Solutions has supported a community-based species recovery plan developed for jewelled gecko/moko kākāriki on the Otago Peninsula. As an unexpected bonus, the work connected with this project assisted the successful repatriation of 17 geckos taken from this area by international wildlife smugglers.

Southern Discoveries is funding the Sinbad Sanctuary Project, which will see the Sinbad Gully in Milford Sound become a sanctuary for some of New Zealand's most endangered native species. This is done as part of DOC's work with the Fiordland Conservation Trust, established in 2007.

Advice on energy and water efficiency and renewable energy is provided by Right House to help DOC introduce sustainable practices and achieve its goal of becoming carbon-neutral by 2012. Partnerships with Television New Zealand's digital channel TVNZ 6, New Zealand Aluminium Smelters Limited (Kākāpō Recovery Programme), Mitre 10 (Takahē Rescue) and many regional initiatives, continue to make a solid contribution to conservation.

DOC is also working closely with the industry body, Textiles NZ, to explore ways in which more possum fur can be recovered from public conservation land, while

still ensuring the biodiversity goals of pest management are being fully met.

How we measured progress toward the intermediate outcome

The indicator for the equivalent intermediate outcome in previous statements of intent ('Appropriate business opportunities are allowed') measured change over time in the number of significant adverse effects from concession activities. This indicator was discontinued because of the difficulty of reporting the information, and because it did not adequately reflect the intentions of the new intermediate outcome.

Indicators will be developed in 2010–2011 as part of the work of the new Commercial Business Unit.

In the meantime, there is no indicator for this intermediate outcome.

10.

Policy advice, ministerial services, management planning, and servicing statutory and ministerial bodies: Report against operating intentions

10.1

Policy advice

DOC contributed to government priorities and the intermediate outcomes by providing effective policy advice on major initiatives, Treaty of Waitangi settlements, and foreshore and seabed agreement negotiations, and proposals for amending legislation and regulations.

Section 2.1, which reports on progress against the Minister of Conservation's priorities, includes a number of areas where policy advice was provided. These include improving the concessions regime, and contributing to Phase Two of Resource Management Act reform, to Treaty of Waitangi settlements, and to the review of section 4 of the Crown Minerals Act. Other Ministerial priorities for which advice was provided were the review of tax laws in relation to conservation work, proposals for carbon sequestration, the review of non-departmental funds supporting conservation on private land, the establishment of the Big Game Hunting Council as part of a national wild game management strategy, and freshwater issues.

In addition, previous sections of this report discussing the intermediate outcomes include specific policy contributions.

Policy advice with a more general application across conservation issues includes:

- Contributing to regulatory reform and natural resource sector development, including aquaculture.
- Contributing to a Ministry of Agriculture and Forestry-led review of the system for managing established pests in New Zealand.
- Reviewing the efficiency and effectiveness of the statutory processes in the Conservation Act 1987 and related legislation.
- Contributing to the policy discussions developing options for a possible replacement of the Foreshore and Seabed Act 2004.
- Providing advice on coastal resource management policy in response to the report and recommendations of the New Zealand Coastal Policy Statement Board of Inquiry.

DOC also commented on:

- Eight national environment standards (NES) for seawater rise, freshwater, air quality, drinking water sources, plantation forest, stormwater runoff, telecommunications facilities (scoping), and preliminary assessment for contaminated sites.
- Three national policy statements (NPS) for biodiversity (scoping), renewable energy, and freshwater.

10.2

Ministerial services

Ministerial services focuses on providing effective services to the Minister of Conservation. This includes writing submissions, drafting replies to Ministerial correspondence and Parliamentary questions, and responding to Ministerial requests for information.

The Ministerial Services Unit operates from the Department's national office and from the Minister's office. Annual reporting of this activity has traditionally been based on the work of the national office unit. However, growing public use of email communication has led to a significant increase in the volume of correspondence (most of it processed within the Minister's office). The numbers of email and mail transactions processed are reported in Table 4.

TABLE 4. MINISTERIAL-RELATED EMAIL AND MAIL TRANSACTIONS PROCESSED DURING 2009–2010 COMPARED WITH PREVIOUS YEARS.

	2004–2005	2005–2006	2006–2007	2007–2008	2008–2009	2009–2010
Ministerial correspondence*	1366	1682	1203	1678	991	1473
Ministerial requests for information	317	394	456	526	580	655
Departmental submissions	455	365	338	355	336	296
Official Information Act requests to the Minister	78	81	72	87	49	66
Official Information Act requests to DOC	100	111	71	54	113	193
Parliamentary Questions for written answer	220	271	261	211	120	238
Email correspondence (Minister's office)	–	10056	11435	10297	11311	21563
Mail correspondence (Minister's office)	–	490	550	418	434	303

* Ministerial correspondence is supported and supplemented by mail and email communications undertaken by a staff member seconded to the Minister's office.

10.3

Statutory and ministerially appointed bodies

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

The NZCA's role is to advise the Minister of Conservation and the Director-General of Conservation on issues of national importance for conservation. The Authority is also responsible for approving the General Policy for National Parks, as well as conservation management strategies and national park management plans, which set objectives for DOC's management of public conservation areas. This is discussed further in section 10.4. Authority members are appointed for a 3-year term and may be re-appointed. The Authority's current term of is 1 June 2008 to 31 May 2011.

There are 13 regional conservation boards, each with a defined geographical area and up to 12 members. The boards are involved in conservation planning, policy and management advice. A conservation board's role, set out in section 6M(1) of the Conservation Act 1987, includes making recommendations to the NZCA and the Director-General of Conservation on conservation management strategies, and approving conservation management plans.

DOC also provides services to two ministerial bodies—the independent committees of Ngā Whenua Rāhui and the Nature Heritage Funds.

The goal of the Ngā Whenua Rāhui fund is to provide incentives for voluntary protection of native ecosystems on Māori-owned land that represent a range of the natural diversity originally present in New Zealand. Applications are assessed against the fund's ecological criteria of representativeness, sustainability and landscape integrity. Also taken into account is the Statement of National Priorities for Protecting Rare and Threatened Biodiversity on Private Land (2007), as well as the spiritual and cultural values Māori associate with their lands. The Ngā Whenua Rāhui Komiti also allocates funds to increase tangata whenua participation in managing biodiversity in ways consistent with mātauranga Māori (customary knowledge).

The Nature Heritage Fund's role is to protect native ecosystems that represent the full range of natural diversity originally present in the New Zealand landscape, and it seeks to do this by providing incentives for voluntary conservation.

Further information on the achievements of the Nature Heritage and Ngā Whenua Rāhui Funds is provided in section 5.

DOC services a number of other statutory bodies with local responsibilities, such as the Guardians of Lakes Manapouri, Monowai and Te Anau, the Taupo Fishery Advisory Committee, and the Joint Management Committee established under the Ngāti Awa Claims Settlement Act 2005.

10.4

Management planning

Part of the context within which DOC operates is a statutory planning framework required by the Conservation Act 1987 and the National Parks Act 1980. The framework consists of the Conservation General Policy, the National Parks General Policy and the strategies and plans that sit below these policies.

A series of conservation management strategies (CMSs) identify the places DOC manages on behalf of

New Zealanders, and establish 'outcomes at places' and high-level management objectives. CMSs are drafted by DOC in consultation with the relevant conservation boards, and other stakeholders such as local authorities. Public consultation is a critical part of this process.

Once drafted, conservation boards send the drafts to the NZCA, which is responsible for approving CMSs. Once approved, the strategies provide guidance to DOC for its management of public conservation lands and waters.

During 2009–2010, a new approach to CMS structure and content was developed and discussed with the NZCA. The new approach, which will begin in October 2010, will deliver a more concise, strategic, place-based document that is more closely aligned with the *Statement of Intent* and will provide better links to the Department's business planning.

Other management planning achievements:

- The NZCA approved the West Coast CMS, and is considering the combined Rakiura CMS/National Park Management Plan and the partial review of the Kahurangi National Park Management Plan.
- Reviews of the Whanganui and Mt Aspiring National Park Management Plans are nearing completion, and are likely to be presented to the NZCA later in 2010.
- The public has been engaged with a discussion document that will inform possible amendments to the Tongariro National Park Plan.
- A management plan for the Abel Tasman Foreshore Scenic Reserve is being developed jointly by the Tasman District Council and the Department.

STATEMENT OF SERVICE PERFORMANCE 2009–2010: POLICY ADVICE AND SERVICES

2009–2010 PERFORMANCE MEASURES AND TARGETS	NATIONAL COMMENTARY[26]
Policy advice	
Policy advice will be provided in accordance with the work programme and to the quality standards agreed with the Minister.	The Department provided a range of policy advice to the Minister of Conservation. This was in accordance with the agreed work programme set by the Director-General, and the policy provided met the Minister's requirements. This year's primary focus has been on freshwater, coastal policy, climate change, regulatory review and natural resources sector development.
Ministerial servicing	
It is expected that the Department will send 350–400 submissions to the Minister.	296 submissions were sent to the Minister.
It is expected that the Department will receive 60–70 ministerial Official Information Act requests.	66 ministerial Official Information Act requests were received.
It is expected that the Department will receive 300–350 Parliamentary Questions with 100% meeting the ministerial deadline.	238 Parliamentary Questions were received, with 100% meeting the ministerial deadline.

OUTPUT CLASS OPERATING STATEMENT 2009–2010: POLICY ADVICE AND SERVICES

	ACTUAL 30/06/10 $000	MAIN ESTIMATES 30/06/10 $000	SUPP. ESTIMATES 30/06/10 $000	ACTUALS 30/06/09 $000
Revenue				
—Crown	5,328	6,915	5,328	6,397
—Other	485	530	530	121
Total revenue	5,813	7,445	5,858	6,518
Expenses	4,859	7,445	5,858	6,289
Surplus/(deficit)	**954**	**0**	**0**	**229**

[26] DOC considers that target performance has been achieved when the output is within a tolerance level acceptable for the nature of the operation. This is generally within plus or minus 5% of the projected performance target.

11.

Managing in a changeable operating environment

11.1

External drivers, current risks and mitigation strategies

The wider environment creates both opportunities and challenges. The Government's accounts are in deficit and are not expected to return to surplus until 2016, with government debt levels expected to increase substantially over several years. DOC, in common with the rest of the public sector, faces the challenges of delivering better, smarter public services within current resources; managing public expectations as to what it should deliver; and continuing to improve its ability to recruit, retain and develop staff.

DOC's response is the ongoing development of the efficiency and effectiveness initiatives outlined in section 2.1 (NHMS, the DMF, and the six 'prioritising for the future' work streams).

Native plants, animals and ecosystems continue to decline, and human demand continues to place pressure on natural resources and the ability of ecosystems to continue to deliver ecosystem services. Climate change will exacerbate these issues.

DOC's response is to work more effectively with what it has, and to be proactive in collaborating with others. This includes building on the increasing public interest in conservation and willingness to do conservation work, and building on the markets that are emerging around the '100% Pure New Zealand' brand and carbon offsets.

There are signs of economic stabilisation internationally and nationally, although the durability and the rate of the economic recovery remain uncertain. DOC continues to progress initiatives to contribute to New Zealand's economic prosperity, particularly in response to the Government's priorities (see section 2.1).

Treaty of Waitangi settlements are changing the governance and management of some conservation areas. The practical implications of these agreements will be worked through as settlements are implemented. DOC sees both challenges and opportunities in the settlement process, including opportunities for more work with iwi and hapū to achieve conservation outcomes.

Demographic forecasts indicate challenges and opportunities, both for staff recruitment and retention, and for the ways in which DOC interacts with New Zealanders, who are becoming increasingly diverse and urban. Sections 5–9 (Operating intentions) and section 12 (Organisational health and capability) discuss work under way to respond to these issues.

The operating environment is also influenced by unpredictable and/or unmanageable events (such as fire, adverse weather, biosecurity incursions and volcanic eruptions), which could compromise natural heritage, or the ability to deliver recreation and other outdoor opportunities.

11.2

Corporate governance

DOC's corporate governance structure provides the direction, oversight, and checks and balances necessary to retain high performance, manage risks and maximise opportunities. Key aspects of the governance structure are outlined below:

- The Executive Leadership Team is made up of the Director-General and all eight General Managers. The team meets each month for 2 days, and three times each year the meeting is extended by two additional high-level planning days. The team's purpose is to set strategy and culture, and provide cohesive leadership for DOC.
- The Risk and Assurance Committee is an independent committee of two external experts, which meets quarterly. The Chief Internal Auditor is the secretary to the Committee and reports to the Director-General through the Chair of the Committee. It receives reports from the Chief Internal Auditor, and provides advice to the Director-General to help him exercise oversight of the integrity of the financial, operational, internal control, risk management and legislative compliance systems.
- The Finance Committee is chaired by the General Manager Corporate Services, and includes four other General Managers and the Director, Commercial Business. The Committee is supported by the Chief Financial Officer. The Committee provides advice to the Executive Leadership Team on financial and business issues, such as expenditure, long-term financial plans and strategy and reporting against performance.

- The Investment Business Committee is chaired by the General Manager, People and Organisation Development, and includes the Director-General, all General Managers, the Chief Information Officer, the Chief Financial Officer and the Chief Internal Auditor. The primary objective is to ensure that there is strong governance provided across DOC's key initiatives, whether they be programmes, projects or work streams, and that the Executive Leadership Team has the information it needs to make informed decisions that are essential to the Department achieving its overall objectives.
- The Sustainability Advisory Group is the governance body for energy-efficient and sustainable business practices. It includes the Director-General, five General Managers and the Chief Financial Officer.

11.3
Risk management framework

Risk management is part of the accountability of all managers and staff and is embedded in departmental systems, primarily through the monthly operating reviews held between staff and managers. These reviews are an established management practice, and regularly cover results achieved, and risks encountered and mitigated in programme delivery.

The risk management system built into business planning specifies categories of risk relating to DOC's operating environment. Managers are required to identify potential risks, and assess both the likelihood of the risk materialising and the possible consequences if it does. Risks are managed by selecting the best option, considering the potential cost of the risks involved and the aim of achieving work plan outcomes. Identifying and measuring risks, and developing mitigation options are also part of the life cycle of any work plan, particularly when there is a major change in circumstances that will affect the work.

Each General Manager runs a risk register for his or her own functional areas, and any critical risks are brought to the monthly meeting of the Executive Leadership Team and, if appropriate, placed on the Executive Leadership Team risk register.

The Legislative Compliance Register identifies key legal risks that would have high consequences and a high likelihood of occurring. General Managers, Conservators, and managers in the Research and Development Group must annually attest, through a letter of representation, that the key legislative requirements within their areas of accountability have been complied with.

Executive Leadership Team meetings include a joint environmental scan. This focuses both on key issues relating to each General Manager's functional area, and on issues relevant or potentially relevant to DOC overall. A more comprehensive environmental scan is undertaken at the high-level planning days held three times each year.

11.4
Health and safety

DOC is committed to achieving a high level of health and safety performance by providing an environment for staff to work safely and without risk to health. Accountability is with line management, supported by a robust and well-imbedded health and safety management system, and operational safety procedures. During the year, DOC developed a Health and Safety Plan, which links to the New Zealand Workplace Health and Safety Strategy. The Plan focuses on achieving specific goals under the outcomes of Leadership and Practices, Preventative Workplace Cultures, and Industry Leadership and Community Engagement. It also sets out goals for the coming years. It is expected that the full benefits of the Plan will not be realised for another 2 to 3 years.

Also during the year, DOC released its first Annual Health and Safety Report. This internal report covers initiatives that were implemented during the year, such as the cancer support network and the competency system as part of the Risk Manager software. It also provides trends on incidents and injury. One area of focus is Accident Compensation Corporation (ACC) claims. While the Department enjoyed a 23% reduction in claims over a 3-year period to March 2009, these have increased by a similar amount over the last year, although the cost of claims has reduced.

12.

Organisational health and capability

This section reports on the main initiatives DOC undertook in 2009–2010 to strengthen its ability to work towards achievement of the outcome and the seven intermediate outcomes. It includes a report on equal employment opportunities.

In addition to the particular initiatives reported on in this section, DOC continues to ensure that its information technology and financial management systems are fit for purpose and foster ongoing improvements in efficiency and effectiveness.

As outlined in section 2.1, in response to the Government's priority for improved efficiency and effectiveness in the delivery of public services, DOC is progressing the work streams of its 'prioritising for the future' programme, which are designed to reduce costs, increase revenue and improve services.

12.1

Organisational culture

What we are seeking to achieve and why

DOC's *People Plan* was significantly updated during 2009–2010, and is now the *People Strategy 2020*, which has set the following goals for the Department's organisational development and culture:

- Develop and build the capability of our people, ensuring that they are able to perform their roles effectively, and have the skills necessary to contribute and function within DOC.
- Improve the effectiveness of our organisational systems, to support the development of our people, enabling them to perform in a complex environment and adapt to change.
- Develop a connected, engaged and thriving organisational culture that values different perspectives, is highly collaborative, is oriented towards strengths, and is innovative and motivated to achieve our desired outcomes.
- Develop passionate leaders who inspire, motivate, and develop others.

Work towards these goals focuses on organisational vision, strategy, understanding the culture, using assessment tools to help shape our understanding, reshaping leadership development, understanding the trends that might influence the future of DOC's work, and improving learning and development systems. It also means working across the organisation to connect it more to itself, and to help people understand the importance of 'how' they work, as well as the importance of 'what' they are working on.

What we did to achieve this—actions in 2009–2010

The 10-year *People Strategy 2020* articulates the future DOC is moving into, and the changes it needs to make to its capability and organisational culture. During the year, the approach to capability development was reshaped, and a wide range of staff had access to sessions on developing team goals, team performance, engagement, relationship building, systems thinking, team strategy and team dynamics, dialogue and mental models. Also, a project began on the 'future of work', and information and expertise were shared across the public sector on work and projects held in common.

The Executive Leadership Team has continued to communicate the behaviours and characteristics it wishes to see, that reflect high performance teams and organisations. This work has provided strong direction and input into culture-shaping initiatives, and capability development planning, and its core conservation message project (see section 7).

DOC continues to measure levels of staff engagement using the Gallup Q12 survey, with widespread participation and strong levels of action planning resulting from this. The 2009 results (the second year DOC participated in the survey) achieved an overall grand mean of 3.88, compared with 3.77 in 2008. This 0.1% movement is a meaningful improvement and puts DOC in the 67th percentile for the New Zealand state sector.

12.2

Leadership

What we are seeking to achieve and why

The context for this work is set by DOC's goals for leadership, as set out in section 12.1.

What we did to achieve this—actions in 2009–2010

The leadership development framework was created to describe how DOC will identify and develop leaders. Development ranges from participation in leadership programmes, to experiential learning and ongoing reflection practices. The framework also clarifies the organisation's expectations of leaders' behaviours

and practices, and the core values that leaders are expected to exemplify. Existing leadership programmes have been aligned with this framework to create leadership development pathways. Implementation of the framework requires the development of two new programmes; one is being designed during 2010–2011, and the other the following year.

During 2009–2010, 53 participants began DOC's 9-month leadership development programme. The first 20 completed the programme in March 2010, and the remainder are due to complete it in September 2010. Twelve of this second group are from Land Information New Zealand. This collaboration will develop leadership capability within both organisations, and also stronger relationships between them. A formal review of the leadership development programme is scheduled for October and November 2010.

12.3
Systems for people and organisational development

What we are seeking to achieve and why

The context for this work is set by DOC's goals for organisational culture and development, as set out in section 12.1.

What we did to achieve this—actions in 2009–2010

The focus has been on making systems and processes more effective, and as simple as possible. The focus on simplicity is deliberate—to reduce processes to no more than is absolutely necessary.

A review of the performance management system was completed, and improvements were designed to better support DOC's goal of building the capability of its people. The system has been renamed the Performance and Development System.

A new learning management system was developed and tested, which, for the first time, will provide a single source of information on staff learning and development progress.

Guidelines have been developed to run a DOC internship programme. The objective of the programme is to provide a mechanism to build capability in young graduates, and embed conservation thinking into their approach to work.

A trial of DOC's talent management system was completed with the Research and Development Group, involving 130 staff and managers. The trial results have been used to simplify the process. The system will be integrated with the performance and development system during the coming financial year.

12.4
Relationships and communications systems

What we are seeking to achieve and why

DOC works actively with others to achieve conservation results and tell conservation stories. Capability development in this area is designed to build on this experience and further enhance DOC's effectiveness in communications, marketing and effective stakeholder relationships.

A specific focus of DOC's relationship management and communications is ongoing development of capability for effective engagement with tangata whenua in support of conservation management. As part of giving effect to the principles of the Treaty of Waitangi, DOC engages with tangata whenua on cultural and natural heritage values. This includes empowering Māori communities to fulfil their customary duty as kaitiaki of taonga, and encouraging their participation in conservation delivery and support for conservation.

What we did to achieve this—actions in 2009–2010

- New relationship guidelines were developed for staff to improve relationships with people and organisations in the wider community. In addition, DOC contributed to several initiatives to improve government/community relationships, including the development of relationship principles and engagement guidelines.
- The Tauira Kaitiaki Taiao Conservation Cadetship is proving to be a successful initiative between DOC, Te Puni Kōkiri and Ngā Whenua Rāhui. The 15 tauira from Northland, East Coast Bay of Plenty and Tongariro/Taupo Conservancies have progressed well in their studies and work placement within associated area offices, and are on track to graduate in November 2010. This cadetship is supporting the government priority of increasing frontline services. Increasing conservation knowledge amongst the tauira and their hapū and iwi also leads to supporting post-Treaty settlement processes, and encourages more hapū and iwi participation in exercising kaitiakitanga over both public conservation areas and Māori land. The cadetship is also covered in section 12.7.

- The Mātauranga Kura Taiao fund, which is administered through the Ngā Whenua Rāhui Komiti, provides support for wānanga to revitalise traditional knowledge amongst whānau, hapū and iwi about biodiversity and conservation management. The level of interest is such that it is currently oversubscribed.
- A Channel Strategy is identifying the best ways to deliver information and transactional services to customers. Research and an investigation of the cost to serve customers by various channels (for example the internet, telephone, face-to-face) continues. This will provide a clear picture of the channels customers use, and would like to use, when engaging with DOC, and the cost of providing those channels.

12.5
The natural heritage management system

What we are seeking to achieve and why

The Natural Heritage Management System (NHMS) is a multi-pronged programme of work designed to create a nationally consistent, scientifically sound system of natural heritage management, which enables prioritisation and planning, and enables achievement to be monitored.

What we did to achieve this—actions in 2009–2010

The ongoing progress of NHMS, the main developments achieved in the past year, and the benefits it will deliver are outlined in section 5. This includes progress with tools development to assist prioritisation, and monitoring, evaluation and reporting of progress in conserving natural heritage.

12.6
Knowledge and its application

What we are seeking to achieve and why

To achieve ongoing conservation gains, DOC must continue to develop its knowledge base, and tools and techniques to use this knowledge wisely. Investment and knowledge generation are maximised through strong strategic alliances with other science providers, and with the international science and conservation community. A key means to optimise DOC's science investment has been through participating in the Outcome-Based Investment (OBI) programmes funded through the Foundation for Research, Science and Technology. These programmes have the potential to deliver much more research than would be possible for DOC on its own. DOC seeks to maximise the benefits from this investment, in particular by working with others to develop systems to promote timely translation of research results into operational applications. The OBIs have continued to add real value to DOC's work, by introducing new understandings about the identity, threat status and management of species, and in the functioning of ecosystems at multiple scales.

What we did to achieve this—actions in 2009–2010

- DOC has contributed to whole-of-government science capability by being actively involved in assisting with the implementation of the recommendations of the ministerial taskforce report into Crown Research Institutes (CRIs). This includes completing a draft set of end-user research and science priorities to inform the various taskforce implementation work streams, as they roll out major repositioning to the New Zealand science system.
- A Science Capability Development Plan has been completed. The plan traverses seven strategic development priorities: science direction; enhancing DOC's human capital; leadership in science; funding; leveraging and brokering DOC's science relationships; innovation in science; and communicating science. The ultimate purpose of the plan is to mainstream science activities in DOC and the successful application of science in the business of conservation.
- The new decision support tool, 'Adapting to climate change: an approach for assessing and managing impacts on native terrestrial biodiversity in New Zealand', has been completed and submitted for publication. This new resource will be used to better understand the interaction between climate change and biological responses, and will also improve DOC's knowledge of what drives natural variability in species populations and in ecosystems.
- The first year of ground-breaking research work has been completed on developing new models to assess biodiversity condition at potential impact and offset sites, contributing to the multi-agency Cross Departmental Research Pool (CDRP) programme on biodiversity offsetting. This programme is an innovative collaboration between DOC, the Ministry of Economic Development, MAF and Land Information New Zealand. It is intended to reveal new ways to engage with the business community over commercial developments on conservation land, while maintaining a standard of no net loss of biodiversity.

- DOC has been working with a range of government and non-government agencies on the first coastal project to be carried out under the Ocean Survey 2020 programme. Coordinated by Land Information New Zealand and focused on the Bay of Islands, this project included research that will assist agencies to develop and manage coastal resources in a more effective and sustainable way.
- Ongoing research includes: the science of developing new ways to measure the status and trends of animal and plant species and ecosystems; a multifaceted programme of work on 1080 use; development of more efficient and safer methods to control pests and weeds; new wetland restoration techniques; and application of technologies to detect and count birds, reptiles and insects, in order to improve management efficiency.

12.7
Equal employment opportunities

What we are seeking to achieve and why

DOC's primary goal for equal employment opportunities is to increase the participation of target groups in the organisation to better reflect the current and projected demographic profile of New Zealand's population. DOC is seeking to increase the overall numbers of staff in target groups, as well as in specific areas (such as leadership), and to nurture a culture where differences are valued and respected.

Increasing the diversity of DOC's workforce supports the future outlined in the *People Strategy 2020:*

> *DOC works with others to preserve New Zealand's natural and historic heritage, to connect people with the source of their identity, and to enable New Zealanders to enjoy and prosper from their natural environment.*

What we did to achieve this—actions in 2009–2010

The 'Future of Work' project began early in 2010, with the first phase due for completion in August 2010. The resulting report will provide direction for addressing challenges DOC faces in increasing the participation of target groups in its workforce.

The talent management system trialled during the year (see section 12.3) provides a tool to identify the ability, aspiration and engagement of staff, and a process to create development plans for every staff member. The system also provides a process for managers to identify critical roles in the Department, allowing succession plans to be developed for those roles. Each of these processes helps develop the talent and career opportunities for target group members.

Work continued on a Māori Capability framework, and as discussed in section 12.4, the pilot Māori cadetship scheme (Tauira Kaitiaki Taiao Conservation Cadetship) continued during the year.

Table 5 provides a breakdown of DOC's equal employment opportunity target groups at 30 June 2010.

TABLE 5. EQUAL EMPLOYMENT TARGET GROUP STATISTICS AT 30 JUNE 2010.

	2003	2004	2005	2006	2007	2008	2009	2010
Women	33.10%	33.00%	34.10%	34.70%	35.60%	36.30%	36.50%	37.60%
Māori	10.70%	10.60%	10.60%	10.40%	10.25%	10.32%	10.40%	10.70%
Pacific peoples	0.60%	0.40%	0.40%	0.30%	0.44%	0.38%	0.27%	0.37%
People with disabilities	5.50%	5.00%	4.80%	4.40%	3.90%	3.60%	3.30%	3.15%

12.8

Efficiency through sustainability

What we are seeking to achieve and why

The overall aim of DOC's Sustainability Programme is to identify and put in place initiatives that reduce the costs of conservation management by reducing resource use. In so doing, the initiatives can free up resources for conservation work by achieving operational savings, improve service delivery, reduce any adverse environmental impacts of DOC's resource use, and improve health and safety for staff. The efficiency plan focuses in particular on reducing energy costs through initiatives such as encouraging the use of technology for meetings instead of travelling to attend in person, improving energy efficiency, and replacing the petrol fleet with diesel and moving to more fuel-efficient models.

The programme is helping DOC support and value its workforce, and may have flow-on effects, such as fewer health issues due to cold and/or damp work and living spaces. DOC has continued to enhance its role as a leader in sustainable business practice, strategically partnering with other organisations at a national level, as well as locally.

What we did to achieve this—actions in 2009–2010

DOC has committed to reducing its energy use by 15% over 6 years from the base year in 2006–2007 to 30 June 2012. Initiatives undertaken to reduce electricity and diesel use included:

- Conducting solar rib roofing trials on Dumpling Hut (Milford Track). This new technology integrates solar panels with the roofing material, and had to be made kea-proof before it could be installed.
- Replacing vehicles with more fuel-efficient ones.
- Achieving savings in Wellington taxi fares by providing 'Snapper' bus tickets and prepaid Airport Flyer bus tickets.
- Installing renewable energy at campsites and huts, as noted in section 2.1.
- Trialling an electric bicycle in 15 area offices to reduce use of larger vehicles.
- Carrying out energy audits of more than 100 DOC offices and houses.
- Conducting feasibility studies of renewable technologies and energy efficiency measures on Motutapu and Matiu/Somes Islands.

To reduce water use, water saving measures (flow restrictors, shower timers) were trialled in campgrounds, DOC offices and huts.

Some of the energy and financial savings generated during 2009–2010 are detailed in Table 6.

TABLE 6. MEASURES TAKEN TO REDUCE DOC'S ENERGY USE.

2009–2010	ENERGY SAVINGS (kWh)	FINANCIAL SAVINGS (EACH YEAR)
2000 standard light bulbs were replaced with energy efficient bulbs	180 000	$36,000
45 new fridge/freezers installed, replacing older low-efficiency models	36 000	$6,750
Solar hot water at Motutapu Outdoor Education Centre (replacing diesel fuel)	100 000	$21,000
Solar panels and batteries on Maud Island (replacing diesel fuel)	11 800	$3,631
28 solar hot water heaters installed on a range of other DOC buildings to reduce electricity use	56 000	$33,600
Heat pump hot water pilots installed (10 systems)	22 500	$4,500
Solar hot water installed at four campgrounds:		
• Momorangi Motor Camp*	50 000	$10,000
• Peel Forest Campground	20 000	$4,000
• Kerr Bay Campground*	7 500	$1,500
• Trounson Kauri Park Campground*	7 500	$1,500
Total	**491 300**	**$122,481**

* Includes DOC houses.

Measuring the changes: energy use and sustainable practices

DOC monitored a number of indicators to assess its energy use and the overall environmental impact of its conservation management activities.

Fuel consumption

Increased fuel consumption overall has had the greatest impact on the energy reduction programme. While a number of initiatives, such as air travel reduction and electricity efficiency programmes, have reduced energy use in these specific areas, this gain has been negated by the increase in diesel fuel use.

DOC relies extensively on a wide range of vehicles and boats to carry out its business activities across New Zealand, often in remote locations, and is currently undertaking a review of its core vehicle fleet as part of its motor vehicle replacement policy. While this programme has not yet been completed, DOC is encouraging a general move away from petrol vehicles to more fuel efficient diesel vehicles, and to higher safety-rating vehicles. This is reflected in an increase in diesel fuel use, and a corresponding decrease in petrol use, as shown over the past 3 years by the data in Table 7.

While the increase in diesel use is offset somewhat by the decrease in petrol energy use, a range of other factors also contribute to the increase. For example, anecdotal evidence suggests some of the increase is due to staff switching from air travel to vehicle travel in response to DOC's air travel reduction programme. The increase also appears due to a change in vehicle types purchased and leased. Existing utility vehicles, when sold, have been exchanged for passenger vehicles making vehicle travel more comfortable, safer, and fuel efficient, but inadvertently further encouraging vehicle travel as a replacement for air travel.

DOC is also managing a greater land area since the energy baseline was set in 2006–2007, with overall land under protection having increased by around 5.5%, and much of it in remote hill and high country. In addition, DOC has amalgamated some conservancies and area offices to drive wider operational efficiencies, which has increased travel distances in some instances.

There is also a cyclical element in the fuel use data—a number of large capital programmes have begun over the past year, contributing to heavier fuel use. For example, the Rakiura Track is currently undergoing an extensive maintenance programme involving replacement of boardwalks with gravel to reduce future maintenance costs. Gravel, however, is sourced on the mainland, transported by diesel trucks to Bluff, shipped by diesel to the island, then distributed by power-carrier along the track network, boosting the fuel figures for the year.

Air travel

Air travel has been a particular focus for DOC as its geographical spread means a considerable amount of operating spend is on air travel. Since the baseline year, the number of kilometres travelled each year has decreased, particularly in domestic travel, as DOC emphasises to its staff the need to carefully consider travel and promotes the use of video and web conferencing. (Annual kilometres travelled in 2009–2010 were 4 245 774 km, down from 5 176 920 km in 2006–2007.)

Helicopter/fixed wing

The efficiency of helicopters in supporting field operations means they are widely used, much more so than fixed wing aircraft. The cyclical nature of field operations (for example, minimal possum monitoring over 3 or 4 years until populations build sufficiently to justify a wide-scale aerial poison operation) means helicopter fuel use can vary across years.

Helicopter fuel use for 2009–2010 was 708 057 litres. This is an increase from the base year 2006–2007 (621 290 litres) but down on the 2007–2008 year, when the helicopter energy programme was expanded to include all helicopter use (those hired by DOC staff and contractors, not just those hired by DOC).

Electricity consumption

The total electricity consumed in DOC staff buildings in 2009–2010 was 4 171 634 kWh. In the 2006–2007 baseline year, electricity consumption was 4 453 920 kWh. The energy efficiency programme run over the last year has been effective in curbing overall electricity use.

Overall energy use

Table 8 sets out overall energy use across all energy programmes, using CO_2e as the common currency to allow usage data to be compared across all programmes.

The variance data shows trends against the 2006–2007 baseline using the 2006–2007 CO_2e emission coefficients as the basis of comparison across years.

TABLE 7. ENERGY USE INDICATORS MONITORED BY DOC.

ENERGY SOURCE	METRIC	2005–2006	2006–2007	2007–2008	2008–2009	2009–2010
Staff numbers (includes temporary staff as at 30 June)	FTE	2000	2116	2003	2082	2070
Electricity§	kWh	6794028	4453920	4357873	4249332	4171634
Domestic air	km	6048011	5176920	4635705	4012923	4245774
International (long haul > 3700 km)*	km	1964054	1788730	1700374	1538153	1332677
International (short haul < 3700 km)*	km			200516	545556	386798
Diesel vehicles, boats and plant	L	1068610	1049267	1296235	1472656	1549519
Petrol vehicles, boats and plant	L	509404	567270	562539	500214	348185
Rental cars†	km	322964	439249			
Jet A1 Helicopter‡	L	694230	621290	821583	645883	708057
Aviation gas/fixed wing‡	L			39003	46840	29038
Taxi¶	km	106221	145373	85989	85992	–
Coal¶	kg	0	18530	18000	16765	–
Fuel oil (heating)	L	0	51315	27328	15403	22028
LPG (bottled)	kg	0	2849	4167	3635	5355

§ Electricity corrected data:
- 2006–2007 baseline figures double-counted national office use in Wellington Conservancy.
- 2008–2009 Electricity data corrected after annual report published due to detailed audit.

* International short-haul and long-haul flights have been separated out since 2007–2008.

† Rental cars were integrated into the petrol and diesel dataset from 2007–2008.

‡ Jet A1 and aviation gas/fixed wing have been separated out since 2007–2008.

¶ Coal and taxi: these data are insignificant and no longer collected.

TABLE 8. TONNE CO_2e—ALL MONITORED ENERGY PROGRAMMES.

	YEAR						
	2006–2007 Baseline Emissions	2007–2008 Emissions		2008–2009 Emissions		2009–2010 Emissions	
Energy Programme	CO_2e (tonne)	CO_2e (tonne)	% variance on 2006–2007 baseline	CO_2e (tonne)	% variance on 2006–2007 baseline	CO_2e (tonne)	% variance on 2006–2007 baseline
Air Travel—Domestic	932	834	-11%	722	-23%	764	-18%
Air Travel—International*	197	209	6%	229	16%	189	-4%
Diesel	2782	3437	24%	3904	40%	4108	48%
Petrol	1320	1309	-1%	1164	-12%	810	-39%
Electricity	931	930	0%	889	-5%	872	-6%
Av Gas—Fixed Wing†	0	87	100%		0%		0%
Av Gas—Fixed Wing/Helicopter†			0%	105	100%	65	100%
Jet A1—Helicopter	1584	2094	32%	1681	6%	1805	14%
Fuel Oil (Heating)	152	81	-47%	46	-70%	65	-57%
Campground Energy—LPG			0%		0%	4	100%
Coal	37	36	-3%	34	-8%	0	-100%
LPG (bottled for office, workshop use)			0%	11	22%	16	78%
LPG (bottled)	9	12	33%		0%		0%
Taxi Travel	34	0	-100%	0	-100%	0	-100%
Grand Total (tonne CO_2e)	7978	9029	13%	8785	10%	8698	9%

* Includes both short and long-haul programmes.

† The Av Gas—Fixed Wing programme was amalgamated into the Av Gas—Fixed Wing/Helicopter programme in 2007–2008.

13.

Departmental capital and asset management intentions

What we are seeking to achieve and why

Because it manages more than $5 billion in capital assets, DOC is classified as Tier 1—Capital Intensive. Total non-current assets equate to more than $6 billion. Approximately 93% of these are Crown-owned assets (predominately public conservation lands and waters), and 7% are Department-owned assets (predominately visitor assets, such as tracks, huts and structures).

Strong capital asset management is, therefore, imperative to DOC's long-term success.

What we did to achieve this—actions in 2009–2010

During 2009–2010, the Department considered how its asset management practices could evolve in line with the pre-defined levels of Capital Asset Management (CAM), which are 'core', 'moderate' and 'advanced'.

It has established that an overall level of 'moderate' is an appropriate level to advance to for the majority of asset classes held. An update to the Asset Management Strategy (AMS) is now under way, including reconfirmation of asset ownership and management responsibilities.

To further the advance to 'moderate', and in agreement with Treasury, DOC will focus on one of the most operationally significant asset groups first—visitor assets.

It has been agreed that a multi-year Asset Management Plan (AMP) for visitor assets will be established to collectively address the nine attributes of CAM in one place: planning assumptions and confidence levels, managing growth, description of assets, levels of service of assets, optimised decision-making, financial forecasts, risk management, preliminary strategic choices, and organisational commitment.

Once the benefits of enhanced asset management have been proven by establishing and using an AMP, other significant asset classes will be considered for improvement.

Capital expenditure intentions

The forecast period represented in Tables 9–11 is for the years 2010–2011 through to 2012–2013 (Crown and departmental assets combined). The data are from DOC's October 2009 annual capital intentions report to The Treasury, as part of the CAM initiative. The report is filed annually, in October of each year.

TABLE 9. FORECAST CAPITAL EXPENDITURE.

	FORECAST ($m)		
	2010–2011	2011–2012	2012–2013
Computer hardware	0.2	0.0	0.3
Computer software	5.1	2.0	2.0
Infrastructure assets	2.0	2.0	0.5
Land	1.0	1.0	1.5
Motor vehicles	3.9	3.9	3.9
Non-residential buildings	3.1	1.0	1.0
Plant & equipment	2.4	2.9	12.4
Residential buildings	0.4	0.1	0.2
Specified cultural & heritage	30.1	32.1	32.6
Vessels	0.5	0.5	0.5
Total capital intentions	48.7	45.5	54.9

TABLE 10. FORECAST DEPRECIATION EXPENDITURE.

FORECAST ($m)		
2010–2011	2011–2012	2012–2013
25.9	26.4	27.0

TABLE 11. FORECAST ASSET-RELATED OPERATING EXPENDITURE.

FORECAST ($m)		
2010–2011	2011–2012	2012–2013
140.2	140.1	140.1

14.

Financial statements

Statement of responsibility

In terms of sections 35 and 37 of the Public Finance Act 1989, I am responsible, as Director-General of the Department of Conservation, for the preparation of the Department's financial statements and the judgements made in the process of producing those statements.

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

In my opinion, these financial statements fairly reflect the financial position and operations of the Department of Conservation for the year ended 30 June 2010.

Alastair Morrison
Director-General
30 September 2010

Countersigned by
Christeen Mackenzie
Chief Financial Officer
30 September 2010

Audit report

To the readers of the Department of Conservation's financial statements and statement of service performance for the year ended 30 June 2010.

The Auditor-General is the auditor of the Department of Conservation (the Department). The Auditor-General has appointed me, Alex Skinner, using the staff and resources of KPMG, to carry out the audit on her behalf. The audit covers the financial statements, the schedules of non-departmental activities and statement of service performance included in the annual report of the Department, for the year ended 30 June 2010.

Unqualified opinion

In our opinion:

- The financial statements of the Department on pages 70 to 98:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the Department's financial position as at 30 June 2010;
    - the results of its operations and cash flows for the year ended on that date;
    - its expenses and capital expenditure incurred against each appropriation administered by the Department and each class of outputs included in each output expense appropriation for the year ended 30 June 2010; and
    - its unappropriated expenses and capital expenditure for the year ended 30 June 2010.
- The schedules of non-departmental activities on pages 99 to 109 fairly reflect the assets, liabilities, revenues, expenses, contingencies, commitments and trust monies managed by the Department on behalf of the Crown for the year ended 30 June 2010.
- The statement of service performance of the Department on pages 32 to 35, 36, 40, 45, 49 to 50 and 55:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects for each class of outputs:
    - its standards of delivery performance achieved, as compared with the forecast standards included in the statement of forecast service performance adopted at the start of the financial year; and
    - its actual revenue earned and output expenses incurred, as compared with the forecast revenues and output expenses included in the statement of forecast service performance adopted at the start of the financial year.

The audit was completed on 30 September 2010, and is the date at which our opinion is expressed.

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

Basis of opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and statement of service performance did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and statement of service performance. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Director-General;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement and statement of service performance disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance.

We evaluated the overall adequacy of the presentation of information in the financial statements and statement of service performance. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Director-General and the Auditor

The Director-General is responsible for preparing the financial statements and statement of service performance in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Department as at 30 June 2010 and the results of its operations and cash flows for the year ended on that date.

The financial statements must also fairly reflect the expenses and capital expenditure incurred against each appropriation administered by the Department and each class of outputs included in each output expense appropriation for the year ended 30 June 2010. The financial statements must also fairly reflect the Department's unappropriated expenses and capital expenditure for the year ended on that date.

In addition, the Director-General is responsible for preparing schedules of non-departmental activities, in accordance with the Treasury Instructions 2009 that must fairly reflect the assets, liabilities, revenues, expenses, contingencies, commitments and trust monies managed by the Department on behalf of the Crown for the year ended 30 June 2010.

The statement of service performance must fairly reflect, for each class of outputs, the Department's standards of delivery performance achieved and revenue earned and expenses incurred, as compared with the forecast standards, revenue and expenses adopted at the start of the financial year.

The Director-General's responsibilities arise from sections 45A and 45B of the Public Finance Act 1989.

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 45D(2) of the Public Finance Act 1989.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants. Partners and employees of our firm may deal with the Department on normal terms within the ordinary course of its activities. These dealings have not impaired our independence as auditor of the Department. We have no other relationship with or interests in the Department.

Alex Skinner
KPMG
On behalf of the Auditor-General
Wellington, New Zealand

Matters relating to the electronic presentation of the audited financial statements and statement of service performance

This audit report relates to the financial statements and the statement of service performance of the Department of Conservation for the year ended 30 June 2010 included on the Department of Conservation's website. The Director-General is responsible for the maintenance and integrity of the Department of Conservation's website. We have not been engaged to report on the integrity of the Department of Conservation's website. We accept no responsibility for any changes that may have occurred to the financial statements and the statement of service performance since they were initially presented on the website.

The audit report refers only to the financial statements and the statement of service performance named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements and the statement of service performance. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and statement of service performance and related audit report dated 30 September 2010 to confirm the information included in the audited financial statements and statement of service performance presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of accounting policies

for the year ended 30 June 2010

Reporting entity

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

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

The primary objective of the Department is to provide services to the public rather than making a financial return. Accordingly, the Department has designated itself as a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of the Department are for the year ended 30 June 2010. The financial statements were authorised for issue by the Director-General of the Department on 30 September 2010.

Basis of preparation

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

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

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

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

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

Standards, amendments and interpretations issued but not yet effective that have not been early adopted and which are relevant to the Department include:

NZ IAS 24 *Related Party Disclosures (revised 2009)* replaces NZ IAS 24 *Related Party Disclosures (issued 2004)* and is effective for reporting periods beginning on or after 1 January 2011. The revised standard:

I. Removes the previous disclosure concessions applied by the Department for arms-length transactions between the Department and entities controlled or significantly influenced by the Crown. The effect of the revised standard is that more information is required to be disclosed about transactions between the Department and entities controlled or significantly controlled by the Crown.

II. Provides clarity on the disclosure of related party transactions with Ministers of the Crown. Further, with the exception of the Minister of Conservation, the Department will be provided with an exemption from certain disclosure requirements relating to transactions with other Ministers of the Crown. The clarification could result in additional disclosures should there be any related party transactions with Ministers of the Crown.

III. Clarifies that related party transactions include commitments with the related parties.

NZ IFRS 9 *Financial Instruments* will eventually replace NZ IAS 39 *Financial Instruments: Recognition and Measurement*. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in NZ IAS 39. The new standard is required to be adopted for the year ended 30 June 2014. The Department has not yet assessed the effect of the new standard and expects it will not be early adopted.

Accounting policies

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

Budget figures

The budget figures are those included in the Department's statement of intent for the year ended 30 June 2010, which are consistent with the financial information in the Main Estimates. In addition, the financial statements also present the updated budget information from the Supplementary Estimates.

Revenue

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

Revenue is measured at the fair value of consideration received.

Revenue Crown

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

Sale of publications

Sales of publications are recognised when the product is sold to the customer. The recorded revenue is the gross amount of the sale.

Application fees

Revenue from application fees is recognised to the extent that the application has been processed by the Department.

Vested assets

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as income. Assets vested in the Department are recognised as income when control over the asset is obtained.

Cost allocation

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

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

Direct costs assigned to outputs

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

For the year ended 30 June 2010, direct costs accounted for 61% of the Department's costs (2009: 61%).

Indirect and corporate costs assigned to outputs

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

For the year ended 30 June 2010, indirect costs accounted for 39% of the Department's costs (2009: 39%).

Financial instruments

Financial assets and financial liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through profit or loss in which case the transaction costs are recognised in the net surplus/(deficit) for the year.

Cash and cash equivalents

Cash includes cash on hand and funds on deposit with banks.

Debtors and other receivables

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate, less impairment changes.

Impairment of a receivable is established when there is objective evidence that the Department will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the debtor is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the net surplus/(deficit) for the year. Overdue receivables that are renegotiated are reclassified as current (i.e. not past due).

Inventories

Inventories are valued at the lower of cost or net realisable value on a first-in-first-out basis. Standard costs that include production overheads are used for valuing nursery stocks.

Where inventories are acquired at no cost or for nominal consideration the cost is current replacement cost at the date of acquisition.

Operating leases

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

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

Property, plant and equipment

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

- Freehold land and administrative buildings are stated at fair value as determined by an independent registered valuer. Fair value is determined using market-based evidence where available, or depreciated replacement cost. Land and buildings are revalued at least every 5 years.
- Infrastructure assets are valued by independent valuers and are stated at fair value. Infrastructure assets are revalued at least every 5 years.
- Vessels are recognised at fair value. Fair value is determined using market-based evidence where available, or depreciated replacement cost. Vessels are revalued at least every 5 years.
- Visitor assets are stated at fair value using optimised depreciated replacement cost as determined by an independent registered valuer at least every 5 years.
- Cultural assets are not depreciated and are shown at estimated replacement cost.
- Fencing assets are stated at fair value using optimised depreciated replacement cost as determined by an independent registered valuer at least every 5 years.
- The cost of developing, purchasing and upgrading software is capitalised. Where the software is an integral part of the hardware (i.e. computer cannot operate without that specific software) it is treated as part of the equipment.

All other fixed assets, or groups of assets forming part of a network which are material in aggregate, costing more than $5,000 are capitalised and recorded at historical cost. Any write-down of an item to its recoverable amount is recognised in the net surplus/(deficit) for the year.

Any increase in value of a class of revalued assets is recognised directly in the revaluation reserve unless it offsets a previous decrease in value recognised in the net surplus/(deficit) for the year, in which case it is recognised in the net surplus/(deficit) for the year. A decrease in value relating to a class of revalued assets is recognised in the net surplus/(deficit) for the year where it exceeds the increase previously recognised in the revaluation reserve.

When an asset is revalued, the accumulated depreciation of that asset is restated using the latest valuation figures.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Department and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the net surplus/(deficit) for the year. When revalued assets are sold, the amounts included in the property, plant and equipment revaluation reserves in respect of those assets are transferred to general funds.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Department and the cost of the item can be measured reliably.

Depreciation

Depreciation of fixed assets, other than freehold land, cultural assets and work in progress, is provided on a straight line basis so as to allocate the cost (or valuation) of assets to their estimated residual value over their useful lives.

THE USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT HAVE BEEN ESTIMATED AS FOLLOWS:

ASSET	ESTIMATED USEFUL LIFE
VISITOR ASSETS	
Campsites and amenity areas	10–50 years
Signs	10 years
Tracks	7.5–15 years
Roads (surface only)	25–50 years
Buildings/huts	20–50 years
Structures	25–100 years
OTHER FIXED ASSETS	
Administrative Buildings	
Buildings	20–40 years
Plant, Field and Radio Equipment	
Plant and field equipment	10 years
Radio equipment	5–10 years
Furniture, Computers, Other Office Equipment	
Furniture, computers, other office equipment	5 years
Motor Vehicles	
Vehicles—passenger	4 years – 6 years 8 months with a 30% residual value
Vehicles—utes	5 years – 6 years 8 months with a 30–40% residual value
Vessels	
Engines	10 years
Hulls	15 years
Infrastructure	
Industrial fire equipment	45 years
Landscaping	44 years
Roads	10–100 years
Sewerage	64 years
Solid waste	38 years
Stream control	98 years
Water supply	60 years
Fences	
Fences	25–40 years

In accordance with NZ IAS 16 Property, Plant and Equipment, the useful lives of Property, Plant and Equipment are assessed annually to determine whether they are appropriate and the depreciation charge adjusted accordingly. In some circumstances, and particularly for revalued assets, this may lead to instances where the estimated useful lives vary, but not materially, from the standard policy presented above.

Community assets

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

Intangible assets

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use by the Department are recognised as an intangible asset. Direct costs include the software development, employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the net surplus/(deficit) for the year.

The useful lives of major classes of intangible assets have been estimated as follows:

- Acquired computer software 5–7 years.
- Developed computer software 5–7 years.

Impairment

Property, plant and equipment and intangible assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

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

For assets not carried at a revalued amount, the total impairment loss is recognised in the net surplus/(deficit) for the year.

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

Statement of cash flows

Cash means cash balances on hand and cash held in bank accounts.

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

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

Financing activities comprise capital injections by, or repayment of capital to, the Crown.

Goods and Services Tax (GST)

All items in the financial statements are exclusive of GST, with the exception of receivables and payables, which are stated as GST inclusive. Where GST is not recoverable as input tax, then it is recognised as part of the related asset or expense.

The net amount of GST payable to the Inland Revenue Department at balance date, being the difference between Output GST and Input GST, is shown as a current liability in the statement of financial position.

The net GST paid to, or received from the IRD including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Taxation

Government departments are exempt from the payment of income tax in terms of the Income Tax Act 2007.

Accordingly, no charge for income tax has been provided for.

Donation Receipts

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

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

Taxpayers' funds

Taxpayers' funds is the Crown's investment in the Department and is measured as the difference between total assets and total liabilities. Taxpayers' funds is disaggregated and classified as general funds and property, plant and equipment revaluation reserves.

Creditors and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Employee entitlements

Short-term employee entitlements

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

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

The Department recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that the Department anticipates it will be used by staff to cover those future absences.

Long-term employee entitlements

Entitlements that are payable beyond 12 months, such as long service leave and retiring leave, have been calculated on an actuarial basis. The calculations are based on:

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

Provisions

The Department recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

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

Critical accounting estimates and assumptions

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

assets and liabilities within the next financial year are discussed below.

Retirement and long service leave

Note 17 provides an analysis of the exposure in relation to estimates and uncertainties surrounding retirement and long service leave liabilities.

Valuation of certain items of property, plant and equipment

Note 12 provides details on valuation of property, plant and equipment.

Commitments

Future expenses and liabilities to be incurred on contracts that have been entered into at balance date are disclosed as commitments at the point a contractual obligation exists, to the extent that they are unperformed obligations.

Contingent liabilities

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

Changes in accounting policy

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

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

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2010

	NOTE	30/06/10 ACTUAL $000	30/06/10 MAIN ESTIMATES $000	30/06/10 SUPP. ESTIMATES $000	30/06/09 ACTUAL $000
REVENUE					
Crown		277,749	269,944	271,449	280,629
Other	2	35,142	36,257	38,257	31,842
Total revenue		312,891	306,201	309,706	312,471
EXPENSES					
Personnel costs	3	137,230	141,939	141,937	141,382
Operating costs	4	97,030	97,799	99,419	105,538
Depreciation and amortisation expense		27,789	30,363	24,450	25,102
Capital charge	5	40,377	36,500	40,500	36,264
Loss on sale of property, plant and equipment		2,337	0	0	2,417
Total expenses		304,763	306,601	306,306	310,703
Net surplus/(deficit) for the year	6	8,128	(400)	3,400	1,768
OTHER COMPREHENSIVE INCOME					
Property, plant and equipment revaluation gains/(losses)		14,946	0	1	1,782
Other adjustments		0	0	0	-214
Total comprehensive income for the year		23,074	(400)	3,401	3,336

Explanations of significant variances against budget are detailed in Note 1: Major budget variations.

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

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

	NOTE	30/06/10 ACTUAL $000	30/06/10 MAIN ESTIMATES $000	30/06/10 SUPP. ESTIMATES $000	30/06/09 ACTUAL $000
CURRENT ASSETS					
Cash and cash equivalents	8	29,685	26,170	8,740	40,327
Prepayments		1,215	1,276	1,193	1,193
Inventories	9	1,170	1,077	1,090	1,092
Trade and other receivables	10	4,797	6,494	5,910	5,439
Debtor Crown	11	44,779	38,880	42,297	44,779
Total current assets		81,646	73,897	59,230	92,830
NON-CURRENT ASSETS					
Property, plant and equipment	12	523,154	532,722	525,838	494,290
Intangible assets	13	7,171	6,669	6,832	7,493
Total non-current assets		530,325	539,391	532,670	501,783
Total assets		611,971	613,288	591,900	594,613
CURRENT LIABILITIES					
Trade and other payables	14	14,758	11,035	11,029	17,647
GST payable		1,793	(1,062)	2,123	2,328
Employee benefits	15	14,112	13,154	12,912	12,913
Environmental provision	16	667	779	779	625
Provision for payment of surplus	6	4,676	0	0	4,445
Revenue in advance		4,271	2,262	2,735	2,734
Total current liabilities		40,277	26,168	29,578	40,692
NON-CURRENT LIABILITIES					
Employee benefits	17	14,417	11,439	15,425	15,425
Total non-current liabilities		14,417	11,439	15,425	15,425
Total liabilities		54,694	37,607	45,003	56,117
TAXPAYER FUNDS					
General funds	18	436,622	465,878	438,119	429,719
Property, plant and equipment-revaluation reserves	18	120,655	109,803	108,778	108,777
Total taxpayer funds		557,277	575,681	546,897	538,496
Total liabilities and taxpayer funds		611,971	613,288	591,900	594,613

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

STATEMENT OF CHANGES IN TAXPAYER FUNDS FOR THE YEAR ENDED 30 JUNE 2010

	NOTE	30/06/10 ACTUAL $000	30/06/10 MAIN ESTIMATES $000	30/06/10 SUPP. ESTIMATES $000	30/06/09 ACTUAL $000
Total taxpayer funds at beginning of year		538,496	552,327	538,496	446,069
Net surplus/(deficit) for the year		8,128	(400)	3,400	1,768
Property, plant and equipment revaluation gains/(losses)		14,946	0	1	1,782
Other adjustments to revaluation reserve		0	0	0	(214)
Total comprehensive income for the year		23,074	(400)	3,401	3,336
Distributions to Crown					
Other repayments to Crown		(424)	0	0	(1,340)
Provision for payment of surplus	6	(4,676)	0	0	(4,445)
Contributions from Crown					
Asset transfers		807	5,000	5,000	76,143
Capital contribution	7	0	18,754	0	18,733
Total taxpayer funds at end of year	18	557,277	575,681	546,897	538,496

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2010

	30/06/10 ACTUAL $000	30/06/10 MAIN ESTIMATES $000	30/06/10 SUPP. ESTIMATES $000	30/06/09 ACTUAL $000
CASH FLOWS—OPERATING ACTIVITIES				
Cash provided from:				
Supply of outputs to				
—Crown	277,749	309,440	308,172	284,622
—Customers	37,286	35,988	37,789	32,921
	315,035	345,428	345,961	317,543
Cash disbursed to:				
Produce outputs				
—Employees	137,039	142,169	140,637	137,636
—Suppliers	100,474	133,824	142,628	104,064
—Capital charge	40,377	36,500	40,500	36,264
	277,890	312,493	323,765	277,964
Net cash inflow from operating activities	37,145	32,935	22,196	39,579
CASH FLOWS—INVESTING ACTIVITIES				
Cash provided from:				
Sale of property, plant and equipment	1,912	0	0	1,996
Cash disbursed to:				
Purchase of property, plant and equipment	43,525	45,638	49,338	47,022
Purchase of intangibles	1,305	3,500	0	2,272
	44,830	49,138	49,338	49,294
Net cash outflow from investing activities	(42,918)	(49,138)	(49,338)	(47,298)
CASH FLOWS—FINANCING ACTIVITIES				
Cash provided from:				
Capital contributions	0	18,754	0	18,733
Cash disbursed to:				
Capital withdrawal	424	0	0	1,340
Payment of Surplus to Crown	4,445	810	4,445	2,447
	4,869	810	4,445	3,787
Net cash inflow/(outflow) from financing activities	(4,869)	17,944	(4,445)	14,946
Net increase/(decrease) in cash and cash equivalents	(10,642)	1,741	(31,587)	7,227
Add opening cash and bank balances	40,327	24,429	40,327	33,100
Closing cash and cash equivalents	29,685	26,170	8,740	40,327

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

RECONCILIATION OF NET SURPLUS/(DEFICIT) AND NET CASH FLOWS FROM OPERATING ACTIVITIES FOR THE YEAR ENDED 30 JUNE 2010

	30/06/10 ACTUAL $000	30/06/10 MAIN ESTIMATES $000	30/06/10 SUPP. ESTIMATES $000	30/06/09 ACTUAL $000
Net surplus/(deficit) for the year	**8,128**	**(400)**	**3,400**	**1,768**
Add/(less) non-cash items:				
Depreciation and amortisation expenses	27,789	30,363	24,450	25,102
Bad debts	0	0	0	8
Asset and other write-offs	38	0	0	(15)
Donated assets	(38)	0	0	(126)
Total non-cash items	27,789	30,363	24,450	24,969
MOVEMENTS IN WORKING CAPITAL				
Prepayments (increase)/decrease	(22)	0	0	83
Inventories (increase)/decrease	(78)	0	2	(14)
Trade and other receivables (increase)/decrease	2,182	269	(470)	1,205
Debtor Crown (increase)/decrease	0	5,114	2,482	3,993
Trade and other payables increase/(decrease)	(2,889)	26	(4,567)	502
GST payable increase/(decrease)	(535)	(3,837)	(1,226)	1,098
Employee entitlements increase/(decrease)	191	1,400	(4,824)	3,746
Other provisions increase/(decrease)	42	0	2,949	(188)
Other liabilities increase/(decrease)	0	0	0	0
Net movement in working capital	(1,109)	2,972	(5,654)	10,425
Net loss on sale of property, plant and equipment	2,337	0	0	2,417
Total investing activities	2,337	0	0	2,417
Net cash inflow from operating activities	37,145	32,935	22,196	39,579

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

STATEMENT OF COMMITMENTS AS AT 30 JUNE 2010

COMMITMENTS BY CATEGORY	30/06/10 ACTUAL $000	30/06/09 ACTUAL $000
CAPITAL COMMITMENTS		
Land and buildings	725	1,891
Other plant and equipment	2,648	1,726
Infrastructural assets	2,119	3,064
Total capital commitments	5,492	6,681
OPERATING COMMITMENTS		
Non-cancellable accommodation leases	37,989	41,931
Other non-cancellable leases	2,117	1,869
Other commitments	2,594	1,009
Total operating commitments	42,700	44,809
Total commitments	48,192	51,490
COMMITMENTS BY TERM		
Less than one year	13,133	12,617
One to two years	8,289	7,508
Two to five years	13,642	14,511
Greater than five years	13,128	16,854
Total commitments	48,192	51,490

In addition to the above, the Department has ongoing science contracts with universities, research institutions and individuals. These contracts are cancellable and extend up to 3 years and amount to $1.2 million as at 30 June 2010 (2009: $2.5 million).

Capital commitments

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

Non-cancellable operating lease commitments (accommodation and other)

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

Other non-cancellable commitments

The Department has entered into non-cancellable contracts for computer maintenance, cleaning services, consulting services and other contracts for service.

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

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

STATEMENT OF CONTINGENT LIABILITIES AND CONTINGENT ASSETS AS AT 30 JUNE 2010

	30/06/10 ACTUAL $000	30/06/09 ACTUAL $000
Public liability claims	681	1,056
Total contingent liabilities	681	1,056

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

	30/06/10 MAXIMUM EXPOSURE $000	30/06/09 MAXIMUM EXPOSURE $000
Court and Tribunal proceedings and other potential claims 50 proceedings and potential claims of which 6 are quantifiable. The remaining 44 claims cannot be quantified. The contingent liability for the 6 quantifiable claims is shown below.		
Dispute over the alleged disruption of mining activities	0	0
A potential set of claims, involving the handling of certain licence applications	0	0
A claim for compensation due to fencing boundaries	0	0
Other quantifiable proceedings and potential claims	681	1,056
Total court and tribunal proceedings and other potential claims	681	1,056

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

Indemnities

The Director-General of Conservation has a delegation from the Minister of Finance under the Public Finance Act 1989 to agree to indemnities in access agreements over private land. This provides access, for the public and the staff of the Department, to land managed by the Department.

No indemnities were granted in 2009–2010 for public access.

Contingent assets

The Department has no contingent assets (2009: nil).

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

STATEMENT OF DEPARTMENTAL EXPENSE AND CAPITAL EXPENDITURE AGAINST APPROPRIATIONS FOR THE YEAR ENDED 30 JUNE 2010

	NOTE	30/06/10 EXPENDITURE ACTUAL $000	30/06/10 FINAL APPROPRIATION $000	30/06/10 UNDER/(OVER) EXPENDITURE $000	30/06/09 EXPENDITURE ACTUAL $000
OUTPUT CLASSES					
Vote: Conservation					
Management of natural heritage		153,736	157,254	3,518	158,690
Management of historic heritage		5,360	5,616	256	5,536
Management of recreational opportunities		123,325	124,587	1,262	121,048
Conservation with the community		14,810	15,933	1,123	13,784
Policy advice and Ministerial servicing		4,859	5,858	999	6,289
Recreational opportunities review		278	400	122	334
Crown regional pest management strategy contribution		2,949	2,958	9	2,553
Total output appropriations		305,317	312,606	7,289	308,234
CAPITAL CONTRIBUTIONS TO THE DEPARTMENT					
Capital contribution	7	0	0	0	18,733

RECONCILIATION OF OUTPUT APPROPRIATION TO THE STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010

	30/06/10 EXPENDITURE ACTUAL $000	30/06/10 FINAL APPROPRIATION $000	30/06/10 UNDER/(OVER) EXPENDITURE $000	30/06/09 EXPENDITURE ACTUAL $000
Total output appropriations	**305,317**	**312,606**	**7,289**	**308,234**
Unrealised remeasurements	(554)	0	0	2,469
Reduction in forecasted expenditure	0	(6,300)	0	0
Total expenses	304,763	306,306	7,289	310,703

There was no unappropriated expenditure in 2009–2010 (2008–2009: nil)

- **Expenses and capital expenditure incurred in excess of appropriation**

  Nil

- **Expenses and capital expenditure incurred without appropriation or other authority**

  Nil

- **Breaches of projected departmental net asset schedule**

  Nil

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

STATEMENT OF TRUST MONIES FOR THE YEAR ENDED 30 JUNE 2010

	AS AT 30/06/09 $000	CONTRIBUTIONS $000	DISTRIBUTIONS $000	NET INTEREST $000	AS AT 30/06/10 $000
Conservation Project Trust	785	690	(590)	16	901
Reserve Trust	0	0	0	0	0
NZ Walkway Trust	15	10	(15)	0	10
National Park Trust	45	61	(57)	1	50
Bonds/Deposits Trust	6,690	4,421	(4,239)	101	6,973
Total	7,535	5,182	(4,901)	118	7,934

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

There are three sources of receipts:

1. Donations, grants and gifts received for specific purposes under section 33 of the Conservation Act 1987, section 18 of the Walkways Act 1990 or section 78(3) of the Reserves Act 1977, and specific trust money under the National Parks Act 1980.
2. Bonds and deposits from operators working on the Conservation Estate including those contracted by the Department. These are repaid when the operators have been cleared of all obligations.
3. Monies received from the sales of reserves are deposited to the Reserves Trust. The funds are applied for the purpose set out under section 82 of the Reserves Act 1977.

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

Notes to the financial statements

for the year ended 30 June 2010

Note 1: Major Budget Variations

Significant variances between Actual and Supplementary Estimates Budget:

Statement of comprehensive income

Total revenue was $3.2 million more than forecast in the Supplementary Estimates due to the entire budget for revenue Crown being drawn down ($6.3 million favourable variance). However, third party revenue was $3.1 million less than budget.

Total expenses were $1.5 million less than forecast in the Supplementary Estimates in line with actual third party revenue being lower than forecast.

Statement of financial position

Cash and bank balances were $20.9 million greater than the balance in the Supplementary Estimates due to lower than forecast cash expenditure on non-current assets and higher than forecast net surplus, current and non current liabilities.

A number of asset classes were revalued in June 2010, leading to an $11.9 million higher balance in the property, plant and equipment revaluation reserves than in the Supplementary Estimates.

Note 2: Revenue other

	30/06/10 ACTUAL $000	30/06/09 ACTUAL $000
Recreational charges	10,953	10,271
Leases and rents	642	709
Retail sales	2,888	2,947
Resource sales	898	369
Donations—sponsorships	6,595	4,037
Permissions cost recoveries	1,900	1,679
Administration cost recoveries	8,377	9,559
State Services Commission superannuation recovery	2,872	2,248
Other	17	23
Total revenue other	35,142	31,842

Note 3: Personnel costs

	30/06/10 ACTUAL $000	30/06/09 ACTUAL $000
Salaries and wages	129,978	128,802
Termination benefits	0	708
Long service and retiring leave	82	5,469
Superannuation subsidies	3,377	3,170
Recruitment	360	497
Uniforms	395	778
ACC levies	1,846	1,537
Other	1,192	421
Total personnel costs	137,230	141,382

Note 4. Operating costs

	30/06/10 ACTUAL $000	30/06/09 ACTUAL $000
Professional fees & contractors	33,483	36,577
Fees paid to auditors: Audit of financial statements	333	326
Grants	979	913
Communications and computer expenses	9,079	10,151
Travel	5,232	5,270
Motor vehicle and vessel expenses	4,465	4,484
Accommodation	4,047	3,785
Office supplies	2,431	2,567
Field supplies	12,255	13,766
Lease expenses	16,845	16,356
Printing	1,485	1,625
Other	6,396	9,718
Total operating costs	97,030	105,538

Note 5: Capital charge

The Department pays a capital charge to the Crown twice yearly on the balance of taxpayers' funds, including revaluation reserve, as at 1 July and 1 January.

The capital charge rate for the year ended 30 June 2010 was 7.5 % (2009: 7.5%).

Note 6. Provision for payment of surplus

	30/06/10 ACTUAL $000	30/06/09 ACTUAL $000
Net Surplus/(deficit) for the year	8,128	1,768
Less: Donated assets	(3,176)	(126)
Plus: Remeasurements	(554)	2,469
Plus: Output class deficits	278	334
Total provision for payment of surplus	4,676	4,445

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

Note 7: Capital contribution

	30/06/10 ACTUAL $000	30/06/09 ACTUAL $000
Visitor assets	0	14,432
Non-visitor assets	0	4,301
Total capital contribution	0	18,733

Note 8: Cash and cash equivalents

	30/06/10 ACTUAL $000	30/06/09 ACTUAL $000
Cash at bank	29,620	40,261
Petty cash floats	65	66
Total cash and cash equivalents	29,685	40,327

The Department's bankers are Westpac New Zealand Limited under an arrangement between Westpac New Zealand Limited and the Crown.

Note 9: Inventories

	30/06/10 ACTUAL $000	30/06/09 ACTUAL $000
Retail	403	378
Nursery	157	132
Fire control supplies	90	21
Wild animal control supplies	55	415
Publications	279	112
Park maps	186	34
Total inventories	1,170	1,092

Note 10: Trade and other receivables

	30/06/10 ACTUAL $000	30/06/09 ACTUAL $000
Gross trade receivables	4,212	3,745
Less: Provision for doubtful debts	(473)	(450)
Net trade receivables	3,739	3,295
Other receivables	1,058	2,144
Total receivables	4,797	5,439

MOVEMENTS IN THE PROVISION FOR DOUBTFUL DEBTS		
Balance brought forward	(450)	(320)
Additional provisions made during the year	(36)	(238)
Receivables written off during period	13	108
Closing balance	(473)	(450)

Note 11: Debtor Crown

Cabinet agreed in 2002 to a 20-year funding stream for visitor assets. Initially, not all depreciation was funded in cash which resulted in the debtor Crown balance accumulating. The balance is scheduled to be progressively reduced until 2021–22 when it will be cleared to zero. It remained unchanged in 2009–10 at $44.8 million (2009: $44.8 million) because the Department had sufficient cash such that the scheduled payment of $3.992 million did not need to be drawn down.

Note 12: Property Plant and Equipment

	LAND $000	BUILDINGS $000	PLANT AND EQUIPMENT $000	INFRASTRUCTURE $000	FENCING $000	VESSELS $000	MOTOR VEHICLES $000	FURNITURE AND FITTINGS $000	VISITOR AND CULTURAL ASSETS $000	TOTAL $000
COST OR VALUATION										
Balance at 1 July 2008	12,447	137,199	21,066	28,545	0	7,540	20,305	9,558	571,196	807,856
Additions	58	5,453	2,852	1,505	76,849	793	3,800	2,664	29,523	123,497
Revaluation movement	1,782	0	0	0	0	0	0	0	0	1,782
Disposals	0	(3,034)	(194)	(1,699)	(1)	(318)	(3,310)	(151)	(5,515)	(14,222)
Balance at 30 June 2009	14,287	139,618	23,724	28,351	76,848	8,015	20,795	12,071	595,204	918,913
Balance at 1 July 2009	14,287	139,618	23,724	28,351	76,848	8,015	20,795	12,071	595,204	918,913
Additions	(54)	4,443	1,738	900	1,820	467	3,737	508	30,809	44,368
Revaluation movement	538	(747)	0	0	0	0	0	0	37,638	37,429
Disposals	(315)	(2,723)	(479)	0	(7)	(230)	(2,866)	(12)	(9,571)	(16,203)
Balance at 30 June 2010	14,456	140,591	24,983	29,251	78,661	8,252	21,666	12,567	654,080	984,507
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES										
Balance at 1 July 2008	0	76,613	11,765	11,476	0	3,524	9,098	2,858	295,514	410,848
Depreciation expense	0	1,663	2,433	356	5,042	518	1,560	1,092	10,563	23,227
Eliminate on disposal	0	(1,859)	(144)	(936)	0	(305)	(2,105)	(129)	(3,974)	(9,452)
Eliminate on revaluation	0	0	0	0	0	0	0	0	0	0
Balance at 30 June 2009	0	76,417	14,054	10,896	5,042	3,737	8,553	3,821	302,103	424,623
Balance at 1 July 2009	0	76,417	14,054	10,896	5,042	3,737	8,553	3,821	302,103	424,623
Depreciation expense	0	1,811	2,058	474	5,047	570	2,239	1,068	12,895	26,162
Eliminate on disposal	0	(1,328)	(401)	0	(1)	(163)	(2,026)	(7)	(7,989)	(11,915)
Eliminate on revaluation	0	(95)	0	0	0	0	0	0	22,578	22,483
Balance at 30 June 2010	0	76,805	15,711	11,370	10,088	4,144	8,766	4,882	329,587	461,353
CARRYING AMOUNTS										
At 1 July 2008	12,447	60,586	9,301	17,069	0	4,016	11,207	6,700	275,682	397,008
At 30 June 2009	14,287	63,201	9,670	17,455	71,806	4,278	12,242	8,250	293,101	494,290
At 30 June 2010	14,456	63,786	9,272	17,881	68,573	4,108	12,900	7,685	324,493	523,154

Land, buildings and vessels

Freehold land has been valued at fair value as at 30 June 2010: administration buildings have been valued at fair value as at 31 March 2007 and vessels have been valued at fair value as at 30 April 2008 by valuersnet.nz Limited (registered independent valuers).

Infrastructure

Infrastructural assets were valued by valuersnet.nz Limited (registered independent valuers) as at 31 March 2008.

Visitor assets

A range of visitor asset classes have been valued at fair value as at 30 June 2010 with appropriate indices recommended by Crighton Stone (independent registered valuers).

The land formation costs of tracks, car parks and roads ($109 million as at 30 June 2010) have been included in the financial statements and are not depreciated. Land formation costs for amenity areas and campsites are currently excluded from the financial statements.

Community groups are being encouraged to assist in managing facilities if they want more than that funded by the Department. A number of little-used facilities considered to be of lesser importance will be phased out over time. The funding of these decisions is represented in output class Recreational Opportunities Review.

Fences

Fencing assets were transferred from the Crown to the Department at book value as at 1 July 2008.

Property, plant and equipment under construction

The total amount of property, plant and equipment in the course of construction is $13.448 million (2009: $14.949 million).

Note 13: Intangibles

	ACQUIRED SOFTWARE $000	INTERNALLY GENERATED SOFTWARE $000	TOTAL $000
COST OR VALUATION			
Balance at 1 July 2008	1,462	11,745	13,207
Additions	0	2,272	2,272
Disposals	0	(1,280)	(1,280)
Balance at 30 June 2009	1,462	12,737	14,199
Balance at 1 July 2009	1,462	12,737	14,199
Additions	334	971	1,305
Disposals	0	0	0
Balance at 30 June 2010	1,796	13,708	15,504
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES			
Balance at 1 July 2008	567	5,485	6,052
Amortisation expense	197	1,678	1,875
Disposals	0	(1,221)	(1,221)
Impairment losses	0	0	0
Balance at 30 June 2009	764	5,942	6,706
Balance at 1 July 2009	764	5,942	6,706
Amortisation expense	210	1,417	1,627
Disposals	0	0	0
Impairment losses	0	0	0
Balance at 30 June 2010	974	7,359	8,333
CARRYING AMOUNTS			
At 30 June 2008	895	6,260	7,155
At 30 June 2009	698	6,795	7,493
At 30 June 2010	822	6,349	7,171

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

Note 14: Trade and other payables

	30/06/10 ACTUAL $000	30/06/09 ACTUAL $000
Trade creditors	9,382	12,588
Other payables	5,376	5,059
Total trade and other payables	14,758	17,647

Creditors and other payables are non-interest bearing and are normally settled on 20th of the following month terms, therefore the carrying value of creditors and other payables approximates their fair value.

Note 15: Employee benefits (current)

	30/06/10 ACTUAL $000	30/06/09 ACTUAL $000
Accrued salaries and wages	2,202	1,723
Current portion of long service & retiring leave (as per Note 17)	1,220	643
Accrued annual leave, time-off-in-lieu, and vested long service leave	10,690	10,547
Total employee benefits (current)	14,112	12,913

Note 16: Environmental provision

	30/06/10 ACTUAL $000	30/06/09 ACTUAL $000
Opening balance	625	813
Provision utilised or reversed during the year	(99)	(188)
Provision made during the year	141	0
Closing balance	667	625

The environmental provision is the estimated cost of rectifying the environmental damage in a number of affected or contaminated sites which the Department has an obligation to remedy including:

- Rubbish dump sites that have been contaminated by domestic and asbestos waste.
- The restoration of an area of land after logging operations.
- Restoration work on land where mining operations have occurred.

There are various affected or contaminated sites, not listed above, for which the Department has not provided due to either the nature of the issues, the uncertainty of the outcome, or the extent to which the Department has a responsibility to a claimant. There may also be other affected or contaminated sites of which the Department is unaware.

Note 17: Employee benefits (non-current)

	30/06/10 ACTUAL $000	30/06/09 ACTUAL $000
Retiring leave	12,837	13,359
Long service leave	2,800	2,709
	15,637	16,068
Less: Current portion of long service & retiring leave (as per Note 15)	(1,220)	(643)
Total Employee benefits (non current)	14,417	15,425

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

The discount rate is based on gross redemption yields of NZ Government Stock data at 30 April 2010.

The following table provides a sensitivity analysis of changes to the key economic assumptions:

CHANGES IN ASSUMPTIONS	INCREASE/(DECREASE) IN SURPLUS/(DEFICIT) $000
Salary growth: 2.0% per year	1,167
Salary growth: 4.0% per year	(1,682)
Discount rates: 1% above assumed	1,130
Discount rates: 1% below assumed	(1,664)

Note 18: Taxpayer Funds

	30/06/10 ACTUAL $000	30/06/09 ACTUAL $000
GENERAL FUNDS		
Balance at 1 July	429,719	336,269
Net surplus/(deficit) for the year	8,128	1,768
Transfers from revaluation reserve on disposal	3,068	2,591
Other repayments to Crown	(424)	(1,340)
Capital Contribution from the Crown	0	18,733
Provision for repayment of surplus to the Crown	(4,676)	(4,445)
Asset transfers between Department and Crown	807	76,143
General funds at 30 June	436,622	429,719
PROPERTY, PLANT AND EQUIPMENT REVALUATION RESERVES		
Balance at 1 July	108,777	109,800
Revaluation gains/(losses)	14,946	1,782
Other adjustments to revaluation reserve	0	(214)
Transfer to general funds on disposal	(3,068)	(2,591)
Revaluation reserves at 30 June	120,655	108,777
Total taxpayer funds at 30 June	557,277	538,496
Revaluation reserves consist of:		
Land revaluation reserve	13,473	13,155
Buildings revaluation reserves	32,894	35,124
Visitor assets reserves	71,251	57,440
Other reserves	3,037	3,058
Total revaluation reserve	120,655	108,777

Note 19: Financial instrument risks

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

Market risk

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Department has no exposure to currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate or the cash flows from a financial instrument will fluctuate, due to changes in market interest rates.

The Department has no interest-bearing financial instruments and, accordingly, has no exposure to interest rate risk.

Credit risk

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

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

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

Liquidity risk

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

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

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

FINANCIAL INSTRUMENT RISKS

LIQUIDITY RISKS	NOTE	LESS THAN 6 MONTHS $000	BETWEEN 6 MONTHS AND 1 YEAR $000	BETWEEN 1 AND 5 YEARS $000	OVER 5 YEARS $000
2009					
Trade and other payables	14	17,647	0	0	0
2010					
Trade and other payables	14	14,758	0	0	0

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

	NOTE	30/06/10 ACTUAL $000	30/06/09 ACTUAL $000
LOANS AND RECEIVABLES			
Cash and cash equivalents	8	29,685	40,327
Trade and other receivables	10	4,797	5,439
Debtor Crown	11	44,779	44,779
Total loans and receivables		79,261	90,545
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST			
Trade and other payables	14	14,758	17,647

Note 20: Related party transactions and key management personnel

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

The Department enters into transactions with other government departments, Crown entities and state-owned enterprises on an arm's length basis. Those transactions that occur within a normal supplier or client relationship on terms and conditions no more or less favourable than those which it is reasonable to expect the Department would have adopted if dealing with that entity at arm's length in the same circumstance are not disclosed.

There were no other transactions carried out with related parties.

KEY MANAGEMENT PERSONNEL COMPENSATION

	30/06/10 ACTUAL $000	30/06/09 ACTUAL $000
Salaries and other short term benefits	2,351	2,236
Other long term benefits	0	0
Termination benefits	0	0
Total key management personnel compensation	2,351	2,236

Key management personnel include the Director-General and the members of the Executive Leadership Team.

Note 21: Capital management

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

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

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

Note 22: Events after the balance sheet date

No significant events which may impact on the actual results have occurred between year-end and the signing of these financial statements (2009: none).

Non-departmental schedules
Statement of accounting policies
for the year ended 30 June 2010

Reporting Entity

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

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

Accounting policies

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

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

The following particular accounting policies have been applied:

Budget figures

The budget figures are those included in the Department's statement of intent for the year ended 30 June 2010, which are consistent with the financial information in the Main Estimates. In addition, these schedules also present the updated budget information from the Supplementary Estimates.

Revenue

The Department collects revenue on behalf of the Crown. This is mainly from concession fees, rent/leases and licences from commercial users of Crown-owned land. Revenue is recognised when earned and is reported in the financial period to which it relates.

Goods and Services Tax (GST)

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

Debtors and other receivables

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate, less any provision for impairment.

Impairment of a receivable is established when there is objective evidence that the Department will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the debtor is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the schedule of non-departmental expenses. When a debtor is uncollectible, it is written off against the allowance account for debtors. Overdue receivables that are renegotiated are reclassified as current (i.e not past due).

Commitments

Future expenses and liabilities to be incurred on non-cancellable contracts that have been entered into at balance date are disclosed as commitments to the extent that there are equally unperformed obligations.

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

Property, plant and equipment

Land is valued using assessments conducted in accordance with the Rating Valuation Act 1998 and is revalued at least every 5 years.

Historic buildings used for rental activities are stated at fair value using optimised depreciated replacement cost as determined by an independent registered valuer at least every 5 years.

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

Depreciation

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

ASSET	ESTIMATED USEFUL LIFE
Buildings (Historic)	98–130 years

Provisions

The Department recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, and it is probable that an outflow of future economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

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

Contingent liabilities

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

SCHEDULE OF NON-DEPARTMENTAL INCOME FOR THE YEAR ENDED 30 JUNE 2010

	NOTE	30/06/10 ACTUAL $000	30/06/10 MAIN ESTIMATES $000	30/06/10 SUPP. ESTIMATES $000	30/06/09 ACTUAL $000
REVENUE					
Concessions, leases and licences	1	13,909	11,864	11,864	14,049
Other operational revenue		2,125	2,470	2,470	2,372
Capital receipts		8,327	1,800	8,879	3,304
Total non-departmental income		24,361	16,134	23,213	19,725

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

SCHEDULE OF NON-DEPARTMENTAL EXPENSES FOR THE YEAR ENDED 30 JUNE 2010

	30/06/10 ACTUAL $000	30/06/10 MAIN ESTIMATES $000	30/06/10 SUPP. ESTIMATES $000	30/06/09 ACTUAL $000
VOTE: CONSERVATION				
Non-departmental output classes	15,976	33,420	18,075	55,030
Appropriated expenses incurred by the Crown	3,177	3,855	4,580	4,025
Revaluation of infrastructural assets	0	0	(1)	0
GST input on appropriations	3,219	3,301	2,520	6,563
(Gain)/loss on sale of fixed assets	0	0	0	0
Total non-departmental expenses	22,372	40,576	25,174	65,618

The Schedule of Expenses summarises non-departmental expenses that the Department administers on behalf of the Crown. Further details are provided in the Schedule of Non-departmental Expenditure and Appropriations.

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

SCHEDULE OF NON-DEPARTMENTAL EXPENDITURE AND CAPITAL EXPENDITURE AGAINST APPROPRIATIONS FOR THE YEAR ENDED 30 JUNE 2010

	30/06/10 ACTUAL $000	30/06/10 MAIN ESTIMATES $000	30/06/10 SUPP. ESTIMATES $000	30/06/10 UNDER/(OVER) EXPENDITURE $000	30/06/09 ACTUAL $000
VOTE: CONSERVATION APPROPRIATION FOR NON-DEPARTMENTAL OUTPUT CLASSES					
Identification and implementation of protection for natural and historic places	10,258	18,828	12,231	1,973	50,475
Management services for natural and historic places	1,450	1,506	1,506	56	1,439
Moutoa Gardens/Pakaitorere	22	23	23	1	22
NZ biodiversity advice & condition funds	4,246	12,294	4,315	69	3,010
Steward Island Infrastructure	0	769	0	0	84
Sub-total output classes	15,976	33,420	18,075	2,099	55,030
APPROPRIATION FOR OTHER EXPENSES TO BE INCURRED BY THE CROWN					
Esplanade reserve compensation	0	30	30	30	0
Matauranga Māori fund	662	1,276	1,128	466	283
Subscriptions to international organisations	337	405	405	68	303
Payment of rates on properties for concessionaires	617	839	839	222	591
Waikaremoana lakebed lease	241	241	241	0	378
Vested coastal marine areas	0	30	30	30	17
Redress—Foreshore and Seabed Act 2004	562	0	872	310	0
Depreciation	756	934	935	179	762
Bad and doubtful debts	2	100	100	98	89
Sub-total other expenses	3,177	3,855	4,580	1,403	2,423
Other expenses not requiring appropriation	3,219	3,301	2,519	(700)	6,563
Total non-departmental expenditure and appropriations	22,372	40,576	25,174	2,802	64,016
CAPITAL INVESTMENT IN ORGANISATIONS OTHER THAN DEPARTMENTS					
Milford flood protection	853	12,845	853	0	197
Purchase and development of reserves	3,408	1,800	9,652	6,244	1,602
APPROPRIATIONS FOR CAPITAL EXPENDITURE					
Crown land acquisitions	9,159	9,510	9,510	351	427
Total non-departmental expenditure and capital expenditure	35,792	64,731	45,189	9,397	66,242

The Schedule of Expenditure and Appropriations details expenditure and capital payments incurred against appropriations. The Department administers these appropriations on behalf of the Crown. Other expenses not requiring appropriation include revaluation of infrastructural assets and GST input tax.

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

SCHEDULE OF NON-DEPARTMENTAL ASSETS AS AT 30 JUNE 2010

	NOTE	30/06/10 ACTUAL $000	30/06/10 MAIN ESTIMATES $000	30/06/10 SUPP. ESTIMATES $000	30/06/09 ACTUAL RESTATED $000
CURRENT ASSETS					
Cash and cash equivalents		49,224	61,967	82,351	63,754
Trade and other receivables	2	3,205	2,901	6,758	6,758
Total current assets		52,429	64,868	89,109	70,512
NON CURRENT ASSETS					
Property plant and equipment	3	5,943,860	5,564,289	6,182,919	5,845,717
Total non current assets		5,943,860	5,564,289	6,182,919	5,845,717
Total non-departmental assets		5,996,289	5,629,157	6,272,028	5,916,229

SCHEDULE OF NON-DEPARTMENTAL LIABILITIES AS AT 30 JUNE 2010

	NOTE	30/06/10 ACTUAL $000	30/06/10 MAIN ESTIMATES $000	30/06/10 SUPP. ESTIMATES $000	30/06/09 ACTUAL $000
CURRENT LIABILITIES					
Payables	4	1,237	1,894	819	1,394
Provisions	5	2,245	2,846	2,846	2,271
Total current liabilities		3,482	4,740	3,665	3,665
Total non-departmental liabilities		3,482	4,740	3,665	3,665

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

SCHEDULE OF NON-DEPARTMENTAL COMMITMENTS AS AT 30 JUNE 2010

	NOTE	30/06/10 ACTUAL $000	30/06/09 ACTUAL $000
CAPITAL COMMITMENTS			
Capital commitments	6	2,507	5,743
Total commitments		2,507	5,743

TERM CLASSIFICATION OF COMMITMENTS			
Capital: Less than one year		2,507	5,743
Total commitments		2,507	5,743

SCHEDULE OF NON-DEPARTMENTAL CONTINGENT LIABILITIES AND CONTINGENT ASSETS AS AT 30 JUNE 2010

	30/06/10 ACTUAL $000	30/06/09 ACTUAL $000
Quantifiable liabilities	6,420	8,972
Total contingent liabilities	6,420	8,972

There were nine claims against the Crown, seven of which are not currently quantifiable. Four of these claims are for customary rights orders under the Foreshore and Seabed Act 2004. The remaining five claims vary in nature.

Contingent assets

The Department on behalf of the Crown has no contingent assets (2009: nil).

Notes to the schedules

Note 1: Concessions, leases and licences

	30/06/10 ACTUAL $000	30/06/09 ACTUAL $000
Guiding	2,975	2,997
Telecommunications	1,558	1,669
Grazing	1,470	1,313
Tourism occupations	1,596	1,828
Ski areas	1,375	1,265
Sporting and special events	60	56
Aircraft landings	1,191	1,107
Residential/Recreational	997	854
Other occupations	348	962
Vehicle transport	181	180
Boating	578	600
Filming	151	122
Easements	512	402
Extractions fees	93	34
Miscellaneous	305	174
Recovery of rates	519	486
Total concessions, leases and licences	13,909	14,049

Note 2: Receivables and advances

	30/06/10 ACTUAL $000	30/06/09 ACTUAL $000
Trade and other receivables	1,893	5,590
Less: Provision for doubtful debts	(401)	(420)
Net trade and other receivables	1,492	5,170
Accrued revenue	1,534	1,402
Other receivables	179	186
Total receivables and advances	3,205	6,758

MOVEMENTS IN THE PROVISION FOR DOUBTFUL DEBTS		
Balance brought forward	(420)	(414)
Additional provisions made during the year	0	(100)
Reversal of prior period provisions	0	0
Receivables written off during period	19	94
Closing balance	(401)	(420)

The carrying value of receivables and advances approximates their fair value.

Note 3: Property plant and equipment

	LAND $000	BUILDINGS $000	INFRASTRUCTURE $000	CULTURAL ASSETS $000	TOTAL $000
COST OR VALUATION					
Balance at 1 July 2008	5,506,384	57,490	200,526	5,350	5,769,750
Prior year adjustment	(304,116)				(304,116)
Balance at 1 July 2008 (restated)	5,202,268				5,465,634
Additions	72,353	0	197	0	72,550
Revaluation decrease	536,080	0	0	0	536,080
Disposals	(903)	0	(200,526)	0	(201,429)
Balance at 30 June 2009	5,809,798	57,490	197	5,350	5,872,835
Balance at 1 July 2009	5,809,798	57,490	197	5,350	5,872,835
Additions	26,066	0	853	0	26,919
Revaluation movement	76,652	4,437	0	0	81,089
Disposals	(2,122)	0	0	0	(2,122)
Balance at 30 June 2010	5,910,394	61,927	1,050	5,350	5,978,721
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES					
Balance at 1 July 2008	0	26,356	124,384	0	150,740
Depreciation expense	0	762	0	0	762
Eliminate on disposal	0	0	(124,384)	0	(124,384)
Eliminate on revaluation	0	0	0	0	0
Balance at 30 June 2009	0	27,118	0	0	27,118
Balance at 1 July 2009	0	27,118	0	0	27,118
Depreciation expense	0	756	0	0	756
Eliminate on disposal	0	0	0	0	0
Eliminate on revaluation	0	6,987	0	0	6,987
Balance at 30 June 2010	0	34,861	0	0	34,861

During the year the Department undertook a comprehensive analysis of the calculation to determine the value of Crown land. The project idenitified errors that existed in the past when reconciling rating valuations with land records. An adjustment of $304,116,000 has been recorded as at 1 July 2008.

CARRYING AMOUNTS					
At 1 July 2008	5,202,268	31,134	76,142	5,350	5,314,894
At 30 June 2009	5,809,798	30,372	197	5,350	5,845,717
At 30 June 2010	5,910,394	27,066	1,050	5,350	5,943,860

Land is initially recognised at cost and is revalued based on assessments as provided by Quotable Value. Land not matched to an assessment is valued using an average per hectare rate. These values and methodology were confirmed as appropriate by valuersnet.nz Limited (registered independent valuers).

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

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

Historic buildings used for rental activities were valued by valuersnet.nz Limited (registered independent valuers) as at 30 June 2010. Given the historic nature of these buildings fair value has been determined using depreciated replacement cost.

Fencing assets were transferred from the Crown to the Department at book value as at 1 July 2008.

Cultural assets over $100,000 were valued by valuersnet.nz Limited (registered independent valuers) as at 30 June 2006 at fair value.

The Department has a number of heritage assets under its care due to the historical significance of these assets to New Zealand. These heritage assets are not able to be reliably measured and therefore cannot be recognised in the balance sheet.

Note 4: Payables

	30/06/10 ACTUAL $000	30/06/09 ACTUAL $000
Payables	856	1,072
Revenue in advance	381	322
Total payables and advances	1,237	1,394

Payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of payables approximates their fair value.

Note 5: Provisions

	30/06/10 ACTUAL $000	30/06/09 ACTUAL $000
Opening balance	2,271	2,830
Provision utilised or reversed during the year	(26)	(559)
	2,245	2,271
Provision made during the year	0	0
Closing balance	2,245	2,271
Provisions consist of:		
Environmental provision	2,195	2,221
Designations	50	50
Closing balance	2,245	2,271

The provisions include environmental provisions and Designations.

Environmental provisions

The environmental provision is the estimated cost of rectifying the environmental damage in a number of affected or contaminated sites in which the Crown has an obligation to remedy as follows:

- The tailings and tunnels in the Maratoto Mine may excrete contaminants in the water.
- There are a number of abandoned coalmines both underground and open cast within the Benneydale, Mahoenui, Pirongia, Waitewhenua and Ohura coalfields. The risks of contamination are associated with the treatment ponds, trailing dams and underground drives.
- There is a requirement to clean up dumped refuse in the Waikanae Conservation area.
- There is danger of contaminated water around the Kauaeranga Army Firing Range.

Designations

There is also a provision made for a potential liability relating to a Designation placed on private land to protect the property from development. There is a potential liability that the Crown may need to purchase this property in future from the current owners.

Note 6: Capital Commitments

	30/06/10 ACTUAL $000	30/06/09 ACTUAL $000
Nature Heritage Fund	24	2,061
Nga Whenua Rahui	1,949	3,382
South Island Landless Natives Act	0	300
Matauranga Maori Fund	466	0
Biodiversity—Advice and Condition	1	0
Biodiversity—Community Conservation	67	0
Total other capital commitments	2,507	5,743

The commitments represent the carried forward appropriations for capital expenditure and land acquisition funds.

Note 7: Events after the balance sheet date

No significant events which may impact on the actual results have occurred between year-end and the signing of these financial statements (2009: none).

Additional financial information

SUMMARY OF OUTPUT CLASS EXPENDITURE BY OUTPUT

	30/06/10 ACTUAL $000
VOTE: CONSERVATION	
MANAGEMENT NATURAL HERITAGE	
Fire control	9,606
Conservation services programme	2,241
Natural heritage restoration	10,875
Possum control	15,704
Deer control	1,283
Goat control	5,984
Other terrestrial animal pests	6,956
Other aquatic pests	1,136
Island management and restoration	6,896
Fencing (stock control)	11,335
Inventory and monitoring	1,965
Weed control	18,892
Legal protection of areas and sites	13,343
RMA advocacy and coastal planning	4,853
Species conservation programmes	38,977
Mainland Island sites	1,951
CITES	725
Specific pest and disease response	1,014
Crown pest/weeds exacerbator costs	0
Total Management of Natural Heritage	153,736
MANAGEMENT OF HISTORIC HERITAGE	
Historic heritage	5,360
Total Management of Historic Heritage	5,360
MANAGEMENT OF RECREATIONAL OPPORTUNITIES	
Huts	17,219
Booked accommodation	1,361
Campsites	12,054
Tracks	40,354
Amenity areas and community services	10,382
Roads and carparks	3,960
Visitor Centres	11,397
Visitor information	3,339
Recreation concessions	5,663

Continued on next page

Summary of Output Class Expenditure by Output—continued

	30/06/10 ACTUAL $000
Recreation planning and import monitoring	10,352
Taupo sports fisheries	2,821
Non-recreation concessions	4,423
Total Management of Recreational Opportunities	123,325
CONSERVATION WITH THE COMMUNITY	
Participation	9,830
Education and communication	4,505
International obligations	475
Total Conservation with the Community	14,810
POLICY ADVICE AND MINISTERIAL SERVICING	
Policy advice	762
Ministerial services	100
Management planning	1,471
Statutory bodies	2,516
Biosecurity policy advice	10
Total Policy Advice and Ministerial Servicing	4,859
RECREATIONAL OPPORTUNITIES REVIEW	
Recreational Opportunities Review	278
Total Recreational Opportunities Review	278
CROWN REGIONAL PEST MANAGEMENT STRATEGY	
Pests/weeds exacerbator costs	2,949
Total Crown Regional Pest Management Strategy	2,949
Total vote conservation	305,317
Total output appropriations	305,317
Add:	
Unrealised remeasurements	(554)
Total expenses per Statement of Financial Performance	304,763

EXPENDITURE BY CONSERVANCY FOR THE YEAR ENDED 30 JUNE 2010 (EXCLUDING GST)

CONSERVANCY	30/06/10 ACTUAL $000
Northland	15,217
Auckland	12,646
Waikato	13,774
East Coast Bay of Plenty	17,601
Tongariro/Taupo	12,037
East Coast/Hawke's Bay	0
Whanganui	10,878
Wellington Hawke's Bay	15,806
Nelson/Marlborough	18,969
West Coast *Tai Poutini*	19,148
Canterbury	19,839
Otago	15,529
Southland	21,949
Northern Regional Office	1,978
Southern Regional Office	2,187
Research, Development and Improvement (R&D)	21,769
National Office (excluding R&D)	45,452
Recreational Opportunities Ownership Costs	39,984
Recreational Opportunities Review	0
Total expenses per Statement of Financial Performance	304,763

PERFORMANCE OF RESERVE BOARDS AS AT 30 JUNE 2009

RESERVE BOARD	TYPE	REVENUE $000	EXPENDITURE $000	NET ASSETS $000
Northland				
Oakura	Recreation	12,950	1,180	196,000
Waikiekie	Recreation	9,530	12,880	139,190
Ruakaka Central	Hall	15,375	12,275	173,000
Waipu Cove	Recreation	654,000	608,700	2,000,000
Ruakaka	Recreation	387,700	247,700	690,300
Whatitiri	Recreation	5,935	8,960	119,900
Taurikura	Hall	4,930	5,790	137,000
Coates Memorial Church	Local purpose	385	518	155,000
Auckland				
Glorit*	Hall	6,210	6,865	3,355
Bay of Plenty				
Awakaponga	Hall	5,570	7,370	294,570
Matata	Recreation	40,000	41,000	62,000
Lake Rotoiti	Scenic	12,260	9,535	24,670
Wanganui				
Papanui†	Hall	36,780	35,335	2,015
Poukiore	Recreation	11,025	1,750	130,515
Tiriraukawa‡	Hall	105	625	60,000
Moutoa Gardens	Historic	37,800	29,210	253,860
Wellington				
Horowhenua	Recreation	1,210	1,075	38,890
Whitireia Park	Recreation	14,990	30,575	98,770
Nelson/Marlborough				
Homewood	Hall	430	2,795	71,400
Kaiteriteri	Recreation	4,437,760	3,922,515	5,598,935
West Coast				
Charleston	Hall	3,045	1,530	9,060
Millerton	Hall	1,855	1,910	42,780
Nelson Creek§	Recreation	1,680	2,380	30,000

Notes

The details above are dated to 30 June 2009 because they are usually based on audited reports which are often not available until after the deadline for the preparation of the annual report.

The Ruawhata hall board has been deleted from the table as the board has not been re-appointed and has effectively ceased to operate. The future of the reserve is to be investigated.

* The figures for the Glorit board are as at April 2010.

† The figures for revenue and expenditure are significantly higher than last year. The revenue figure includes $25,000 received as grants and the expenditure includes $30,640 for extending and re-cladding the hall.

‡ The figure for net assets is based on the rating value of the reserve.

§ This figure is an estimate and includes a bank balance of $7,140.

Appendix 1

Monitoring DOC's outcome and intermediate outcomes

This appendix tracks DOC's progress in developing and reporting on the outcome and intermediate outcome indicators identified in its statements of intent. The tables set out the indicators DOC committed to in the *Statement of Intent 2009–2012*.

Developing indicators is ongoing work, and refinements and improvements are made each year. The tables identify development and reporting from the year ending 30 June 2006, through to what is planned for June 2010 and beyond.

TABLE A1.1. INDICATORS MEASURING PROGRESS AGAINST THE DEPARTMENT'S OUTCOME.

OUTCOME: NEW ZEALANDERS GAIN ENVIRONMENTAL, SOCIAL AND ECONOMIC BENEFITS FROM HEALTHY FUNCTIONING ECOSYSTEMS, FROM RECREATION OPPORTUNITIES, AND FROM LIVING OUR HISTORY.					
OUTCOME INDICATORS	AR 2005–2006	AR 2006–2007	AR 2007–2008	AR 2008–2009	AR 2009–2010
Change in native vegetation cover across New Zealand as a whole by environment type and level of protection.	1st reported. Uses Land Environments of New Zealand (LENZ) database and the New Zealand Land Cover database (LCDB).			2nd report due but not able to be provided as updated New Zealand Land Cover database (LCDB3) not yet available.	2nd report due. Thereafter reported every 5 years. Report not able to be provided as LCDB3 not updated.
Track trends in benefits New Zealanders seek and receive from the natural, historic, and cultural heritage managed by the Department.	Tools developed and applied. 1st reported.		2nd report provided. Trends in how New Zealanders seek and receive benefits from their heritage. To be reported on every 3 years. Next report due in annual report to June 2011.		
Track relative value of conservation as indicator of support for conservation.	1st reported.	2nd report provided. Values survey provided baseline information. Conservation values monitor trial begun.	3rd report provided using results from a pilot that translated questions from the 2006–2007 survey into a cost-effective framework that will enable ongoing measurement of New Zealanders' conservation values.		4th report due. A survey in mid-2010 measured trends over time in the value New Zealanders attribute to conservation.

Intermediate outcome 1: Examples of the full range of ecosystems are secured, and their health and functioning is improved.
Intermediate outcome 2: Irreversible decline of ecosystems on public conservation lands and waters is prevented.
Intermediate outcome 3: The security and recovery of New Zealand species most at risk of extinction is improved.

INDICATORS	AR 2005–2006	AR 2006–2007	AR 2007–2008	AR 2008–2009	AR 2009–2010
Indicators of maintenance of ecosystem processes					
Productivity—measured by mast flowering and fruit production.					New indicator in 2009–2010—measurement methodologies under development. Progress: seed rain network expanded into key sites. Collaboration with other agencies to build understanding of relationship between climate and seed masting.
Ecosystem disruption—measured by number, extent and control of fires.					New indicator in 2009–2010—measurement methodologies under development. Progress: database compiled of historic fire records and spatial data, to help predict risk. Research under way on flammability traits of vegetation.
Land cover—measured as land under indigenous vegetation. Reporting is supported by updates of the LCDB. Comparative maps demonstrate the change over time.				Report due on previous related indicator ('Change in indigenous vegetation cover on conservation land by environment type'). Report not provided as LCDB3 not complete so maps not available.	Report due but not able to be provided as LCDB3 not updated. From now on, to be reported every 5 years.
Indicator of reduction in spread and dominance of invasive exotics.					
Distribution and abundance of selected exotic weeds and pests considered a threat. Development of methodology part of 3-year work programme with Landcare Research. Due to be completed in 2011.					Progress: distribution maps complete for 32 animal pests and 20 weeds. Further weed species maps are planned.

Intermediate outcome 1: Examples of the full range of ecosystems are secured, and their health and functioning is improved.
Intermediate outcome 2: Irreversible decline of ecosystems on public conservation lands and waters is prevented.
Intermediate outcome 3: The security and recovery of New Zealand species most at risk of extinction is improved.

INDICATORS	AR 2005–2006	AR 2006–2007	AR 2007–2008	AR 2008–2009	AR 2009–2010
Indicators of maintaining or restoring ecosystem composition.					
Trends in size-class structure of selected canopy dominants. Carried over from previous indicator—'Change in size-class structure of selected indigenous dominants in particular places within forests on conservation land'. Development of methodology part of 3-year work programme with Landcare Research. Due to be completed in 2011. Next report due in annual report to June 2011.	1st reported. Focused on two contributing indicators: size-class structure, and representation of specific species or functional groups.	Contributing indicator group expanded from two to five indicators, under a 3-year work programme.			
Representation of plant functional types, such as aquatic plants and palatable plants. Carried over from previous indicator—'Change in size-class structure of selected indigenous dominants in particular places within forests on conservation land'. Development of methodology part of 3-year work programme with Landcare Research. Due to be completed in 2011.	1st reported. Focused on two contributing indicators: size-class structure, and representation of specific species or functional groups.	Contributing indicator group expanded from two to five indicators, under a 3-year work programme.			Progress: findings indicate substantial change, particularly for species favoured by invasive ungulates (hoofed mammals).
Demography of selected widespread animal species, including fish and invertebrates. Development of methodology part of 3-year work programme with Landcare Research. Due to be completed in 2011.					No report due.
Extent of potential range occupied by indigenous species of particular interest. Reporting against this indicator is dependent on species maps currently under development.					Development of species maps was completed for approximately 50 species as part of Vital Sites Ranking development.

Intermediate outcome 1: Examples of the full range of ecosystems are secured, and their health and functioning is improved.
Intermediate outcome 2: Irreversible decline of ecosystems on public conservation lands and waters is prevented.
Intermediate outcome 3: The security and recovery of New Zealand species most at risk of extinction is improved.

INDICATORS	AR 2005–2006	AR 2006–2007	AR 2007–2008	AR 2008–2009	AR 2009–2010
Indicators of improving ecosystem representation					
Trends in the proportion of environmental unit under indigenous cover. Introduced in 2009–2010					1st report due. Report not able to be provided as LCDB3 not available.
Trends in the proportion of environmental unit under indigenous cover and protected. Introduced in 2009–2010. Builds on the previous indicator—'Change in indigenous vegetation cover on conservation land by environment type'.	1st reported. Uses New Zealand Land Cover Database (LCDB). Baseline established.	Ministry for the Environment began updating LCDB (third update).		2nd report due. Report not able to be provided as LCDB3 not available.	2nd report due. Report not able to be provided for lowland forests or wetlands as LCDB3 not available. 3-yearly reporting thereafter.
National change in extent and integrity of threatened naturally uncommon and significantly reduced habitats. Introduced in 2009–2010.					Progress: mapping of current and former extent of wetland areas expanded.
Proportion of threatened naturally uncommon and significantly reduced habitats protected. Introduced in 2009–2010. Builds on the previous indicators—'percentage of lowland forest areas in protection'; 'Percentage of wetland areas in protection'.	1st report for lowland forest indicator. Baseline data established.	2nd report for lowland forest indicator. Trends in the percentage of the most at-risk environment types under legal protection from year to year (using underlying LENZ data), with the least represented types clearly identified.	3rd report for lowland forest indicator. 1st report for wetland areas. Baseline data established for palustrine and inland saline wetlands. Priority ranking system established.	4th report for lowland forest indicator. 2nd report for wetland areas.	Not reported.
Proportion of environmental unit in marine protected sites. Introduced in 2009–2010.					1st report. 33 marine reserves: 1,279,181 hectares. (Note: this figure may change following the outcome of a gaps analysis and inventory of NZ marine protected area sites.)

Intermediate outcome 1: Examples of the full range of ecosystems are secured, and their health and functioning is improved.
Intermediate outcome 2: Irreversible decline of ecosystems on public conservation lands and waters is prevented.
Intermediate outcome 3: The security and recovery of New Zealand species most at risk of extinction is improved.

INDICATORS	AR 2005–2006	AR 2006–2007	AR 2007–2008	AR 2008–2009	AR 2009–2010
Indicators of achieving security and recovery of managed species.					
Threat status of all species reviewed over 3-year cycle 2008–2011. Report on all species indicators due in 2011.					Review has progressed.
Trends in the number of indigenous species that are extinct. Builds on previous indicator—'Change in the number of extinct species or subspecies (both confirmed and assumed extinctions)'.	Threat classification system prepared in 2001. Species list was reassessed in 2004. 1st reported in the annual report to June 2004.	Review of Threat Classification System methodology began.	Review of Threat Classification System methodology completed. New 3-year cycle of reviewing one taxonomic group at a time began.	Taxonomic groupings review continues.	Taxonomic groupings review continues. Projected date of next report is June 2011, once all groups have been reviewed.
Trends in the number of 'threatened' species. *Trends in the number of 'threatened' species under active management.* *Trends in the security of 'threatened' species under active management.* *Trends in the demographic response to management at population level for selected 'threatened' species.* Builds on previous indicator—'Change in the threat classification status of managed "acutely threatened", "chronically threatened" and "at risk" species or subspecies.'	Last reported in the annual report to June 2004. Updated information provided.		2nd report provided. Review of Threat Classification System methodology completed. Terms 'acutely threatened' and 'chronically threatened' removed. 3-year re-listing cycle using updated methodology began.	Taxonomic groupings review continues.	Taxonomic groupings review continues. Projected date of next report is June 2011 once all groups have been reviewed.
Trends in the number of 'at risk' species. *Trends in the number of 'at risk' species under active management.* *Trends in the security of 'at risk' species under active management.* *Trends in the demographic response to management at population level for selected 'at risk' species.* Builds on previous indicator—'Change in the threat classification status of managed "acutely threatened", "chronically threatened" and "at risk" species or subspecies.'	Last reported in the annual report to June 2004. Updated information provided.		2nd report provided. Review of Threat Classification System methodology completed. Terms 'acutely threatened' and 'chronically threatened' removed. 3-year re-listing cycle using updated methodology began.	Taxonomic groupings review continues.	Taxonomic groupings review continues. Projected date of next report is June 2011 once all groups have been reviewed.

Intermediate outcome 4: New Zealand's history is protected and brought to life.					
INDICATORS	AR 2005–2006	AR 2006–2007	AR 2007–2008	AR 2008–2009	AR 2009–2010
Change in the percentage of key sites that are categorised as stable or deteriorating. Introduced in 2009–2010. Builds on previous indicator—'Change in the percentage of historic assets in "improving", "stable" and "degrading" categories'.	Indicator developed. Baseline data gathered.	1st reported. Benchmarks established in each category.	2nd report due. Trend in assets in 'improving', 'stable' and 'degrading' categories. Not reported. Change in Department's asset management system identified the need to revise the indicator.	3rd report due. Report not able to be made as changes required to Asset Management Information System (AMIS) were not able to be made due to other priorities.	1st report provided through one-off data collection exercise. Subsequent reports to be generated electronically through AMIS.
Increase in the number of key heritage sites at which core history is safeguarded, the values are identified, and these values are communicated. Introduced in 2009–2010. Builds on the previous indicator—'Change in the number of sites for which key history has been safeguarded'.	Indicator developed. Baseline data gathered.	1st reported. Benchmarks established. Target for 2010 established. 222 sites.	2nd report provided. Trend in the number of sites for which key history has been safeguarded cannot be interpreted until the Department has 3 years of data. 299 sites.	3rd report provided. 385 sites.	1st reported. Reported annually.
Change in visitor numbers at Icon sites in the context of departmental and whole-of-New-Zealand visitor numbers. Introduced in 2009–2010.					1st reported.
Increase in New Zealanders' aspiration to visit Icon sites. Introduced in 2009–2010. Measured at 5-yearly intervals. Report due in 2013.					

Intermediate outcome 5: New Zealanders increasingly engage with conservation.					
INDICATORS	AR 2005–2006	AR 2006–2007	AR 2007–2008	AR 2008–2009	AR 2009–2010
Change in New Zealanders' understanding of important conservation issues.	1st reported. Baseline data established.	2nd report.	3rd report provided. Trend in New Zealanders' understanding of important conservation issues.	4th report provided.	5th report provided.
Change in the quality of the Department's engagement with key associates.	1st reported. Baseline data established.	2nd report.	3rd report provided. Trend in quality of the Department's engagement with key associates.	4th report provided using qualitative research.	5th report due but not provided due to significant change initiatives still under way. Key associates will be surveyed again in 2011.
Change in the satisfaction of tangata whenua with the Department's activities to assist them to maintain their cultural relationships with taonga.	1st reported. Baseline data established.	2nd report.	3rd report provided. Trend in tangata whenua's satisfaction with the Department's activities to assist them to maintain their cultural relationships with taonga.	4th report due.	5th report provided.

Intermediate outcome 6: New Zealanders have increased opportunities for recreation.

INDICATORS	AR 2005–2006	AR 2006–2007	AR 2007–2008	AR 2008–2009	AR 2009–2010
Change over time in New Zealanders' awareness of DOC as a recreation provider. Introduced in 2009–2010.					1st report provided.
Change over time in New Zealanders' participation in recreation on public conservation lands and waters. Introduced in 2009–2010. Developed from the participation aspect of the previous indicator—'Change over time in New Zealanders' participation in recreation on public conservation land and their satisfaction with the quality and range of recreational opportunities provided'.			1st report provided on changes in participation, aspect of previous indicator.		1st report provided.
Change over time in New Zealanders' satisfaction with the quality of recreation opportunities provided. Introduced in 2009–2010. Developed from the satisfaction aspect of the previous indicator—'Change over time in New Zealanders' participation in recreation on public conservation land and their satisfaction with the quality and range of recreational opportunities provided'.	2nd report on original indicator—'Change over time in visitor satisfaction with the range of recreation opportunities provided'.				1st report provided.

Intermediate outcome 7: Business opportunities consistent with conservation outcomes are enabled.

INDICATORS	AR 2005–2006	AR 2006–2007	AR 2007–2008	AR 2008–2009	AR 2009–2010
Indicators to be developed for this outcome during 2009–2010.				Indicator development held pending completion of commercial framework.	There is no indicator for this intermediate outcome. Indicators will be developed during 2010–2011, by the Commercial Business Unit.

Appendix 2

Area of natural heritage under legal protection

The three tables in this appendix show areas under legal protection, including land-based, marine reserves and marine mammal sanctuaries.

Table A2.1 shows land areas 'protected' over the period 2004 to 2010, where 'area protected' includes all land administered by DOC, but excludes protected land controlled and managed by other agencies, unprotected land of interest to the Department, and reserves vested in other agencies.

The table uses the Land Environments of New Zealand (LENZ) classification system developed by Landcare Research and the Ministry for the Environment. LENZ sorts factors such as climate, landform and soil properties that are known to be correlated to forest, shrub and fern distribution, and allows areas of similar environments to be grouped together. The table uses the LENZ Level I (20 group) classification.

One way in which the Department uses this information is to work towards a more comprehensive range of terrestrial environments being legally protected. While no targets have been set, the information helps to prioritise funding when responding to opportunities to protect land, such as when a private landowner seeks to covenant a forest remnant.

TABLE A2.1. PROTECTION OF NATURAL HERITAGE AS REPRESENTED BY LEGAL PROTECTION OF EACH LENZ CATEGORY FOR THE YEARS 2004 TO 2010.

LENZ LEVEL I CLASSIFICATION (LLI)	LAND ENVIRONMENT NAME	TOTAL AREA OF EACH LLI ACROSS ALL NEW ZEALAND, EXCLUDING OFFSHORE ISLANDS (ha)	% OF EACH LLI PROTECTED 30 JUNE 2010	AREA OF EACH LLI PROTECTED 30 JUNE 2010 (ha)	CHANGE IN AREA PROTECTED BETWEEN 30 JUNE 2009 AND 30 JUNE 2010 (ha)	AREA PROTECTED IN EACH LLI 30 JUNE 2009 (ha)	AREA PROTECTED IN EACH LLI 30 JUNE 2008 (ha)	AREA PROTECTED IN EACH LLI 30 JUNE 2007 (ha)	AREA PROTECTED IN EACH LLI 30 JUNE 2006 (ha)	AREA PROTECTED IN EACH LLI 30 JUNE 2005 (ha)	AREA PROTECTED IN EACH LLI 30 JUNE 2004 (ha)
A	Northern lowlands	1853745	4.75	87983	97	87886	90002	89659	87948	87793	86594
B	Central dry lowlands	691433	1.53	10564	-769	11333	8658	8521	7819	5957	5794
C	Western and southern North Island lowlands	635918	0.90	5729	38	5691	6020	5919	5571	5578	5508
D	Northern hill country	2099624	19.04	399861	324	399537	401634	400538	399976	400604	400668
E	Central dry foothills	1323675	26.99	357232	4606	352626	311625	301303	294338	221514	195457
F	Central hill country and volcanic plateau	5241270	18.73	981550	-21987	1003537	982719	982203	978892	978161	980163
G	Northern recent soils	338680	7.00	23724	1	23723	24868	25076	24233	24453	23865
H	Central sandy recent soils	135282	21.66	29301	1400	27901	28014	28094	27824	27862	27862
I	Central poorly-drained recent soils	120994	2.80	3390	53	3337	3373	3369	3319	3232	3229
J	Central well-drained recent soils	293580	1.61	4734	31	4703	5612	5382	4273	4031	3879
K	Central upland recent soils	160716	26.85	43156	551	42605	37605	35767	33809	27522	26930
L	Southern lowlands	801165	7.37	59012	240	58772	62384	62455	58767	59355	57056
M	Western South Island recent soils	220345	50.23	110674	664	110010	110556	111390	109712	109317	109358
N	Eastern South Island plains	2044508	0.79	16185	305	15880	18052	15073	12682	13079	12587
O	Western South Island foothills and Stewart Island	1414258	84.28	1191937	27602	1164335	1164995	1165310	1163870	1164275	1164468
P	Central mountains	3248591	78.34	2545013	27182	2517831	2347450	2325497	2315771	2205866	2181691
Q	Southeastern hill country and mountains	3271981	22.10	723074	18452	704622	624199	604446	595507	580367	556499
R	Southern Alps	1926881	95.02	1831006	-1832	1832838	1803733	1799921	1799656	1795980	1797754
S	Ultramafic soils	33476	93.50	31301	39	31262	31245	31245	31245	31245	31067
T	Permanent snow and ice	157015	97.90	153725	-1003	154728	153550	153042	153035	152901	152935
Other		211363	19.55	41316	1103	40213	41793	41815	39076	37984	37690
Total		26224500	32.99	8650466	57095	8593371†	8258087	8196025‡	8147323	7937076	7861054

Note on figures: Before 2009, a grid analysis methodology was used to produce statistics. The methodology was updated to use overlapping vector polygons. The change in methodology has resulted in a margin of error that may have resulted in a discrepancy in some of the figures for some LENZ categories.

† The 2009 figure includes an overall +1.11% variance (equalling approximately 92 000 hectares) caused by the change in methodology explained above.

‡ In the annual report for the year ended 30 June 2007, the figure reported for year-end 2007 was 8 206 098 hectares. The difference is because moveable marginal strips administered by DOC have now been excluded, giving a total of 8 196 025 hectares.

Analysis qualifiers

1. Before 2009, the summary statistics were defined using a grid analysis methodology. The new method uses the same selection criteria for determining protected areas, but statistics are extracted by way of overlapping vector polygons. The vector polygon method will be used in future.
2. The summary statistics exclude offshore islands and marine areas, but include nearshore islands, within the geographic extents of the LENZ database. As offshore islands, the Chatham Islands are excluded from the database.
3. The above summary statistics also exclude moveable marginal strips administered by DOC due to incomplete national data.
4. All figures have been rounded to the nearest hectare.

TABLE A2.2. MARINE RESERVES IN NEW ZEALAND AS AT 30 JUNE 2010.

The legal areas provided for some marine reserves differ from those in the annual report 2008. This is because of recalculations and some new survey work done during the 2008–2009 year.

All marine areas have been rounded to the nearest hectare.

	MARINE RESERVE (NAMES AS THEY APPEAR IN LEGISLATION OR GAZETTE NOTICES)	DATE ESTABLISHED	LEGAL AREA (ha)
1	Cape Rodney-Okakari Point Marine Reserve	1975	547
2	Poor Knights Islands Marine Reserve	1981	2410
3	Kermadec Islands Marine Reserve	1990	748000
4	Whanganui A Hei (Cathedral Cove)	1992	840
5	Tuhua (Mayor Island) Marine Reserve	1992	1060
6	Kapiti Marine Reserve	1992	2167
7	Long Island-Kokomohua Marine Reserve	1993	619
8	Tonga Island Marine Reserve	1993	1835
9	Te Awaatu Channel (The Gut)	1993	93
10	Piopiotahi (Milford Sound) Marine Reserve	1993	690
11	Westhaven (Te Tai Tapu) Marine Reserve	1994	536
12	Long Bay-Okura Marine Reserve	1995	980
13	Motu Manawa-Pollen Island Marine Reserve	1995	500
14	Te Angiangi Marine Reserve	1997	446
15	Te Tapuwae o Rongokako	1999	2452
16	Pohatu Marine Reserve	1999	215
17	Auckland Islands—Motu Maha	2003	498000
18	Ulva Island—Te Wharawhara	2004	1075
19	Te Hapua (Sutherland Sound)	2005	449
20	Hawea (Clio Rocks) Marine Reserve	2005	411
21	Kahukura (Gold Arm) Marine Reserve	2005	464
22	Kutu Parera (Gaer Arm) Marine Reserve	2005	433
23	Taipari Roa (Elizabeth Island) Marine Reserve	2005	613
24	Moana Uta (Wet Jacket Arm) Marine Reserve	2005	2007
25	Taumoana (Five Finger Peninsula) Marine Reserve	2005	1466
26	Te Tapuwae o Hua (Long Sound) Marine Reserve	2005	3672
27	Te Matuku Marine Reserve	2005	690
28	Horoirangi Marine Reserve	2006	904
29	Whangarei Harbour Marine Reserve	2006	237
30	Parininihi Marine Reserve	2006	1844
31	Te Paepae o Aotea (Volkner Rocks) Marine Reserve	2006	1267
32	Tapuae Marine Reserve	2008	1404
33	Taputeranga Marine Reserve	2008	855
		Total area	1279181

TABLE A2.3. MARINE MAMMAL SANCTUARIES IN NEW ZEALAND AS AT 30 JUNE 2010.

	MARINE MAMMAL SANCTUARY NAME	DATE ESTABLISHED	LEGAL AREA (km^2)
1	Banks Peninsula Marine Mammal Sanctuary	1988	4073
2	Auckland Islands Marine Mammal Sanctuary	1993	5628
3	Te Waewae Bay Marine Mammal Sanctuary	2009	349
4	Catlins Coast Marine Mammal Sanctuary	2009	654
5	Clifford and Cloudy Bay Marine Mammal Sanctuary	2009	1386
6	West Coast North Island Marine Mammal Sanctuary	2009	11995
		Total area	24085

The Department of Conservation is helping to build New Zealand's conservation capability by sharing its knowledge and best practices with communities, iwi and other agencies. Working together we can achieve DOC's aspirational vision: *New Zealand is the greatest living space on Earth.*

Why go public?

- The size of the task to conserve New Zealand's native biodiversity means many people, agencies and organisations need to take action.
- Many of our most at-risk species and ecosystems are not on public conservation lands.
- Building people's skills and knowledge means more conservation work will be done. We know what's possible when communities are well-supported and their capacity unleashed—volunteers and trusts supported by BNZ Save the Kiwi Trust have doubled the amount of land managed by DOC to protect kiwi.
- Getting more people active in doing more conservation builds New Zealanders' connections with the places in which they live and recognition that a healthy environment is a great investment in our future wellbeing and prosperity.

Demand for DOC's online courses is strong

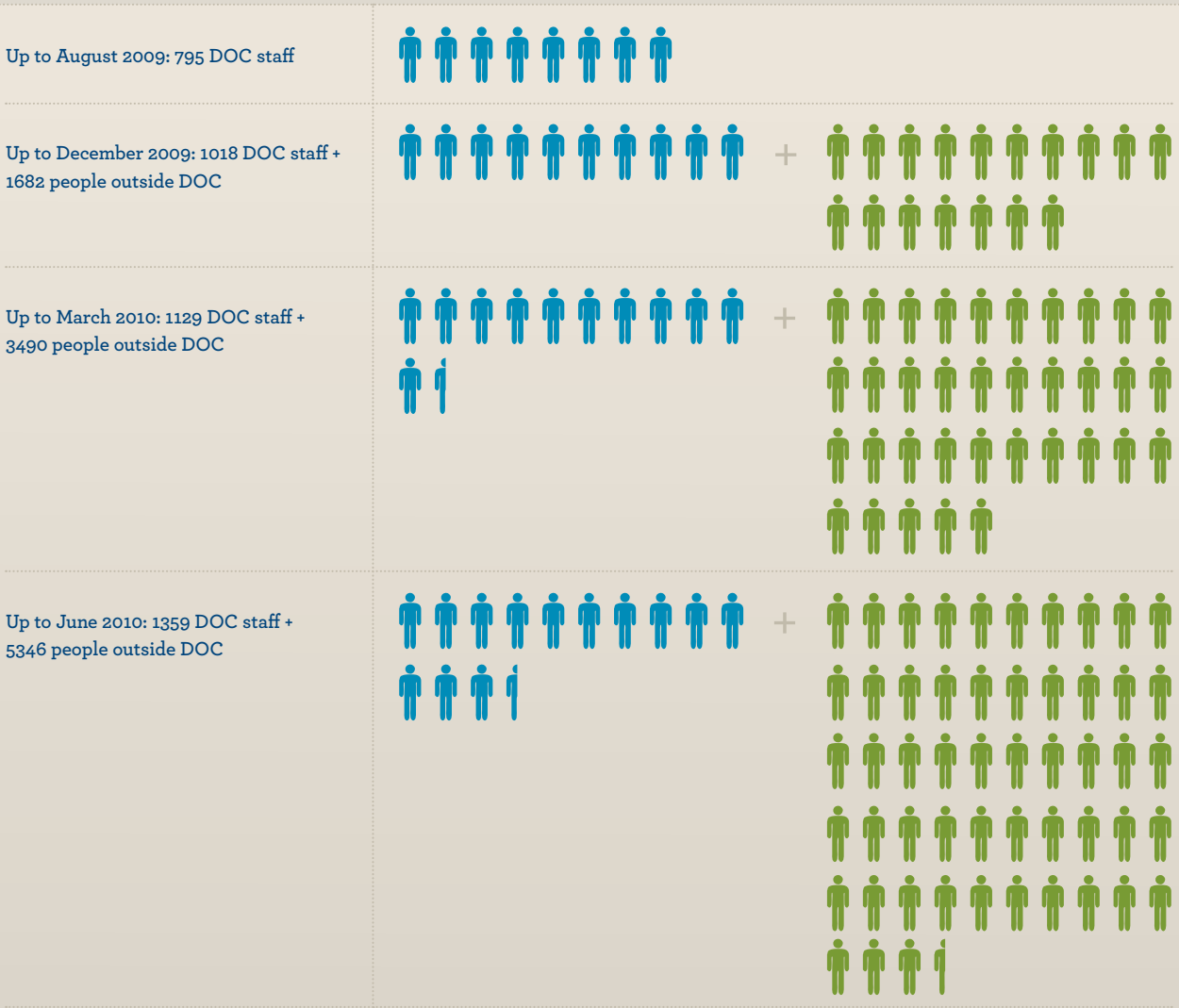
Four DOC online courses and six on-the-ground field training modules are available, covering elementary ecology, pest and weed control, and monitoring techniques. The online courses are especially popular. They are interactive, colourful and content-rich, and deliver useful skills, such as recognising bird calls and using a compass.

- On average, 54 DOC staff have completed them each month since their launch in May 2008, a total of 1359 people.
- Since August 2009, when they were opened to the public, 5346 people outside DOC have signed up, with registrations from New Zealand, Brazil, Tanzania, Mexico, Great Britain, Germany, Japan and Australia.

More information about DOC's innovative approach to building community capabilities and relationships is on its website: www.doc.govt.nz/training.

People signing up for DOC's online courses since their launch in May 2008

(*1 icon represents 100 people*)



New Zealand Government