



Department of Conservation

ANNUAL REPORT

For the year ended 30 June 2012



Department of Conservation

Annual Report

For the year ended 30 June 2012

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of the Public Finance Act 1989.

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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 2012.

A handwritten signature in black ink, appearing to read 'A Morrison', written in a cursive style.

Alastair Morrison
DIRECTOR-GENERAL

Serving conservation and visitors for 25 years

The Department of Conservation is proud to have supported conservation in New Zealand on behalf of New Zealanders for 25 years.

We are carrying on the work begun more than four decades ago under the New Zealand Wildlife Service to bring species back from the brink—efforts that so far have saved the kākāpō, takahē, black robin, Chatham Island tāiko, petrel and oystercatcher, Chatham Island pigeon/parea, Forbe's parakeet, rowi, New Zealand fairy tern, orange-fronted parakeet, North Island kōkako and brown teal.

To safeguard these species and indigenous plants, we treated 235,000 hectares for possums, 1.4 million hectares for goats and 476,000 hectares for weeds this year.

We manage 8.5 million hectares on behalf of 4.4 million New Zealanders and our international visitors.

Each year, we welcome more than 1.5 million visitors to our 24 visitor centres, supporting a network of 14,000 kilometres of track, 970 huts and more than 1,750 toilets making us one of the biggest toilet cleaners in New Zealand!

We also manage marine protected areas and, since our creation in 1987, just under 30 square kilometres of marine reserves have grown to cover nearly 13,000 square kilometres, with the subantarctic islands and the West Coast marine reserves in the pipeline.

We have restored some fantastic sites that mean New Zealanders can now live their history. Sites such as Ruapekapeka Pā, the Denniston mine, Ship Cove, Karangahake Gorge, the Central Otago Chinese settlement, North Head and Government Buildings.

We now have nine Great Walks that symbolise the clean, green, Pure New Zealand experience that has built tourism up to contribute close to 10% of New Zealand's economy, and an agreement with our national airline to promote them on the world stage.

In 1987, when we began, we had less than 200 concessionaires. Now, we have over 4,000, with adventure tourism the big growth area. This growth is good for both the local economy and for conservation, enabling many more visitors to engage in conservation.

We now have 1,639 permanent staff and manage more than \$5 billion in capital assets (predominantly public conservation lands and waters and visitor assets, such as tracks, huts and structures).

We also support the community to run its own conservation programmes and, this year, supported 550 community partnerships and more than 32,000 volunteer days.

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Performance summary

The Department of Conservation measures progress towards long-term goals across six streams. Five of these deal with core business and one covers capability.

Natural heritage

The diversity of our natural heritage is maintained and restored.

Historic heritage

Our history is protected and brought to life.

Recreation

More people participate in recreation.

Engagement

More people engage with conservation and value its benefits.

Commercial business

More business opportunities delivering increased economic prosperity and conservation gain.

Capability

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

The table of national performance indicators on the following page shows the Department's performance for 2011/12.

Key

- ⬆ Performance improving
- ➡ Performance maintained
- ⬇ Performance declining
- Performance data being collected or between surveys
- Performance measures yet to be developed

Definitions (one or more of the conditions listed in each term apply)

Improving - Progress towards the outcome described is positive; overall conditions are improving; numbers are increasing; targets are being met or exceeded.

Maintained - The state of the outcome described is stable; overall conditions are neither improving nor declining; numbers are stable; if targets are being met, then the outcome is being achieved.

Declining - Progress towards the outcome described is negative; overall conditions are degrading; numbers are decreasing; targets are not being met.

Director-General's overview

In 2000, the Government put extra funding into conservation to implement the New Zealand Biodiversity Strategy. An independent review in 2005 showed that money was being well spent and, where conservation work was done, it was very successful. But it also showed that, despite the extra effort, the decline of species was not being halted. Biodiversity was going backwards. It was, essentially, a statement of the size of the task rather than agency performance.

So, as a department, we sat down and discussed what it would cost to halt the decline. It is easy enough to work out because, for the most part, it is pest control. We stopped counting when we were well over the size of the national health budget and realised we had to find another way. This is what led to the partnership model; the idea that we need to get really serious about working with business, local government, iwi and private landowners and to build on our strength in conservation with communities.

We have embarked on a change programme to support this thinking—it does mean a new mindset and quite different approach for the Department and conservation movement. But the idea is quite simple. We are exhausting nature's ability to support our aspirations to prosper and we need to turn that around. To succeed, we need to work in different ways and with new approaches so that we achieve more.

In the medium to long term, our ambition is to achieve as much as possible for conservation by working with

others rather than just on our own. As a department, we have to demonstrate that we are operating efficiently and effectively, and that means maintaining core priority conservation work as the economy recovers and we operate off a reduced budget. It means changes within the Department on how we approach conservation. The changes in service, support and operational delivery will allow us to make the necessary savings, but that is not the main driver. The reasons for these changes are fundamentally recognition that we must achieve more for conservation if we are to live in harmony with the natural environment; and that living in harmony with the natural world is critical to New Zealand's long-term prosperity.

It is not all bad news. This year is the Department's 25th anniversary, and an overview of achievements over this period is set out at the front of this report. This year, through continuing collaboration with our partner agencies, such as Landcare Research and the Animal Health Board, we are able to report for the first time on the status of indigenous forest. You will see in the section on natural heritage that our first view of this, albeit from a limited dataset, is that it is healthy and that this status is being maintained.



Alastair Morrison
DIRECTOR-GENERAL

28/09/2012

Introducing the Department of Conservation

Nature and scope of the Department of Conservation's functions

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

DOC was established by the Conservation Act 1987, and its key functions and mandate are set out in that Act.¹

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. DOC is a key participant in all Treaty of Waitangi settlement negotiations and works actively to help achieve the Government's priority of settling all historical Treaty of Waitangi claims by 2014. DOC's particular focus is to contribute to development of cultural redress as part of negotiations.

DOC manages about 8.5 million hectares of land, 34 marine reserves (covering almost 1.28 million hectares) and six marine mammal sanctuaries (covering nearly 2.4 million hectares). A considerable proportion of the land is, however, snow and ice. Much of DOC's work is focused on relatively small areas of land or water where conservation values are high, whether that is for natural heritage reasons or in support of visitor experiences or community engagement.

DOC is responsible for encouraging recreation on the lands and waters it manages. To that end, it provides and manages historic sites and visitor facilities, including walking, biking and 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 on public conservation lands and

waters. These include grazing, mining and the use of sites for telecommunication purposes.

Some of DOC's functions go beyond the boundaries of public conservation lands and waters. It protects marine mammals, preserves native freshwater fisheries and protects recreational freshwater fisheries and freshwater fish habitats. DOC is responsible for conserving protected native wildlife wherever it occurs. It advocates generally for the conservation of natural and historic resources, provides conservation information and promotes the economic, environmental and social benefits of conservation. DOC participates in processes to support several international agreements that serve to improve environmental management in New Zealand and internationally.

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 local government policies, plans and consent applications regarding the coastal and marine environment.

The Department also contributes to all-of-government activities in response to the Government's stated priorities for the public sector.

The Government's driving goals in 2011/12 were to lift New Zealand's rate of economic growth and to ensure this growth is sustainable and the gains are distributed widely. DOC manages protected species and public conservation lands and waters to deliver economic, social and environmental benefits, which, in combination, are key contributors to New Zealanders' prosperity and wellbeing.

For the 2011/12 year, the Minister of Conservation determined that DOC would contribute to the Government's six drivers of growth² by focusing on three particular areas: tourism, recreation opportunities and generating revenue.

Organisation structure, roles and responsibilities

The Department's Executive Leadership Team (ELT) comprises the Director-General and six deputy directors-general. The team's purpose is to set strategy and culture and provide cohesive leadership for DOC. The National Office in Wellington provides policy and legal advice to the Minister of Conservation and contributes to all-of-government policy processes,

¹ A description of legislation administered by DOC is available at: www.doc.govt.nz/about-doc/role/legislation.

² In 2011/12, the Government identified six drivers of growth: 'removing red tape and improving regulation'; 'lifting productivity and improving services in the public sector'; 'investing in productive infrastructure'; 'supporting business innovation and trade'; 'lifting skills' and 'strengthening the tax system'.

including Treaty of Waitangi settlement negotiations. It provides scientific and technical support, and organisational systems, services and support functions. It also services ministerial advisory committees and the New Zealand Conservation Authority.

This year, the Department completed a review of service and support across the organisation and implemented a new business model, which includes a new structure (see also discussion under the section on organisational capability). The new model has two key drivers: to integrate the organisation to deliver consistent, aligned outcomes; and to focus the Department externally toward its stakeholders and customers. This recognises that successful achievement of the Department's outcomes will require the support and engagement of many external parties, and on a far broader scale than the Department has traditionally worked. The new structure is future focused and designed to deliver conservation through greater collaboration and partnerships with iwi, community and business, resulting in increased conservation outcomes. A similar process is under way to consider the Department's delivery functions and is due to be completed in July 2013.

Conservation outputs are delivered mainly from the network of 44 area offices. The 44 areas are grouped into 11 conservancies, each with a conservancy office to provide local support. The conservancies are led and managed by a Deputy Director-General Operations.³

As at 30 June 2012, DOC employed 1,639 permanent full-time equivalent staff and 211 temporary full-time equivalent staff.

DOC works across the central government sector primarily, but not exclusively, through the Natural Resources Sector group. In other forums, it works with tangata whenua, landowners, regional and local government, businesses, science providers, recreation, outdoor and conservation organisations and community groups.

DOC's mandate and context is also set by a statutory planning framework that sits below the legislation: the Conservation General Policy, the General Policy for National Parks and the strategies and plans that flow from these policies. Conservation management strategies (CMSs) identify the places that DOC manages on behalf of New Zealanders. These CMSs establish 'outcomes at places' and high-level objectives that guide DOC's management of public conservation lands and waters.

³ Further information on DOC can be found on its website: www.doc.govt.nz. This includes the organisation's structure and location of offices.

Department of Conservation outcomes

The outcomes model links DOC's outcome and intermediate outcomes to its vision. It shows the strategic approaches and drivers that underpin DOC's work as set out in Figure 1.

Outcome statement

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

Five intermediate outcomes

DOC works towards the outcome statement through five intermediate outcomes that express the results it seeks to achieve through its interventions. The intermediate outcomes are:

1. The diversity of our natural heritage is maintained and restored.
2. Our history is protected and brought to life.
3. More people participate in recreation.
4. More people engage with conservation and value its benefits.
5. More business opportunities delivering increased economic prosperity and conservation gain.

The following sections of this annual report describe DOC's progress towards each intermediate outcome.



Figure 1. The Department of Conservation outcomes model.

Delivering conservation outcomes in a changeable environment

Opportunities and challenges in a changeable operating environment

The Government's accounts are in deficit and it is committed to returning to an operating surplus. 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. In addition, inflationary pressures act on DOC's principal operating costs of wages, salaries and operational contractors. DOC is also susceptible to increasing costs for vehicle fuels, aircraft and helicopter hire, and flights.

In addition to resource constraints, the size of the conservation task is not diminishing. The work involved in preventing the decline of native plants, animals and ecosystems does not diminish, and human demand continues to place pressure on natural resources and the ability of ecosystems to deliver ecosystem services. Animal and plant pests are a constant pressure that will cause ongoing significant impact on biodiversity and increase pressure on ecosystem services, such as fresh water and soil fertility. Climate change will exacerbate these issues.

DOC's response is to maintain the ongoing drive for efficiency and effectiveness in its core natural heritage and destination management programmes, and in changes to structure, roles and accountability (outlined in the section on the nature and scope of the Department's functions). As well, the Commercial Business Unit's work programme is expected to bring in more resources for conservation, and DOC's ongoing engagement with communities and tangata whenua is building collaborations that will help increase conservation outcomes.

From delivering outputs to managing for conservation outcomes

DOC is an outcomes-focused organisation engaged in a long-term programme to prioritise its service delivery, improve productivity and reorganise its capability to report on conservation results for New Zealanders.

Developing a results and outcomes focus is not a simple process. It requires a deep understanding of the core outcome drivers across the complex functions DOC manages. Qualitative reporting remains the main basis for reporting achievement of long-term results in DOC. However, significant progress has been made in the natural heritage area (over half of the Department's business) to collect and analyse field data to support decision-making and report on natural heritage status and trends.

DOC's current maturity level in outcomes management and reporting is on a par with that of overseas organisations with a similar natural heritage mandate. In Australia, for example, the New South Wales Government has been working on a similar programme since the first 'State of the Parks' report in 2001.⁴

Other agencies are on a similar journey. In the United States, for example, in 2008, the Center for State of the Parks made the following statement:

Our principal task is to evaluate the integrity of natural systems within the parks with special emphasis on biological integrity. To date, no rapid, affordable, comprehensive and authoritative protocol for evaluating and rating natural resource conditions and/or ecosystem health is in widespread, generally accepted use.⁵

A recent Landcare Research review of best practice around the world drew the following conclusion:

The concept of 'biodiversity indicators' is widespread and a key component of all biodiversity inventory and monitoring systems ... nevertheless, national reporting on biodiversity condition and trends remains rudimentary in nearly all countries, although most are seeking to improve.⁶

⁴ See the State of the Parks www.environment.nsw.gov.au/sop04/sop04ch1.htm#12.

⁵ Natural Resources Assessment and Ratings Methodology, page 2 at <http://www.npca.org/about-us/center-for-park-research/stateoftheparks/methodology1.pdf>.

⁶ Lee, W.; McGlone, M.; Wright, E. 2005: *Biodiversity inventory and monitoring: a review of national and international systems and a proposed framework for future biodiversity monitoring by DOC*. Landcare Research New Zealand Ltd, page 2.

Current state of play

DOC is working towards an evaluation of its achievements nationally across the range of biodiversity work, based on data of satisfactory quality. Increasingly, DOC is regarded as having made significant progress in this area. A recent article from the Institute for Applied Ecology, University of Canberra, states:

Prior to 2010, New Zealand had set about developing a number of strategically oriented 'information systems' to allow the more systematic capturing, interpretation, and use of information about biodiversity change. This program of work (instigated and led by the Department of Conservation (DOC) and Landcare Research) was initiated specifically to provide improved knowledge in order to design better policies, more effectively target limited conservation resources (i.e. undertake invasive species management at locations generating greatest biodiversity benefit) ... and to establish clearer roles for communities and corporations in meeting the challenge of conserving biodiversity. Some recent and highly significant improvements in New Zealand's biodiversity policy, management, and engagement can be traced back directly to these advances.⁷

For DOC, the challenge of reporting progress in halting biodiversity decline is not unexpected, as natural processes change slowly over long time scales and trend data must be collected consistently for equivalent periods. The section on natural heritage in this year's annual report presents data on status and trend arising from the information and field data collection systems begun several years ago. The underlying data are referenced in the two technical reference documents that provide supporting information for this annual report. The *Department of Conservation biodiversity indicators: 2012 assessment* prepared by Landcare (at www.landcareresearch.co.nz/publications/researchpubs/department_of_conservation_biodiversity_indicators_2012_assessment.pdf) provides the majority of indicator data to allow reporting on ecological integrity. Additional material to complete the full dataset of natural heritage indicators is contained in the second technical report prepared by DOC. (See *Department of Conservation biodiversity*

indicators: 2012 assessment—supplementary material at www.doc.govt.nz/annual-report-2012.)

In the areas of recreation, participation and community engagement, the challenges are different. These areas deal with visitors and the community rather than natural processes, but the challenges are no less real. Establishing what drives recreation demand or triggers individual or community engagement requires research and analysis before interventions can be developed to increase these outcomes. Impact measures have been developed to report on DOC's success in increasing these outcomes.

Key events

This year was the 25th anniversary of the establishment of the Department from parent agencies (New Zealand Wildlife Service, Lands and Survey and New Zealand Forest Service). Significant achievements have been made over the years, some of which are reported at the front of this annual report.

This year has been characterised as one of organisational change as the Department moves to a more nationally coordinated service centre approach to support conservation, punctuated by the *Rena* disaster.

Rena disaster and DOC

DOC staff played an important role in the *Rena* oil spill response right from the start when the *Rena* struck Astrolabe Reef in Tauranga Harbour in October 2011. Up to 150 staff worked on the emergency on a daily basis, filling roles at the incident command centre and wildlife rehabilitation centre, on roving patrols of beaches around the coast and camped out on islands. DOC also established an iwi advisory group to support the disaster operation. DOC worked closely with the Massey University Oiled Wildlife Response team to care for wildlife affected by the oil spill. Local DOC staff also brought with them invaluable knowledge and equipment (such as quad bikes, trailers and VHF radios) to the response effort—plus the practical expertise to go with this.

At the height of the response, a total of 409 birds were being cared for in the Te Maunga wildlife facility,⁸ including 345 little blue penguins, 60 New Zealand dotterel and four pied shags. Follow-up surveys showed that about 90% of the birds re-settled after their experience in captivity.

⁷ Seeing the wood for the trees: Kiwi lead in biodiversity conservation, at <http://theconversation.edu.au/seeing-the-wood-for-the-trees-kiwi-lead-in-biodiversity-conservation-7966>.

⁸ Maritime New Zealand, Tauranga incident page www.maritimenz.govt.nz/Rena/wildlife.asp.

Our outcome— environmental, social and economic benefits from conservation

The outcome that DOC works towards 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 towards the outcome

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

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 in the year ended 30 June 2006,⁹ was reported again in 2008 and is reported here in 2011/12.

The desired trend is that New Zealanders will cite a range of benefits arising from the natural, historic and cultural heritage that DOC manages on their behalf, and that the proportion of respondents citing economic and social benefits will increase.

Of those surveyed:

- Eighty-two percent 'strongly agreed' or 'agreed' with the statement: 'I actively enjoy New Zealand's healthy environment, recreation opportunities and history'.

This is the second year these specific questions have been used, asking about the benefits of conservation generally, and the personal benefits to respondents themselves. The range of response is broad, with a variety of descriptions for topic areas about protecting for ourselves and our children New Zealand's natural environment, the plants and animals found here, healthy forests, healthy fisheries, clean water, clean air and, very broadly, protecting our natural resources. Also commonly mentioned is having access to the natural environment as a place for recreation, including the facilities that enable this access. There is a strong similarity in the concepts most commonly described between the responses for 2007/08 and 2011/12, and any differences are probably the result of how people describe the benefits rather than the types of benefits being described.

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

This indicator was developed from the 2006/07 values survey and a conservation values monitor trial, reported on in the Annual Report for the year ended 30 June 2008.

The survey methodology was refined in 2011 to ensure direct comparison across years. Results from a national survey indicate that 83% of New Zealanders think that conservation is important to them (rated 'important' or 'very important' in the survey response options). This is down from the 86% response revealed for 2010/11. This is higher than ratings achieved between 2006/07 and 2008/09, which ranged between 68% and 75% respectively, although a slightly different scale was used to gather results.

An additional question asking people to compare the importance of conservation relative to other public good issues explores this topic further, and the results are provided in Table 1 below.

The results suggest that, in the current climate, more New Zealanders consider conservation as having about the same importance or as being less important than other core public good service provision. This provides further evidence of the scale of the issue as the Department seeks to engage New Zealanders in conservation.

⁹ At that time, DOC had two high-level outcomes: protection and appreciation. The 2006 indicator report was for the appreciation outcome.

TABLE 1: IMPORTANCE OF CONSERVATION RELATIVE TO OTHER PUBLIC GOOD ISSUES

THINKING ABOUT THE IMPORTANCE OF CONSERVATION RELATIVE TO SOME OTHER NEW ZEALAND ISSUES, SUCH AS EDUCATION, HEALTH AND LAW AND ORDER, WOULD YOU SAY CONSERVATION IS:	2010/11	2011/12
A lot more important than other issues	5%	5%
Somewhat more important	11%	11%
About the same level of importance	62%	60%
Somewhat less important than these other issues	20%	20%
A lot less important than the other issues	2%	3%
Don't know	1%	1%

Natural heritage— towards ecological integrity

Intermediate outcome: The diversity of our natural heritage is maintained and restored

OVERALL STATUS → NATURAL HERITAGE

Summary statement on the status of biodiversity in New Zealand's forests on public conservation lands

DOC has in 2011/12 systematically measured the general health of New Zealand's forests on public conservation lands for the first time. Indigenous forests cover about 58% of public conservation land. Initial data show that key components of the health (or ecological integrity) of our forests are surprisingly good. While weeds are certainly present, they are generally uncommon, palatable species seem to be holding their own and at least five native bird species were found in most sites. Lowland regions throughout the North Island and in the eastern South Island are poorly protected and have little indigenous plant cover remaining. A number of the naturally uncommon ecosystems have less than 20% of their total area under formal protection. Of course, there will always be significant differences at local levels. As the information base grows to a larger sample in future years, we will gain in confidence about status and trends, and the areas in which there are departures from national trends.

What we are seeking to achieve and why

Halting the decline or preventing degradation or loss of ecosystem integrity is the main goal of conservation nearly everywhere.¹⁰ Progress towards maintenance of ecological integrity and, in the long term, its restoration, is the focus of the Department's reporting on natural heritage. The three components of ecological integrity reported are:

- Indigenous dominance—are the ecological processes natural?
- Species occupancy—are the species present the ones you would expect naturally?
- Ecosystem representation—are the full range of ecosystems protected somewhere?

To answer these questions requires a systematic, national sampling programme that involves the regular assessment of ecological health, or 'ecological integrity', at more than 1,300 locations on public conservation land.

This year, Landcare Research, on behalf of DOC, carried out analysis of the data from an unbiased sample of indigenous forests on public conservation land using the first 82 locations. The analyses also took into account vegetation data from 328 Land Use and Carbon Analysis System (LUCAS)¹¹ forest locations, which have been measured twice at 5-yearly intervals. The method of development for the carbon

Rangitoto and Motutapu islands pest eradication project: working together



Minister of Conservation Kate Wilkinson and Mitre 10 staff release a takahē on Motutapu Island.

The Rangitoto and Motutapu islands pest eradication project successfully removed all pests from the two islands to provide a sanctuary for native species. This was one of the largest and most complex island eradications undertaken in New Zealand. The restoration of these islands would not have been possible without the ongoing support of many groups and organisations. Tangata whenua, Auckland Council, island restoration trusts, concessionaires and businesses, government agencies, and tourism and marine agencies were all actively involved with the project.

¹⁰ Lee, W.; McGlone, M.; Wright, E. 2005: *Biodiversity inventory and monitoring: a review of national and international systems and a proposed framework for future biodiversity monitoring by DOC*. Landcare Research New Zealand Ltd., p.68.

¹¹ Ministry for the Environment, Measuring carbon emissions from land-use change and forestry www.mfe.govt.nz/publications/climate/carbon-emissions-land-use/index.html.

accounting system within LUCAS focuses principally on carbon inventory and modelling in natural forest, planted forest and soils. Because most locations were sited in forests this year, the analyses refer primarily to indigenous forest areas on public conservation land. By 2013/14, about 267 locations will be fully measured annually in a 5-year rotation. This will quickly increase the information available about the status and trend of New Zealand's biodiversity on public conservation land, and how it is changing. Indigenous forests cover about 58% of public conservation land.

Natural heritage work is focused on maintaining and restoring ecosystem composition and health, preventing species declines, ensuring long-term persistence of threatened species populations and protecting features and landscapes. DOC has set six objectives for its natural heritage work, with the intent that an optimal mix of effort across all six will achieve the natural heritage intermediate outcome. In all of this, DOC seeks to work together with others, including tangata whenua, local government, private landowners and land care community groups, to secure priority ecosystems and threatened species.

The results: how healthy are New Zealand's forests?

Indigenous dominance—are the ecological processes natural?

The analyses have drawn on information from the following measures, derived from the new field-based sampling programme:

- Distribution and abundance of exotic weeds and animal pests considered a threat (indicator—exotic weed and pest dominance)
- Population structure of dominant plants,¹² representation of plant functional types and demography of widespread animal species (indicator—composition).

Native plant species greatly outnumber the weed species present in native forests on public conservation land (on average about 26 native to every weed species). Although weeds are widespread throughout the forests—a third of plots measured had weeds present—there has been no significant change in either the frequency or distribution of weeds in native forests over the past decade. Of the 127 species of weeds recorded throughout the forests, 47 are species on the ecological

weeds list based on potential impact and, therefore, of concern to DOC.

Native forests in national parks have, on average, fewer weed species present (on average one species in a 400-metre square plot) than in forests on other types of public conservation land (four species).

Possoms occur in about 80% of the native forests on public conservation land. They are most abundant in forests where beech (*Nothofagus*) is a minor component or absent. On average, their abundance declines in forests from north to south, and they are more abundant at middle elevations (400–800 metres) than they are in forest at low elevations (below 400 metres) or high elevations (from 800 metres to treeline).

Deer and goats (wild ungulates) occur in about three-quarters of the native forests on public conservation land; there was evidence of their presence in 93% of locations sampled in the North Island, 66% in the South Island and all locations on Stewart Island.

Unlike possums, there was no apparent relationship between the abundance of wild ungulates and elevation.

Where goats are believed to be absent, other ungulates (for example, deer) are four times more abundant than they are in areas where goats are present.

Possoms occur just as frequently¹³ in native forests in national parks as they do in forests on other types of public conservation land (they occurred in about 80% of locations sampled in both), but they are only half as abundant in forests in national parks as elsewhere.

In the case of ungulates (goats and deer), there is no difference in either their frequency or their abundance in forests in national parks compared with other types of public conservation land.

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

At a national scale, the tree species that possums, deer and goats most prefer to eat were regenerating 10 years ago across native forests on public conservation land and are continuing to do so now. The abundance of these highly palatable species has been maintained across forests nationally. Altogether, this data points to healthy forests nationally, although at local scales there are likely to be departures from this trend.

Native forests on public conservation land are at least twice as rich in native bird species as they are in introduced bird species. This pattern is consistent

¹² Essentially plant population structure. Size is estimated by measuring diameter at 1.35 metre or counts in height classes for stems that are below 1.35 metre.

¹³ Frequency is the number of locations where possums have been detected. Abundance refers to how many are detected at a location.

across two broad classes of New Zealand's forests, those in which beech is a substantial component and those in which it is either a minor component or absent. Of the 12 most widespread bird species, 10 are native species and are found throughout more than 40% of the native forests on public conservation land. Three species—grey warbler, tomtit and bellbird—are all found in more than 75% of our native forests.

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

For the widespread more common ecosystems, there has been no marked difference in indigenous cover by environment unit or in protection status between 1996 and 2008. As of 2008, the lowland regions throughout the North Island and in the eastern South Island are the regions with the least area under protection (less than 10%). Of these, less than 1% of the eastern South Island plains and western, central and southern North Island lowlands are covered by indigenous vegetation and protected.

Naturally uncommon ecosystems, such as geothermal areas, frequently occur outside the protection of existing conservation areas. There are 72 identified types of naturally uncommon ecosystems, of which 45 have been recently assessed as under threat. These include inland sand dunes, shingle beaches and coastal cliffs on calcareous (chalky) rock. Naturally uncommon ecosystems are particularly important because they contain 85% of mainland New Zealand's taxonomically distinct, nationally critical, nationally endangered and nationally vulnerable plant species, 46% of which are found only within these particular ecosystems.

DOC and Landcare Research have been collaborating to produce maps of the current extent of each of the naturally uncommon ecosystems so that their land tenure and protection status can be assessed. Of the 12 maps of endangered ecosystems produced so far, four types have less than 20% of their total area under formal protection.

Four other endangered ecosystems—leached terraces, seabird guano deposits, active sand dunes and seabird burrowed ecosystems—have more than 20% of their total extent on public conservation land classed as

'stewardship land',¹⁴ which includes land that has yet to be classified as to its conservation status. Their protection, therefore, relies on the management action of others supported by the Department's focus on collaboration and engagement rather than the underlying protected status of the land.

Methodology

The indicators and a short description of the methodology used to compile the summary report on health and status of biodiversity in New Zealand's forests on public conservation lands are set out in Appendix 1.

Technical reports

A full analysis and interpretation of all indicators and measures to report on maintenance of ecological integrity can be found in the Natural Heritage Technical Reports: Landcare Research report, *Department of Conservation biodiversity indicators: 2012 assessment*, and *Department of Conservation biodiversity indicators: 2012 assessment—supplementary material*.

Working to natural heritage outcome objectives

To organise the Department field delivery work, six objectives have been developed that, taken together, will progress the natural heritage outcome. These take account of social values as well as intrinsic biodiversity values. The natural heritage indicators methodology table in Appendix 1 provides a progress report on what DOC has done in 2011/12 towards meeting these six natural heritage objectives. DOC's field programme is focused both on collecting the data to allow long-term reporting on the status and trend in health in natural heritage (ecological integrity) and on delivering the field programmes that will improve that health and functioning at specific locations.

Outputs that contribute to this intermediate outcome

The output classes and main outputs that contribute to this intermediate outcome are set out in Appendix 5. These are reported on in the statements of service performance below.

¹⁴ Stewardship areas (Conservation Act 1987, Part V, section 25). These are managed to protect the natural and historic values of the areas. Stewardship areas can be disposed of but disposal is subject to a public process and it must be clear that their retention and continued management would not materially enhance the conservation or recreational values of adjacent land.

STATEMENT OF SERVICE PERFORMANCE 2011/12: MANAGING NATURAL HERITAGE

PERFORMANCE MEASURES AND TARGETS: 2011/12	NATIONAL COMMENTARY*
Fire control	
9 conservancies will operate within a fire response and action plan published in accordance with the National Departmental Fire Plan.	9 conservancies operated within a fire response and action plan published in accordance with the National Departmental Fire Plan. Achieved.
2 conservancies will operate within the fire plan of a rural fire district.	2 conservancies operated within the fire plan of a rural fire district. Achieved.
Pest and weed control: possums	
289,340 hectares of land will receive treatment this year for possums.†	234,636 hectares of land received treatment for possums. The variance came mainly from three conservancies. West Coast Conservancy reported that two operations, covering 18,000 hectares, were cancelled because pest densities did not reach the required threshold. Nelson Marlborough Conservancy reported rescheduling two operations, covering 10,000 hectares, to next year because of pest densities not meeting the threshold and unsuitable weather. Tongariro Whanganui Taranaki Conservancy reported delays in a joint DOC–Animal Health Board operation involving 6,000 hectares.
1,031,760 hectares of land will be under sustained control for possums.‡	1,024,448 hectares of land were under sustained control for possums. Achieved.
98 possum control operations will be undertaken (90% of operations will meet their targets for operational success at year end).	85 possum control operations have been undertaken with 76 (89%) meeting their targets for operational success. Most Conservancies reported delays in their smaller operations. These were caused by a range of local factors, for example, delays because of anti-1080 protest action, to changing priorities to deal with emergencies (<i>Rena</i> disaster), and biosecurity responses (<i>Largarosiphon</i>).
Pest and weed control: deer	
365,380 hectares of land will receive treatment this year for deer.	367,376 hectares of land received treatment for deer. Achieved.
732,200 hectares of land will be under sustained control for deer.	732,203 hectares of land were under sustained control for deer. Achieved.
Pest and weed control: goats	
1,433,740 hectares of land will receive treatment this year for goats.	1,410,088 hectares of land received treatment for goats. Achieved.
2,295,420 hectares of land will be under sustained control for goats.	2,357,373 hectares of land were under sustained control for goats. Achieved.
Pest and weed control: other terrestrial animal pests	
44 pest control operations will be undertaken against other terrestrial pests. The 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 against other terrestrial pests. 43 met the criteria for success set out in their programme plan. Achieved.
Pest and weed control: aquatic animal pests	
4 aquatic animal pest eradication operations undertaken in treatable sites that met the criteria for success set out in the programme plan (success criteria is measured 2 years after an operation is run).	2 aquatic animal pest eradication operations were undertaken. Tongariro Whanganui Taranaki Conservancy reported postponing 2 operations targeting <i>Gambusia</i> originally thought to be confined to 2 sites but found to be more widespread pending further survey work.

* 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. When outside this range, a variance comment is provided.

† ‘Receiving treatment’ means the total number of hectares at any one site where the pests are controlled in any one financial year.

‡ ‘Sustained control’ means the total number of hectares where the pest control is sustained over time.

STATEMENT OF SERVICE PERFORMANCE 2011/12: MANAGING NATURAL HERITAGE – CONTINUED

PERFORMANCE MEASURES AND TARGETS: 2011/12	NATIONAL COMMENTARY
Pest and weed control: weeds (including aquatic weeds)	
115 weed control work plans will be completed using a weed-led approach.	114 weed control work plans were completed using a weed-led approach. Achieved.
495,915 hectares of land will receive treatment this year for weeds using a site-led approach.	475,568 hectares of land received treatment for weeds using a site-led approach. Achieved.
1,768,120 hectares of land will be under sustained weed control using a site-led approach.	1,806,266 hectares of land were under sustained weed control using a site-led approach. Achieved.
Natural heritage restoration	
54 restoration programmes will be undertaken. (90% will meet the criteria for success set out in their programme plan at year end.)	56 restoration programmes were undertaken. 54 met the criteria for success as set out in their programme plan. Achieved.
86 island biosecurity programmes will maintain a pest-free status.	86 island biosecurity programmes maintained a pest-free status. Achieved.
Species management	
More than 30 additional threatened species will be under active management through optimised species prescriptions.	42 additional threatened species were under active management through optimised species prescriptions. Achieved.
39 'acutely threatened' species or subspecies will have improved security for one or more populations as a result of active species conservation programmes.	37 'acutely threatened' species or subspecies have improved security for one or more populations as a result of active species conservation programmes. West Coast Conservancy reported halting 2 programmes, one due to establishing that the population discovered was not distinct from other known populations, and one due to moving resources to progress a higher priority pest control operation.
17 'chronically threatened' species or subspecies will have improved security for one or more populations as a result of active species conservation programmes.	16 'chronically threatened' species or subspecies have improved security for one or more populations as a result of active species conservation programmes. Nelson Marlborough Conservancy reported postponing 1 programme due to lower than expected rat numbers.
9 'at risk' species or subspecies will have improved security for one or more populations as a result of active species conservation programmes.	9 'at risk' species or subspecies have improved security for one or more populations as a result of active species conservation programmes. Achieved.
53 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.	51 reclassified 'at risk' vascular plant and bird species or subspecies have improved security for one or more populations as a result of active species conservation programmes. Achieved.
128 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.	125 reclassified 'threatened' vascular plant and bird species or subspecies have improved security for one or more populations as a result of active species conservation programmes. Achieved.

STATEMENT OF SERVICE PERFORMANCE 2011/12: MANAGING NATURAL HERITAGE – CONTINUED

PERFORMANCE MEASURES AND TARGETS: 2011/12	NATIONAL COMMENTARY
Species management – continued	
<p>The Department will have achieved improved understanding of status and threats for 57 ‘acutely threatened’ species or subspecies through survey monitoring and research.</p>	<p>Improved understanding of status and threats has been achieved for 47 ‘acutely threatened’ species or subspecies through survey monitoring and research.</p> <p>West Coast Conservancy reported halting 2 programmes, one due to gaining new knowledge on the population, one due to higher pest control priorities.</p> <p>Wellington Conservancy reported transferring work to another conservancy where it will be picked up next year. A shortage of available technical staff also affected programmes in Wellington Conservancy.</p> <p>Northland and Tongariro Whanganui Taranaki Conservancies also reported halting 2 planned programmes after reviewing species status during the year.</p>
<p>The Department will have achieved improved understanding of status and threats for 30 ‘chronically threatened’ species or subspecies through survey monitoring and research.</p>	<p>Improved understanding of status and threats has been achieved for 26 ‘chronically threatened’ species or subspecies through survey monitoring and research.</p> <p>West Coast and Nelson Conservancies reported delays in 4 programmes due to a shortage of technical staff and advice.</p>
<p>The Department will have achieved improved understanding of status and threats for 13 ‘at risk’ species or subspecies through survey monitoring and research.</p>	<p>Improved understanding of status and threats has been achieved for 11 ‘at risk’ species or subspecies through survey monitoring and research.</p> <p>Tongariro Whanganui Taranaki Conservancy reported halting 1 programme as the population was secured by possum and pig control.</p> <p>Southland Conservancy halted 1 programme due to shifting resources to higher priority work.</p>
<p>Improved understanding of status and threats will be achieved through survey, monitoring and research for 54 reclassified ‘at risk’ vascular plant and bird species or subspecies.</p>	<p>Improved understanding of status and threats has been achieved for 47 reclassified ‘at risk’ vascular plant and bird species or subspecies.</p> <p>Two conservancies—Waikato and Wellington—reported delays in programmes due to a shortage of specialist expertise.</p> <p>East Coast Bay of Plenty Conservancy reported delays in 1 programme due to high lake levels hindering access.</p> <p>Otago Conservancy reported halting 1 programme after completion of earlier monitoring indicated no further monitoring was required.</p>
<p>Improved understanding of status and threats will be achieved through survey, monitoring and research for 157 reclassified ‘threatened’ vascular plant and bird species or subspecies.</p>	<p>Improved understanding of status and threats has been achieved for 156 reclassified ‘threatened’ vascular plant and bird species or subspecies.</p> <p>Canterbury Conservancy reported delays due to rock-fall risk associated with earthquake damage. Southland reported cancelling monitoring for 1 programme as the transplant trial the previous year was unsuccessful.</p> <p>Weather affected programmes in Nelson Marlborough Conservancy, while 1 programme in the conservancy was delayed pending coordination of helicopter transport into a remote location.</p> <p>Northland Conservancy reported cancelling 2 planned programmes once more detailed work was undertaken on the plan during the year.</p>

STATEMENT OF SERVICE PERFORMANCE 2011/12: MANAGING NATURAL HERITAGE – CONTINUED

PERFORMANCE MEASURES AND TARGETS: 2011/12	NATIONAL COMMENTARY
Species management – continued	
<p>The Conservation Services Programme will meet its agreed performance criteria and milestones.</p> <p>Achievement will be reported at year end.</p>	<p>The Conservation Services Programme undertakes research into the interactions between commercial fishing and marine protected species. In 2011/12, 976 days of observer coverage in a range of both inshore and offshore fisheries was achieved to monitor protected species interactions.</p> <p>Field projects were undertaken as part of population studies into New Zealand sea lions, flesh-footed shearwaters, pied shags, Pitt Island shags and Chatham Island shags. Population review and analysis projects were undertaken for protected fish species, protected corals, yellow-eyed penguins and northern royal albatrosses.</p> <p>Final reports are published on DOC's website as they become available—see: www.doc.govt.nz/publications/conservation/marine-and-coastal/conservation-services-programme/csp-reports</p> <p>Other work areas included increasing awareness of, identifying, and implementing measures to reduce interactions with protected species. Practical mitigation projects in 2011/12 had a focus on inshore bottom long-line, scampi trawl and purse seine fisheries.</p> <p>Projects undertaken by the Conservation Services Programme are reviewed by a technical working group before posting on the website above. The Conservation Services Programme maintained an active involvement in the Agreement on the Conservation of Albatrosses and Petrels and in regional fishery management organisations.</p>
<p>Hectares of marine areas legally protected during the year:</p> <p>Fully approved marine reserves—yet to be gazetted:</p> <p>435,164 (subantarctic islands)</p>	<p>The Subantarctic Islands Marine Reserves Bill has been introduced into the House and is awaiting the first reading. This bill seeks to establish three new marine reserves in the Subantarctic Islands Biogeographic Region.</p> <p>A process to develop marine protected area proposals for the South Island's West Coast was completed, and applications for 5 marine reserves were notified in 2012.</p>
<p>Hectares of marine areas gazetted and under sustained management during the year:</p> <p>Marine reserves (33) 1,714,344</p> <p>Marine mammal sanctuaries (6) 1,845,698</p>	<p>Marine reserves (34 reserves) 1.28 million hectares—an increase of 394.2 hectares with the gazetting of Tāwharanui Marine Reserve approved by Ministers in 2010/11.</p> <p>Marine mammal sanctuaries (6 sanctuaries) 2.35 million hectares.¹⁵</p>
<p>87,960 hectares of terrestrial environment legally protected during the year.</p>	<p>44,719 hectares of terrestrial environment were legally protected.</p> <p>Otago Conservancy reported unconcluded tenure review negotiations affected 45,000 hectares. Canterbury Conservancy reported unconcluded tenure review negotiations affected 12,000 hectares.</p>

¹⁵ The marine mammal data is derived from the legal area of each marine mammal sanctuary (DOC conservation units), which likely differ from earlier area calculations using geospatial information system (GIS) tools because of aspects such as differing projection.

OUTPUT CLASS OPERATING STATEMENT 2011/12: MANAGEMENT OF NATURAL HERITAGE

	ACTUAL 30/06/12 \$000	MAIN ESTIMATES 30/06/12 \$000	SUPP. ESTIMATES 30/06/12 \$000	ACTUALS 30/06/11 \$000
Revenue				
Crown	148,443	150,360	148,443	146,004
Other	10,260	12,175	12,175	9,250
Total revenue	158,703	162,535	160,618	155,254
Expenses	154,775	165,906	163,989	154,753
Surplus/(deficit)	3,928	(3,371)	(3,371)	501

STATEMENT OF SERVICE PERFORMANCE 2011/12: REGIONAL PEST MANAGEMENT STRATEGIES

PERFORMANCE MEASURES AND TARGETS: 2011/12	NATIONAL COMMENTARY
Crown pest and weed exacerbator costs	
13 regional pest management strategies with completed Crown exacerbator weed and pest programmes.	The Department completed exacerbator weed and pest programmes for 18 regional councils and unitary authorities. Several district councils were also included in this programme.

OUTPUT CLASS OPERATING STATEMENT 2011/12: REGIONAL PEST MANAGEMENT STRATEGIES

	ACTUAL 30/06/12 \$000	MAIN ESTIMATES 30/06/12 \$000	SUPP. ESTIMATES 30/06/12 \$000	ACTUALS 30/06/11 \$000
Revenue				
Crown	2,938	2,998	2,938	3,015
Other	22	0	0	58
Total revenue	2,960	2,998	2,938	3,073
Expenses	2,703	2,998	2,938	2,866
Surplus/(deficit)	257	0	0	207

Historic heritage— bringing our history to life

Intermediate outcome: Our history
is protected and brought to life

OVERALL STATUS → HISTORIC HERITAGE

Summary statement on the status of historic and cultural heritage in New Zealand's public conservation lands

There are 20 historic sites recognised as iconic examples of New Zealand's history. These places are intensively managed to provide opportunities for visitors to interact with the best examples of industries and events that shaped and defined the character of New Zealand today. DOC has systematically collected information about the location of heritage assets and sites since 1987. This information, available through the New Zealand Archaeological Association database ArchSite, shows there are 12,000-plus known archaeological and/or historic sites on lands and waters administered by DOC. Most of these sites and assets are not actively managed, but knowing their location is important as it helps protect them from avoidable harm. DOC is actively managing nearly 600¹⁶ heritage sites to protect the fabric of the sites and assets or to record and tell the stories about these places so that the physical history and stories are available to future generations.

What we are seeking to achieve and why

The Department has a guardianship role to protect and conserve New Zealand's historic heritage. There are over 12,000 known archaeological and/or historic sites recorded on public conservation lands,¹⁷ which means the Department is responsible for the largest proportion of recorded heritage sites in New Zealand.

The Department's work to protect our history, bring it to life and make it relevant to people provides New Zealanders and international visitors with stories from New Zealand's past and opportunities to connect to places, to visit and to learn about heritage sites.

DOC is continuing to refine its approach to this area of its business. The ICOMOS New Zealand Charter¹⁸ on cultural heritage conservation has been adopted as a best practice. This charter describes the conservation

principles to apply, such as understanding the values associated with heritage places, respecting surviving evidence and knowledge, applying minimum interventions and finding these places a useful purpose. Appropriate conservation process and practice is promoted, relating to the conservation options of preservation, restoration, reconstruction and adaptation. The charter advice has been incorporated into the best practice guidance (available on the web) for historic heritage management provided for DOC staff and others working in heritage management.

Over the past year, the Department has focused on improving its management of heritage data by moving historic assets into its Asset Management Information System (AMIS), further refining priority-setting approaches and promoting key historic sites as part of New Zealand's tourism offer. Twenty of these places (which DOC is promoting as 'Historic Icon sites') are among the most popular historic heritage sites in New Zealand.

The Department works towards the following objectives:

1. Historic heritage is protected and conserved for future generations.
2. More New Zealanders engage in their heritage and value the benefits of interacting with it.

The specific work activities undertaken by DOC include:

- Recording the location of archaeological and historic sites. This information is recorded in ArchSite and, for actively managed sites and/or assets, in the DOC AMIS
- Assessing historic and cultural significance to make decisions about which sites become actively managed (conserved) and managed within the historic and visitor work programme
- Preparing conservation work plans and specification options, identifying potential constraints and detailing on-site controls and progresses
- Telling people why places are special, why they should visit and what work has been done; because the involvement of people is vital to heritage management
- Encouraging community and business involvement.

¹⁶ This number varies year on year, depending on the level of protection work that needs to be done.

¹⁷ This information has been derived from the New Zealand Archaeological Association's Site Recording Scheme.

¹⁸ ICOMOS New Zealand Charter www.icomos.org.nz/docs/NZ_Charter.pdf.

The results: what is the status of our history?

The indicators used monitor the impact (change, effect or difference) DOC is making by managing key sites and profiling New Zealand's history on public conservation lands.

As part of the Heritage Management Framework process, priorities for heritage management have been redefined, sites amalgamated, new sites created as significant heritage is discovered (for example, through high country tenure review) or sites are lost, for example, as a consequence of the Christchurch earthquakes. Because of the dynamic nature of heritage management, it can be expected that the number of sites and assets that are actively managed will fluctuate. This could be due to natural events, public interest, the discovery of new sites, new research, Treaty of Waitangi claims, damage to assets that needs to be urgently attended to, and as work at these places is completed they may be taken off the actively managed register. These changes mean we cannot directly compare the number of actively managed sites between years. The information below includes the data from 2009–12 for indicative purposes.

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

This indicator is to be reported on annually (see Table 2).

The 2012–17 Statement of Intent notes that the Department is intending to actively manage 566 key sites. For the 2011/12 year, the Department undertook work on or recorded 597 actively managed sites of historical significance.

Maintenance and upgrade work conducted by the Department has resulted in 310 sites having their historic fabric stabilised and their heritage protected. This means that any fabric deterioration at these sites

has been minimised or halted to help ensure their survival. As a result, visitors to these places will be able to engage with the physical remains of New Zealand's cultural past and connect with significant elements of New Zealand's cultural identity.

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

This indicator is reported on annually.

The Department safeguards the history of key sites by undertaking heritage assessments to ensure that the history of a site is recorded and made available to the public (Table 3). These assessments also ensure that a detailed record of the site will survive should a site be damaged or destroyed by natural events (earthquake, flood, erosion, fire).

TABLE 3: TOTAL SITES WHERE DEPARTMENT OF CONSERVATION HERITAGE ASSESSMENTS HAVE BEEN COMPLETED

	2009/10	2010/11	2011/12
Total sites where heritage assessments have been completed	165 (of 591)	189 (of 501)	185 (of 597)

To communicate the value of heritage places, the Department is now providing all completed heritage assessments online (Table 4). This informs members of the public about their heritage.

Change in the number of visitors at Iconic sites in the context of the national tourism visitor number trend

This indicator is reported on annually.

The Department is currently counting visitor numbers at 14 of the 20 Iconic heritage sites (Table 5). Counting

TABLE 2: CHANGES IN PERCENTAGE: KEY HERITAGE SITES CATEGORISED AS STABLE OR DETERIORATING

	2009/10		2010/11 ¹⁹		2011/12 ²⁰	
	Sites stable	Sites deteriorating	Sites stable	Sites deteriorating	Sites stable	Sites deteriorating
Total number of sites	48.6% (287 of 591)	51.4% (304 of 591)	57.9% (290 of 501)	42.1% (211 of 501)	52.0% (310 of 597)	48.0% (287 of 597)

¹⁹ The 2010/11 data exclude Canterbury sites because the earthquakes and aftershocks prevented assessment and categorisation as stable and/or deteriorating.

²⁰ The 2011/12 data now include Canterbury sites.

visitors is difficult because many sites have multiple entry and exit points with complex track networks, so it is taking time to establish the right mix of counters and research to gain accurate data about total visitation to these sites. With ongoing improvements to its visitor counting technology, the Department will improve the accuracy of this data so that it can report on total visitation at each site. The Department plans to have counters installed at all Icon sites by June 2013.

TABLE 4: TOTAL SITES WHERE DEPARTMENT OF CONSERVATION HERITAGE ASSESSMENTS HAVE BEEN PRODUCED AND PUBLISHED ONLINE

	2010/11	2011/12
Total sites where heritage assessments have been produced to standard, and published on the Web ²¹	84 (of 501)	12 (of 597)

Factors that affect visitation at these places include international tourist arrivals, for example, tourist arrivals increased by 4% from May 2011 to May 2012²⁴ partly due to the Rugby World Cup. Other factors, such as promotion or marketing of heritage sites, will also account for increases. It will be several years before the longer term visitor trend can be determined for historic places.

To help align its investments to support tourism, the Department has developed a methodology for reviewing the tourism potential at the destinations it manages, and how to encourage more people to visit these places. This review provides a plan (the Experience Development Plan or EDP) designed to match the potential of the place, its competitive advantage and the relationship with market demand. The EDP provides a compelling story about each place, its point of difference and guides the development

TABLE 5: VISITOR NUMBERS: ICONIC HERITAGE SITES

Icon site	COUNTER DATA ²²					
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
1. Ruapekapeka Pā, Northland	3,901	3,604	3,226	3,744 (adjusted) ²³	7,693	5,922
2. Kerikeri Basin, Northland	-	-	-	-	56,000	62,000
3. Cape Brett Lighthouse, Northland	-	-	-	-	1,316	1,324
4. North Head, Auckland	-	-	-	-	92,572	101,954
5. Waitawheta Tram, Bay of Plenty	-	-	-	7,569	5,703	5,651
6. Karangahake Mines, Bay of Plenty	-	-	-	-	63,233	61,526
7. Timber Trail, Pureora Forest	-	-	-	-	-	612
8. Old Coach Road, Ohakune	-	-	-	-	12,991	14,803
9. Otatarā Pā, Hawke's Bay	-	-	-	-	-	9,318
10. Bridge to Nowhere, Whanganui	-	-	-	14,051	14,085	14,190
11. Ship Cove, Marlborough	-	43,634	44,003	37,962 (adjusted)	32,340	31,868
12. Denniston Mine, West Coast	-	-	-	-	10,023	10,343
13. Central Otago Rail Trail, Otago	-	18,724	19,546	24,129	21,437	20,455
14. Arrowtown Chinese Settlement, Otago	-	-	-	-	-	41,561

²¹ The standard for heritage assessments has been amended for 2011/12 and out-years to include publishing the heritage assessment on the Department's website so that it is available to the public. Prior to this the assessment was considered to meet the standard if it was published as an internal document.

²² See Department of Conservation internal report *Visitor numbers at historic icon sites*.

²³ Due to technical issues, less than 12 months of data were recorded by the counter. The data were adjusted reflecting the overall trend to produce a reliable annual total.

²⁴ International tourism data from Ministry of Economic Development website www.med.govt.nz/sectors-industries/tourism/tourism-research-data/international-travel/international-visitor-arrivals-commentary.

Excellence in Parks Cultural Award

The West Coast Tai Poutini Conservancy received an Australasian Parks Forum commendation in the Excellence in Parks Cultural Award for its work at Denniston (see www.denniston.co.nz).

The award recognises innovation in interpretation, information and education programmes.

Bob Dickson, Buller Area Manager, says 'One of the aims of the Denniston project was to move beyond traditional interpretation techniques and encourage visitor interaction and participation to bring the site alive and convey the courage, commitment and hardship of those who lived at the coalface in the 1880s.'

This was achieved by developing Denniston into a unique and interactive tourism destination.

Visitors can walk around the above-ground exhibits before plunging deep into the historic Banbury Mine. Inside the authentic 1880s mine, visitors are able to explore the underground workings and try their hand at work activities undertaken by miners of the period. Various multimedia displays help in bringing the sights and sounds of the historic mine to life.

Children can also learn about the area in a fun and interactive way by completing the Denniston Kiwi Ranger activity booklet.

Fans of New Zealand's top selling books set at Denniston, *The Denniston Rose* and *Heart of*



Many hands make light work, and most of the West Coast Conservancy turned up to lend a hand at the 2010 Conservancy Day at Denniston.

Coal, can follow in the footsteps of the main characters with the Denniston Rose Literary Trail. A smartphone application has also been developed to complement the trail and includes authentic historic video footage, press clippings, photos and oral histories.

The judges were impressed with the Denniston project and said 'the project was inspirational in terms of engaging the visitor in a tourism product that can meet local, regional and national objectives'.

They specifically commented on the project's innovation and technical excellence.

required to achieve greater use of these places. EDPs have been completed for Molesworth Station in Marlborough, 'Molesworth Car Journey—a one-day discovery drive through New Zealand's outback', the Old Government Buildings in Wellington—'one of the world's architectural wonders in wood' and North Head—'Timescapes'.

Increase in New Zealanders aspiration to visit Icon sites

This indicator was introduced in 2009/10 and was to be measured for the first time in 2011/12 and then at 5-yearly intervals. Because of the ongoing development of the destination management approach (see next

section) and alignment of historic and recreation Icon sites as destinations, this indicator has been dropped in favour of using the recreation indicators to describe the performance of historic Icon sites. The recreation indicators covering awareness, participation and satisfaction now also apply to historic Icon sites.

Outputs that contribute to this intermediate outcome

The output classes and output groups that contribute to this intermediate outcome are set out in Appendix 3. These are reported on in the statement of service performance below.

STATEMENT OF SERVICE PERFORMANCE 2011/12: MANAGEMENT OF HISTORIC HERITAGE

PERFORMANCE MEASURES AND TARGETS: 2011/12	NATIONAL COMMENTARY*
Historic heritage restoration	
33 historic or cultural heritage assets for which remedial work is completed to standard.	Remedial work was undertaken to standard on 29 historic or cultural heritage assets. Tongariro Whanganui Taranaki Conservancy reported delay to one programme due to lack of specialist contractors to undertake remedial work to the required standard. East Coast Bay of Plenty reported delays in one remedial programme as staff completed work on the Conservancy's cycleway project. Auckland Conservancy reported delays due to issues arising from the tendering of its remedial programme.
897 historic or cultural heritage assets for which regular maintenance work is on track to standard.	Maintenance work is on track to standard for 1,169 historic or cultural heritage assets. Achieved
53 historic or cultural heritage assessment reports completed to standard.	79 historic or cultural heritage assessment reports were completed to standard. Achieved

OUTPUT CLASS OPERATING STATEMENT 2011/12: MANAGEMENT OF HISTORIC HERITAGE

	ACTUAL 30/06/12 \$000	MAIN ESTIMATES 30/06/12 \$000	SUPP. ESTIMATES 30/06/12 \$000	ACTUALS 30/06/11 \$000
Revenue				
Crown	5,363	5,184	5,363	5,616
Other	174	477	477	404
Total revenue	5,537	5,661	5,840	6,020
Expenses	5,188	5,661	5,840	5,498
Surplus/(deficit)	349	0	0	522

* 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. When outside this range, a variance comment is provided.

Recreation—enjoying nature-based outdoor activities

Intermediate outcome: More people participate in recreation

OVERALL STATUS → RECREATION

Summary statement on the status of recreation in New Zealand's public conservation lands

DOC has, since 1998, systematically measured the condition of the facilities and assets that it manages. The data show that the condition of the key facilities provided meet the Department's standards and the legal requirements for construction and maintenance of these assets. For the past 5 years, the Department has measured the public use of and satisfaction with the places it manages for recreation. There is a trend of increasing use of some recreation activities, a decline in others and overall high levels of visitor satisfaction. Of course, there may be differences at local levels, but the national view is one of increasing use and satisfaction being maintained.

What we are seeking to achieve and why

The Department's work in this intermediate outcome is so that New Zealanders and international visitors enjoy nature-based outdoor activities on public conservation lands and waters. The goal is to increase the number of people participating in leisure activities by providing opportunities and experiences that encourage people to keep returning to DOC places and for those who have not visited before to start visiting and enjoying the outdoors.

The benefits that nature-based outdoor recreation brings to individuals, communities and businesses include: employment and revenue that flow into communities from recreation concessions and the business opportunities they create; improved quality of life²⁵ and improved health²⁶ for individuals. By visiting public conservation lands and waters, people are able to better appreciate these resources and understand New Zealand's conservation challenges.

Heaphy Track

On 1 May 2011, the Heaphy Track was opened to mountain biking for 5 months each year for a 3-year trial. During the first 5 months, about 1700 riders used the track, increasing participation over the normally quiet winter tramping period. Mountain bikers had petitioned to be able to ride the track, and the 3-year trial decision was the result of DOC, the Minister of Conservation and the NZ Conservation Authority responding to demand and making it happen.



In 2011/12, DOC began a 2-year programme to upgrade the infrastructure on the track to cater for a wider range of visitors and meet the needs of trampers and mountain bikers. The 24-bunk Perry Saddle hut, which had cramped cooking and living areas, was replaced with a new 28-bunk hut. Two of the older huts (Heaphy and James Mackay) that also have cramped communal living areas, will be replaced over the next 18 months. DOC has also begun building five suspension bridges to replace five old, long and narrow cable and netting bridges that are difficult for cyclists (and some trampers) to use. Two bridges were replaced in 2011/12, and three more will be replaced over the next 18 months. Work improving the track formation to better meet the needs of bikers and walkers, and to reduce future maintenance requirements, is ongoing.

²⁵ See page 4 at <http://www.sparc.org.nz/en-nz/resources-and-publications/Research-reports/Outdoors-Recreation-Strategy-2009-15>.

²⁶ See Ministry of Health 2000: *New Zealand Health Strategy*. Ministry of Health, Wellington. 54p Available at www.moh.govt.nz.

DOC's work to increase visitor numbers is guided by its destination management approach, which focuses on meeting the needs and expectations of visitors. To achieve this, destination management has five objectives: being demand driven, optimising investment, providing quality experiences, promoting what is available and working with others. The aim is to provide experiences that are accessible, memorable, affordable and supported by businesses and local communities.

The results: what is the status of our recreation?

Increasing visitor use and satisfaction is a key focus of the Department. In support of this, DOC completed the design of the destination management approach in June 2011 and started to implement recreation investment changes in 2011/12. While the focus is on being demand driven, marketing and promotion is also a tool, for example, as used in promoting conservation campsites to actively encourage more New Zealanders and international visitors to go camping with friends and family.

Over the next few years, the allocation of capital will similarly be focused on places where the greatest numbers of visitors are likely to visit for the lowest cost. Using a cost-benefit approach in this manner helps ensure that DOC, iwi, community or business resources are, together, focused on progressing the intermediate outcome (more people participating).

This year, significant upgrades or improvements were completed at five icon destinations, focused on better meeting the needs of international and domestic visitors, and at 13 gateways, places designed to provide introductory nature-based experiences for New Zealand families. These included reopening Papatowai campsite on the Catlins Coast and major walking track upgrades at Tongariro, Aoraki/Mount Cook and Arthur's Pass national parks and on Urupukapuka Island in the Bay of Islands.

To support managers in the investment process, DOC has begun developing specific site or destination descriptions about a place's potential as a visitor 'product'. Experience development plans (EDPs) are product descriptions that are helping to determine development and marketing priorities for significant facilities. EDPs will increasingly be used to identify and develop outstanding visitor experiences at a range of destinations managed by DOC.

To assess the quality of delivery at destinations and also provide a vital benchmarking and performance

reporting tool, the Department piloted a UK-based park assessment system at six destinations in Northland and Waikato in conjunction with the Australasian Parks Forum. The system, called the Green Flag Award enables comparison between and across other recreation providers in Australasia. By identifying those destinations that are best meeting visitors' expectations, DOC and others will be able to learn what works well and apply this knowledge to improve the management of lesser-valued destinations.

The Department has continued to develop its monitoring capability to track the trend in nature-based recreation and the use and condition of the places that it manages to achieve the intermediate outcome. The national survey of New Zealanders has continued, with additions and amendments to help identify the size and structure of the market for domestic visitors and to better identify customer needs.

During 2011/12, DOC continued to measure progress towards the intermediate outcome using three indicators.

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

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

This indicator has been measured for the past 3 years. Of people surveyed in 2011/12, 77% said they were aware DOC provided places to visit and recreate (Figure 2).

While there was no change over the past year, increased effort in marketing and promoting destinations, especially online, is likely to have contributed to maintaining the high level of awareness. The next challenge is to convert the awareness into use of places, which will involve ongoing marketing and promotion.

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

Participation measures people's uptake of recreation opportunities. The number of people taking part indicates the relevance of the Department's work in recreation for New Zealanders. The desired trend is for continuing growth in use. This indicator is measured annually.

The 2011/12 survey indicates that 50% of New Zealanders²⁷ had visited an area managed by DOC in the previous 12 months compared with 45% in 2010/11.²⁸ The increase may be linked to marketing and promotion of the opportunities, but it could also be associated with word of mouth recommendations and changes in holiday preferences due to the economic downturn.

The trend in the proportion of New Zealanders who say they have visited a national park in the past 12 months

(Figure 3) has remained relatively stable over the past 5 years.²⁹

Additional information in the survey at Appendix 3: Participation trend, illustrates participation by outdoor activity and/or facility type and shows a relatively stable trend of use by New Zealanders. In the 2012-17 Statement of Intent, the Department introduced participation targets for the 2017 year. By using our current monitoring data, it is possible to show the progress against a number of those targets. The percentage of New Zealanders using short walks on

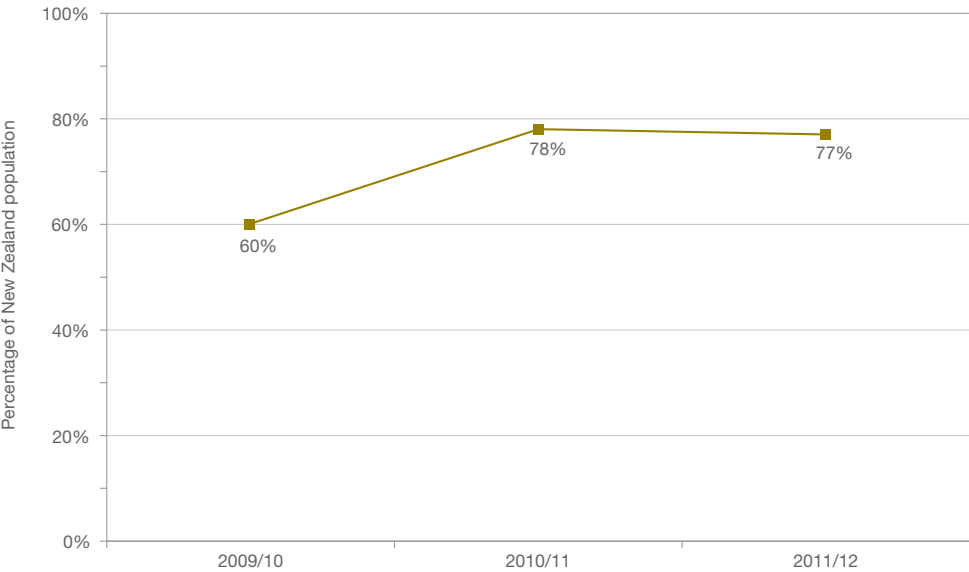


Figure 2: Change over time in New Zealanders' awareness of the Department of Conservation as a recreation provider, 2009–12.

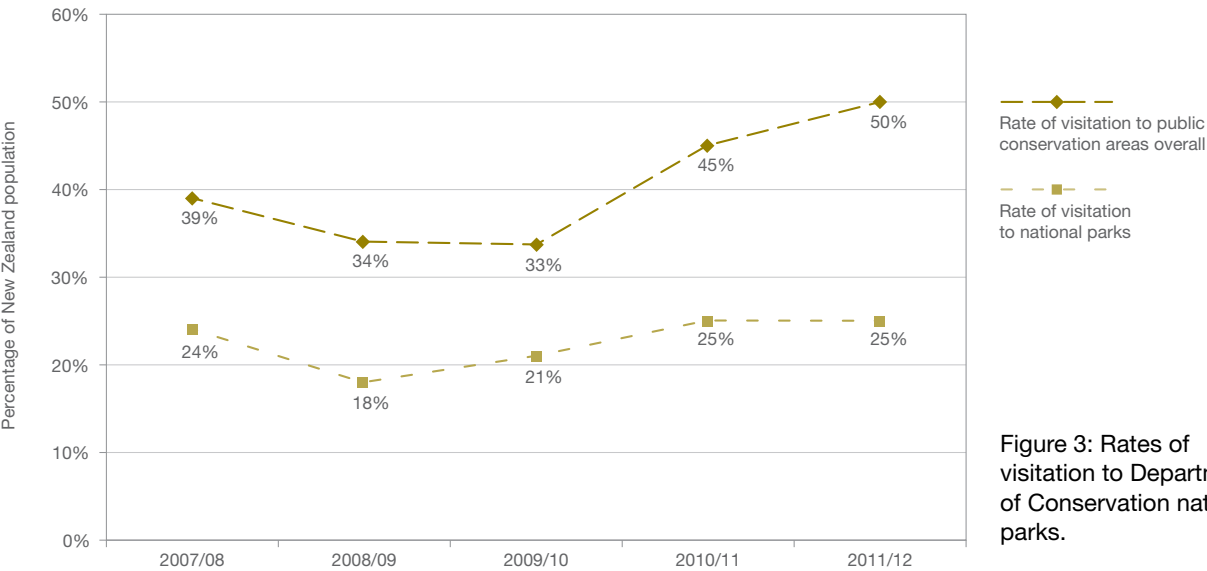


Figure 3: Rates of visitation to Department of Conservation national parks.

²⁷ New Zealanders aged over 15 years.

²⁸ This figure differs from the 38% reported in the 2010/11 annual report. It was calculated using a slightly different method to both 2011 and previous years, which understated the level of participation.

²⁹ Margin of error based on sample size—3.6% up to 2010/11 and 2.1% in 2011/12.

public conservation land has increased from 29% last year to 35% this year. Again, it is difficult to determine all the factors contributing to this rise, but it is likely to be due to marketing and promotion and recent investment in easily accessible high-profile front country destinations.

Other indicators show minor changes within the margin of error for the survey, so it can be assumed that, in terms of participation in these activities, use remains stable.

Note—these figures do not confirm that overall visitation to DOC-managed places has increased or decreased. They are, however, a strong indicator of the trend in use and show that recreation on public conservation lands remains an important opportunity and highly relevant for a large proportion of the New Zealand population. The indicators and table can be seen in Appendix 3.

The service level provided by recreation facilities has an influence on a visitor’s experience and their satisfaction with the visit. The Department’s maintenance and replacement programme shows a trend of improvement in the standard of facilities (see Figure 4), while the visitor survey information shows a relatively stable trend in satisfaction. The Department is undertaking more work to determine the

relationship between visitor satisfaction and the level of service provided.

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

The degree of reported satisfaction indicates whether the facilities provided gave a ‘good’ or ‘satisfying’ experience for visitors. The assumption is that those visitors who have good experiences are more likely to visit again and to recommend their experiences to friends and family. High levels of satisfaction provide the opportunity for increased participation into the future.

This year’s results (Figure 5) show 87% of visitors were either ‘satisfied’ or ‘very satisfied’. This is consistent with previous years’ levels of satisfaction, which have been consistently above 80%.

Outputs that contribute to this intermediate outcome

The output classes and main outputs that contribute to this intermediate outcome are set out in Appendix 5. These are reported on in the statements of service performance below.

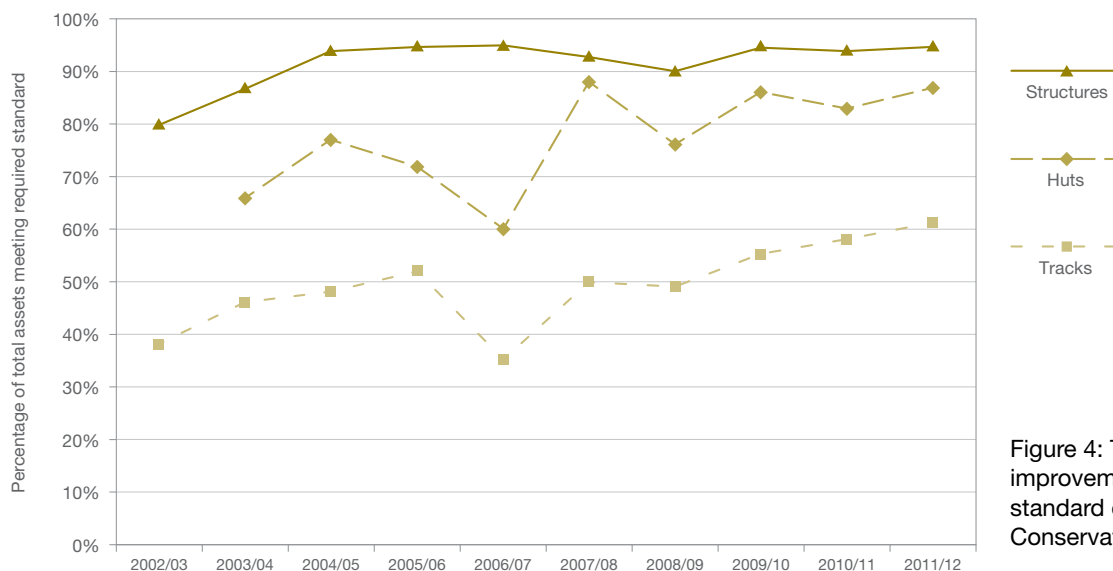


Figure 4: Trends in improvement in the standard of Department of Conservation facilities.

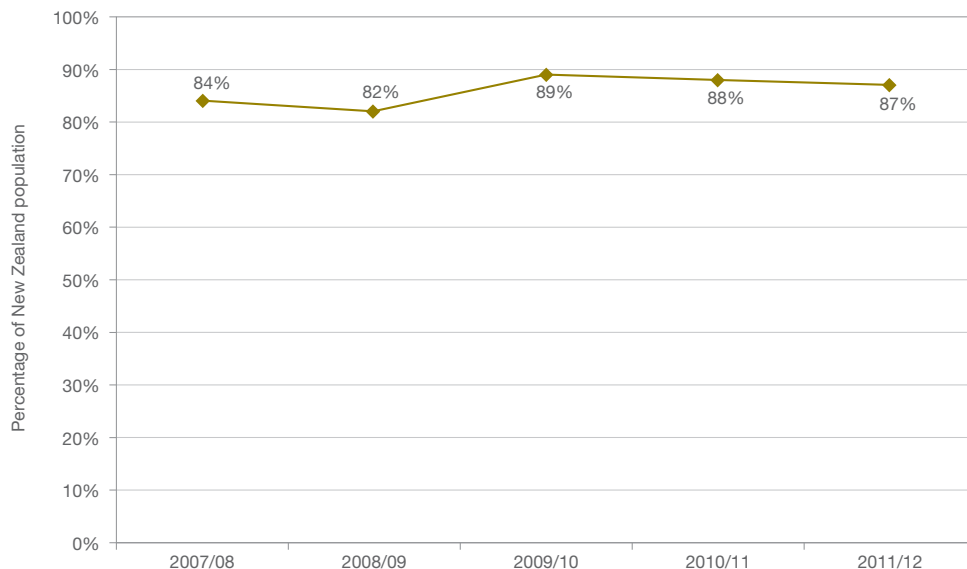


Figure 5: New Zealanders' satisfaction with the quality of recreation opportunities provided.

STATEMENT OF SERVICE PERFORMANCE 2011/12: RECREATION OPPORTUNITIES

PERFORMANCE MEASURES AND TARGETS: 2011/12	NATIONAL COMMENTARY*
Recreation opportunities management	
Number of visitor recreation and interpretation publications meeting publication standard with a target of 90%.	306 visitor recreation and interpretation publications out of a total of 363 met publication standard (84%). Tongariro Whanganui Taranaki, and Canterbury Conservancy reported older stock did not meet the current standard but would not be updated until the current stock was exhausted. West Coast Tai Poutini Conservancy reported that stock that did not meet the standard would not be updated and published. In future material that met the standard would only be made available online. Southland Conservancy reported publishing to a (lesser) standard for publications produced collaboratively with community groups.
Asset management	
Number of huts meeting required service standard with a target of 90% to standard.	847 huts out of 973 met the required service standard (87%).
Kilometres of tracks meeting required service standard in each visitor group with a target of 40% to standard.	8,740 kilometres out of 14,315 kilometres of tracks met the required service standard (61%). Achieved.
Number of structures meeting the required service standard with a target of 95%.	12,438 structures out of 13,128 met the required service standard (95%). Achieved.
Business opportunities management: recreation concessions	
419 active one-off recreation concessions will be managed.	484 active one-off recreation concessions were managed. Achieved.
A target of 15% of active longer term recreation concessions will be monitored annually.	254 active longer term recreation concessions were monitored out of 1,249 longer term concessions managed (20%). Achieved.
1,274 active longer term recreation concession permits, licenses, leases and easements managed.	1,249 active longer-term recreation concession permits, licenses, leases and easements were managed. Achieved.

* 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. When outside this range, a variance comment is provided.

STATEMENT OF SERVICE PERFORMANCE 2011/12: RECREATION OPPORTUNITIES – CONTINUED

PERFORMANCE MEASURES AND TARGETS: 2011/12	NATIONAL COMMENTARY
Business opportunities management: other resource use concessions	
124 active one-off other resource use concessions will be managed.	118 active one-off other resource use concessions were managed. Achieved.
A target of 15% of active longer term other resource use concessions will be monitored annually.	486 active longer-term other resource use concessions were monitored out of 2,948 longer term concessions managed (17%). Achieved.
3,144 active longer term other resource use concession permits, licenses, leases and easements managed	2,948 active longer term other resource use concession permits, licenses, leases and easements were managed.

OUTPUT CLASS OPERATING STATEMENT 2011/12: MANAGEMENT OF RECREATION OPPORTUNITIES

	ACTUAL 30/06/12 \$000	MAIN ESTIMATES 30/06/12 \$000	SUPP. ESTIMATES 30/06/12 \$000	ACTUALS 30/06/11 \$000
Revenue				
Crown	115,283	117,507	115,283	109,672
Other	27,397	22,772	25,772	22,809
Total revenue	142,680	140,279	141,055	132,481
Expenses	139,454	142,279	143,055	131,716
Surplus/(deficit)	3,226	(2,000)	(2,000)	765

Engagement—more people involved with conservation

Intermediate outcome: More people engage with conservation and value its benefits

OVERALL STATUS → ENGAGEMENT

Summary statement on the status of engagement in conservation

Since 2006, DOC has measured New Zealanders' awareness and understanding of conservation issues, the quality of its relationships with key associates, and how satisfied tangata whenua are with their ability to maintain their cultural relationship with taonga managed by DOC on behalf of the Crown. The results show that, in general, people's awareness of the value of conservation has grown over time, and DOC's relationships with key associates are improving. No upward trend has yet been identified in DOC's relationship with tangata whenua, but recent improvements in how it engages with whānau, hapū and iwi are expected to be positively reflected in future results. Of course, there will be differences in each of the Department's relationships, but the national view is broadly one of increasing satisfaction.

What we are seeking to achieve and why

The overall aim is for more people to engage with conservation and value its benefits. To achieve this, the Department's work is focused on engaging people's hearts and minds, helping more people and organisations to actively participate in conservation, and embedding conservation values into New Zealand's decision-making frameworks.

The results: what is the status of engagement?

The Department's engagement work delivers a wide range of benefits to New Zealanders. The contribution of people and organisations to conservation work enables more of New Zealand's natural and cultural heritage to be protected and restored. As well, New Zealanders' participation in conservation activity increases the health and wellbeing of people and communities and contributes to their greater economic prosperity.

DOC intends to significantly increase its engagement work over the next decade, with the aim of more than doubling the amount of conservation achieved in New Zealand by increasing the contribution to conservation by communities, iwi, business and others. New strategies are being developed to help achieve this goal, and DOC's engagement outcomes, indicators and performance measures are undergoing review.

As a first initiative, 44 roles were refocused in DOC conservancies to build conservation partnerships with communities and local agencies; as well, another 10 roles were refocused to build relationships with whānau, hapū and iwi. The aim is to significantly increase the amount of conservation done by others so that, over time, gains for biodiversity and heritage can be doubled.

The implementation of the Department's education strategy was progressed by the prototyping of an online teacher planning tool that will enable teachers to use conservation as a context for teaching literacy and numeracy. It is anticipated that the online resource will be available for use in the 2013/14 year.

An online recruitment and relationship management system for conservation volunteers was developed and successfully piloted during 2011/12. This will enable the Department to expand opportunities for volunteers, provide improved services and monitor and report on volunteer achievements for conservation.

Services to the public were improved during 2011/12 by listing all of the more than 700 DOC-approved recreation concessionaires on the Department's website. This provides easy access to information for trip planning, supports the businesses that help people enjoy conservation areas and profiles the contribution concessionaires make to conservation. During the year, the Department also shared more of its conservation expertise by providing DOC procedures and tools online.

New research programmes are under way to gather evidence of the wider social and economic benefits derived from the ecosystem services supplied by indigenous biodiversity and its conservation. The Department hopes that, by growing this understanding, New Zealand will be better equipped to foster sustained prosperity founded on healthy biodiversity, and conservation in New Zealand will be strengthened.

DOC has worked with the Ministry of Foreign Affairs and Trade and regional organisations on work in the Pacific region funded by the New Zealand Aid Programme. This work includes the provision of training in the region on trade in endangered species (the Convention on International Trade in Endangered Species of Wild Fauna and Flora or CITES) and biosecurity and the development of nature-based ecotourism programmes.

During 2011/12, the Department continued to measure progress towards the intermediate outcome using three indicators.

Change in New Zealanders' understanding of important conservation issues

The impact of DOC's efforts to increase New Zealanders' awareness and understanding of conservation and its benefits 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 20 June 2006 and is reported on annually. The desired trend is an increase in awareness and understanding over time.

Figure 6 provides an overview of the results for the past 4 years based on answers to the question: 'Thinking about conservation overall ... how important is conservation to you?'. This year, 83% of people who responded said that conservation is 'important' or 'very important' to them personally, which is a drop of 3% on the previous year and against recent upward trends. The survey's margin of error is 1.1%. This result is below the 2012-17 target of 90%. The sudden downward trend is likely to be the result of factors outside the Department's influence, such as the economic downturn and the Christchurch earthquakes, and DOC will do more work to investigate this.

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

The quality of DOC's engagement with key stakeholders is gauged through in-depth surveys that are generally carried out every 2 years. This indicator was reported on for the first time in the Annual Report for the year ended 30 June 2006. The desired trend is for an improved level of engagement over time.

In 2008/09, this indicator was measured through in-depth interviews with senior staff of 36 key stakeholder organisations. Most stakeholders interviewed believed that DOC has significantly improved the quality of its engagement over the past 3-5 years. Many stakeholders believe that improvements must continue to be made for the Department to be aligned with its strategic direction.

In 2010/11, interviews were carried out with senior staff, mostly at chief executive level, of 45 key stakeholder organisations. Most were appreciative of the changes taking place in DOC, although some had concerns that DOC's conservation mandate might be compromised in favour of economic development. Relationship

Waitomo Glowworm Caves— partnership and engagement in action



The first recorded exploration of the Waitomo Glowworm Caves was in 1887 by local Māori chief Tane Tinorau and an English surveyor. The Crown managed the caves for more than 80 years after it acquired the land from Māori in 1906, a transaction that was part of the first mediated Treaty of Waitangi settlement, Claim WAI 151, settled in 1989. Now the caves, one of New Zealand's foremost tourist attractions, are owned and managed as a partnership between the Crown, DOC and Ruapuha Uekaha Hapu Trust.

When a fire razed the original visitor centre at the Waitomo Glowworm Caves in 2005, the community rallied to keep the caves open to visitors. A draw card for international and domestic tourists, the caves and their visitors provide employment for the Hapu Trust and the community within a 30-kilometre radius.

From the ashes of the burnt building rose the new Waitomo Glowworm Caves Visitor Centre, which, in 2010, won several Timber Design Awards for its innovative and harmonious fusing of engineering, environment and local culture.

issues identified by stakeholders related mainly to inconsistent decisions and behaviours by different parts of the Department, and a lack of transparency in some local decision-making. DOC put a re-survey on hold for 2011/12 while it addressed these issues in its 2011/12 organisational review. It is planned to re-survey key associates again in 2012/13.

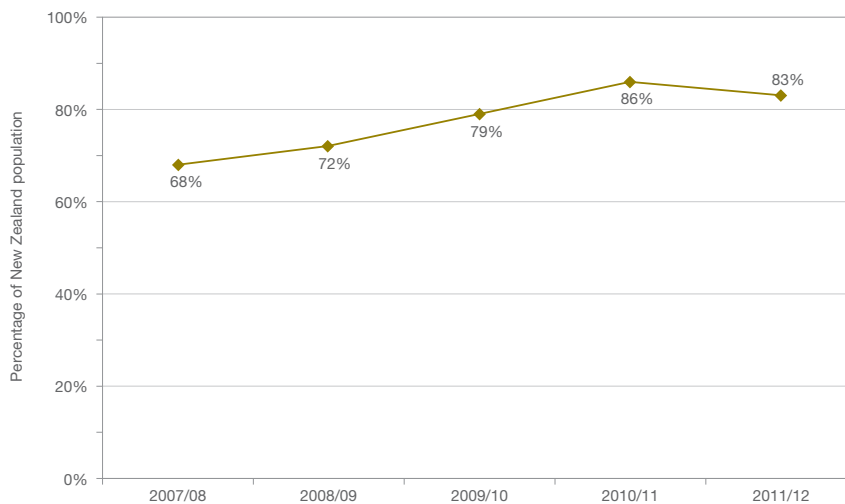


Figure 6: Importance of conservation to New Zealanders, changes over time.*

* Source: ColmarBrunton. July 2012: DOC SOI data. Wellington, ColmarBrunton.

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

This indicator was reported on for the first time in the Annual Report for the year ended 30 June 2006. The desired trend is for an increase in satisfaction levels over time.

Telephone surveys have been used to gather feedback, and this was reported annually up to the year ended 30 June 2010. There was a significant drop in satisfaction levels in 2009/10, which is believed to be a combination of reported survey fatigue and an indication of tangata whenua relationships with government as a whole.

Changes have been initiated in DOC during the 2011/12 year to improve its engagement with whānau, hapū and iwi. DOC has also been working alongside the Office of Treaty Settlements in negotiations with iwi to facilitate settlements. A new survey methodology is being developed and will be piloted in the 2012/13 year to measure the effectiveness of engagement with whānau, hapū and iwi. The results will be reported on again in the next annual report.

Outputs that contribute to this intermediate outcome

The output classes and output groups that contribute to this intermediate outcome are set out in Appendix 5. These are reported on in the statement of service performance below.

STATEMENT OF SERVICE PERFORMANCE 2011/12: ENGAGEMENT

PERFORMANCE MEASURES AND TARGETS: 2011/12	NATIONAL COMMENTARY*
Education and communication	
585 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.	758 education initiatives were provided. 94% of participants (1,135 participants of 1,204 surveyed) rated the initiatives as ‘effective’ or ‘partly effective’ at meeting their objectives. Achieved.
33,300 workday equivalents will be contributed by people volunteering.	31,806 workday equivalents were contributed by people volunteering. Achieved.
Participation	
537 partnerships will be run during the year with more than 80% of partners surveyed rating their contribution to conservation as ‘moderate’ or ‘significant’.	548 partnerships were run. 91% of participants (207 participants of 228 surveyed) rated the initiatives as ‘effective’ or ‘partly effective’ at meeting their objectives. Achieved.
30% of partnerships involve tangata whenua.	151 of the 548 partnerships run involved tangata whenua (28%). Northland Conservancy reported it was in a rebuilding phase which affected the partnerships in its Conservancy. Overall the number of partnerships involving tangata whenua has increased from 135 in 2010/11 to 151 this financial year.

* 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. When outside this range, a variance comment is provided.

OUTPUT CLASS OPERATING STATEMENT 2011/12: CONSERVATION WITH THE COMMUNITY (ENGAGEMENT)

	ACTUAL 30/06/12 \$000	MAIN ESTIMATES 30/06/12 \$000	SUPP. ESTIMATES 30/06/12 \$000	ACTUALS 30/06/11 \$000
Revenue				
Crown	15,578	14,060	15,578	15,262
Other	917	1,303	1,303	910
Total revenue	16,495	15,363	16,881	16,172
Expenses	16,016	15,363	16,881	15,845
Surplus/(deficit)	479	0	0	327

Working with business to deliver conservation gains and economic prosperity

Intermediate outcome: More business opportunities delivering increased economic prosperity and conservation gain

OVERALL STATUS BUSINESS OPPORTUNITIES

Summary statement on the status of business opportunities

DOC has systematically measured the breadth, depth and quality of its many relationships with the private sector and its own business operations. With over 4,500 commercial concessions in place and a significant and increasing number of conservation partnerships, the Department is taking advantage of the growing recognition by the private sector that business has a responsibility to protect and conserve 'natural capital', and not just because it is good for business. The trend is increasing where businesses seeking to lift their positive engagement with the environment are turning to DOC to support them on that journey.

What we are seeking to achieve and why

The Department is seeking to work with businesses in ways that deliver environmental, social and economic benefits to New Zealanders. These benefits include the employment and revenue that flow into communities, and the revenue, carbon credits and branding benefits that businesses receive. As a result, net revenue to the Crown and DOC will be increased, and DOC will contribute to the increased prosperity of New Zealand through wise use of conservation assets.

Additional environmental benefits will include:

- An increase in contributions to conservation from resources generated by business opportunities on public conservation lands and waters
- An increase in recognition of the links between conservation and successful businesses, and the economic value that flows from conservation-based business
- A wide range of people having a stake in the conservation of New Zealand's natural and historic heritage

- Enhanced conservation management due to different ideas and initiatives arising from DOC's interactions with the commercial sector.

The focus is on:

- Improving DOC's ability to deliver commercial outcomes from its own business, for example, visitor centre retail sales
- Building productive business partnerships that deliver conservation gains
- Increasing net revenue flows
- Enabling business opportunities that are consistent with conservation to raise New Zealand's prosperity
- Increasing awareness and participation in recreation on public conservation land.

The results: what we did to increase economic prosperity and conservation gain

An increasing number of partnerships between the private sector and conservation were led by the Department. New partnerships included some of significant scale, such as those developed this year between the Department and Genesis Energy through the 'Whio Forever' programme and with Air New Zealand through the 'Great Walks' programme. These have all enabled a greater connection between conservation of lands, waters and species and economic prosperity from increased public attention and participation.

Considerable effort has also been put into increasing the profile of the Department's recreational asset offering through a range of tourism packages developed for the tourism trade show TRENZ, and engagement with distribution partners such as Tandem Travel, the Youth Hostels Association, Trade Me (Travel Bug) and the New Zealand Tourism Exchange. The Department also created a web presence (on www.doc.govt.nz) for its recreation concessionaires—'Concessionaires Online'—increasing visibility to customers of these business partners.

The Department's Commercial Business Unit has continued to lead an investment programme to improve the visitor centre experience and performance. This has been achieved through standardising our approach to customer service, products offered and technological support. Customer service training for visitor centre staff has been further developed and a national help desk created to support a new retail sales, ordering and inventory control system, including the National Visitor Booking System. Work is progressing to improve the integration of recreational asset booking

into external travel partner systems. For example, travel packages through Air New Zealand's 'Grab a Seat' have been developed, increasing exposure of not only the Great Walks but also DOC concessionaire products.

To further encourage this work with businesses to deliver conservation gain, DOC has established a network of business development management roles within each conservancy. These roles focus on local and regional opportunities but also include a national perspective coordinated by the Department's Commercial Business Unit.

Increase in engagement of the commercial sector in conservation partnerships

As an example of work in this area, two significant new partnership agreements have been signed with the Department this year: Genesis Energy and Air New Zealand.

The Air New Zealand partnership, signed in April 2012, is worth in excess of \$1 million annually to DOC through marketing support, new conservation programmes around the Department's nine 'Great Walks' and for the provision of air transport during translocations of threatened species around the country.

The Great Walks network incorporates nine of New Zealand's finest tracks: Rakiura, Kepler, Milford,

Routeburn, Heaphy, Abel Tasman Coast, Whanganui River, Tongariro and Lake Waikaremoana. Air New Zealand is promoting the Great Walks to international and domestic travellers through its in-flight magazine and videos and through its online channels, as well as several travel packages and group experiences on conservation land. The promotion is aimed at increasing revenue for DOC by filling spare capacity in huts thereby leading to greater occupancy. It is expected to result in additional travel bookings for Air New Zealand and to have flow-on benefits for concessionaires with DOC and other regional businesses. The partnership will also enable important conservation biodiversity projects to take place in the vicinity of four of the Great Walks over the next three years.

The translocation programme involves Air New Zealand using its national network to transport threatened species (birds, reptiles and invertebrates) to safe new breeding sites around the country as part of DOC's active recovery programmes. This is vital work for protecting the country's most iconic species, such as kiwi and kākāpō.

Through an agreement signed in September 2011, Genesis Energy has committed \$2.5 million over 5 years to fully implement DOC's Whio Recovery Plan. This partnership agreement adds to the significant work that has been done to maintain habitat for



At the signing of the partnership with Air New Zealand are (from left): Al Morrison, DOC Chief Executive; Shane McInnes, DOC Ranger (with Tipua), and Rob Fyfe, Air New Zealand Chief Executive; with Prime Minister John Key and Minister of Conservation Kate Wilkinson.

whio/blue duck. It will ensure that the recovery plan for the national growth and long-term survival of the whio is fully implemented.

The basis for such a partnership is that Genesis Energy understands that the presence of whio and breeding pairs in a river is a great indication of river health. Where whio are thriving downstream from its operations, it is a clear indicator of the positive relationship between Genesis Energy and the environment in which it operates.

Change in the level of investment from the commercial sector

Despite a tourism economy affected negatively by the global financial crisis, the 2011/12 concessions revenue has held up remarkably well (Table 6). This can be attributed to staff across the country focusing

on this area combined with effective market pricing of concession activity. Sponsorship revenue results are significantly ahead of the 2010/11 year and do not include a full year of the Air New Zealand or Genesis Energy partnerships described in the previous section.

Improvement in the level of return on investment for key products and services

Results on investments were well above expectations given the overall downturn in the tourism sector combined with an above-average rainfall over summer, which significantly reduced demand for recreational experiences. Of most significance was a major slip that closed the road into the Totaranui Campground in the Abel Tasman over summer accounting for a more than \$450,000 loss in revenue. Campground revenue is ahead of last year by nearly 11% if Totaranui is removed from these figures (Table 7).

TABLE 6: DEPARTMENT OF CONSERVATION CONCESSION AND SPONSORSHIP REVENUE, 2011/12

REVENUE RECEIVED	2010/11 BASELINE	2011/12 FULL YEAR RESULT	CHANGE (%)
Concessions	\$13.835 million	\$13.798 million	No change
Sponsorship	\$2.531 million	\$3.293 million	30%

TABLE 7: REVENUE RECEIVED FOR KEY DEPARTMENT OF CONSERVATION PRODUCTS AND SERVICES, 2011/12

REVENUE RECEIVED	2010/11 BASELINE	2011/12 FULL YEAR RESULT	CHANGE (%)
Backcountry huts	\$1.447 million	\$1.525 million	5%
Conservation campsites	\$3.328 million	\$3.196 million	-4%
Great Walks	\$4.210 million	\$4.240 million	No change
Visitor centre network – gross retail	\$2.515 million	\$2.114 million	-16%

Policy advice and ministerial servicing

Policy advice

The Department contributes to government priorities and its intermediate outcomes through effective policy advice on major initiatives. This includes policy advice and practical and scientific expertise to whole-of-government policy processes for natural resources, particularly those relating to freshwater, climate change, bioprospecting, biodiversity, minerals and petroleum, biosecurity and aquaculture. These contributions are often made within the context of the Natural Resources Sector Network.

DOC provides ongoing advice to the Minister of Conservation to support the Minister's coastal responsibilities under the Resource Management Act 1991 and Marine and Coastal Area (Takutai Moana) Act 2011. Advice is provided on proposals for amending legislation and regulations.

In support of the Government's commitment to achieving just and durable settlements of all historical Treaty of Waitangi claims by 2014, DOC contributes to Treaty of Waitangi settlement negotiations.

Ministerial services

The Department's Government Support Unit focuses on providing effective support for the Minister of Conservation. This includes writing submissions, drafting replies to ministerial correspondence and parliamentary questions, and responding to ministerial requests for information. The Government Support Unit operates from both the National Office and the Minister's Office. Its core outputs for 2011/12 are shown in the statement of service performance on page 45.

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 Director-General of Conservation on issues of national importance for conservation. It is also responsible for approving the General Policy for National Parks, conservation management strategies

(CMSs) and national park management plans, which set objectives for DOC's management of public conservation areas. Members are appointed for a 3-year term and may be reappointed. Eight new members were appointed to the NZCA in August 2011, replacing those who had completed two or more terms.

There are 13 conservation boards, each with a defined geographical area and up to 12 members. The boards are involved in conservation planning, policy and management advice.

The Minister deferred making appointments in 2011/12 so as to provide stability of membership during the early stages of reviewing conservation management strategies, when boards work closely with the Department's planners.

DOC also provides services to two ministerial bodies: the independent committees of the Ngā Whenua Rāhui Fund and the Nature Heritage Fund. The goal of the Ngā Whenua Rāhui Fund is to provide incentives for voluntary protection of indigenous ecosystems on Māori-owned land that represent a range of natural diversity originally present in New Zealand. The committee also allocates funds to increase tangata whenua participation in managing biodiversity in ways consistent with mātauranga Māori (customary knowledge). The Nature Heritage Fund's role is to protect indigenous ecosystems that represent the full range of natural diversity originally present in the New Zealand landscape, and it seeks to do this by providing incentives for voluntary conservation. These two ministerial bodies prepare and table their own annual report to Parliament each year.

Management planning

Part of the context within which DOC operates is a statutory planning framework required by the Conservation Act 1987 and National Parks Act 1980. (See 'the nature and scope of the Department' section for further discussion.) A current focus is supporting the establishment of a 'second generation' of CMSs. These 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, and final approval rests with the NZCA. The strategies provide guidance to DOC for its management of public conservation lands and waters.

From 2009 to 2011, a new approach to the structure and content of CMSs was developed, and guidelines on this new approach were prepared. During 2011/12, policy approaches to national issues were discussed with the NZCA, and the focus has been on the development of the first six 'second generation' CMSs: Northland, Auckland, Waikato, Canterbury, Otago and Southland. The remainder will begin later in 2012.

Other management planning achievements during 2011/12 were:

- Amendments were approved by NZCA to the Arthur's Pass National Park Management Plan and Aoraki/Mount Cook National Park Management Plan.
- A management plan for the Abel Tasman Foreshore Scenic Reserve, developed jointly by the Tasman District Council and DOC, was approved by the NZCA.

- The Whanganui National Park Management Plan was approved by the NZCA subject to any views expressed by the Minister.

Outputs that contribute to this intermediate outcome

The output classes and output groups that contribute to this intermediate outcome are set out in Appendix 5. These are reported on in the statement of service performance below.

STATEMENT OF SERVICE PERFORMANCE 2011/12: POLICY ADVICE AND MINISTERIAL SERVICES

PERFORMANCE MEASURES AND TARGETS: 2011/12	NATIONAL COMMENTARY*
Policy advice	
Policy advice will be provided in accordance with the work programme and to the quality standards agreed with the Minister.	DOC 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 establishing a game animal council, reviewing schedules to the Wildlife Act 1953, Resource Management Act 1991 reforms and Natural Resources Sector development.
Ministerial servicing	
It is expected that the Department will send 300–350 submissions to the Minister.	The Department sent 176 submissions to the Minister.
It is expected that the Department will receive 60–70 ministerial Official Information Act requests with 100% meeting the ministerial deadline.	The Department received 49 ministerial Official Information Act requests—all met the ministerial deadline.
It is expected that the Department will receive 350–400 parliamentary questions with 100% meeting the ministerial deadline.	The Department received 153 parliamentary questions. All met the ministerial deadline.

OUTPUT CLASS OPERATING STATEMENT 2011/12: POLICY ADVICE AND MINISTERIAL SERVICES

	ACTUAL 30/06/12 \$000	MAIN ESTIMATES 30/06/12 \$000	SUPP. ESTIMATES 30/06/12 \$000	ACTUALS 30/06/11 \$000
Revenue				
Crown	6,251	5,293	6,251	5,194
Other	59	530	530	627
Total revenue	6,310	5,823	6,781	5,821
Expenses	5,184	2,823	6,781	4,679
Surplus/(deficit)	1,126	3,000	0	1,142

* 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. When outside this range, a variance comment is provided.

Organisational capability

OVERALL STATUS → CAPABILITY

Summary statement on the status of capability

The capabilities of the Department's managers and staff are critical to the success of the organisation. The Department has several areas of focus that will be consolidated within the Workforce Strategy now being developed. These initiatives include supporting leadership within the organisation, tracking and responding to 'engagement' of employees, building capability to deliver the Department's community-focused approach to conservation management, improving our work across the Natural Resources Sector, continuing sound health and safety management, and building the diversity of the workforce.

ICT enhancement is a key focus for the Department, guided by an overall systems plan. The services provided are being aligned to support the delivery of the Department's outcomes, through improved data management and enabling increased access of information and services to partners and members of the public. Systems are in place to ensure ICT support remains robust. The new systems and training will support staff to work more effectively.

DOC has a high level of capital commitment, notably in land value and visitor infrastructure. An asset management plan has now been started to link the management of these assets clearly with the Department's outcome responsibilities.

Leadership and people

The approach the Department is taking to the development of its organisational leadership is based on its *People Strategy 2020*. This strategy articulates the emerging context the Department is working in, the pressures it is facing and its main areas of focus regarding organisational leadership and support for staff, namely to:

- Build a 'connection culture'
- Develop leaders and leadership capability
- Develop and build the capability of people
- Improve the effectiveness of organisational systems.

Connection culture and engagement

The work on a connection culture began in 2010. Staff were actively engaged in discussions on the new vision and in helping to shape what this meant for them locally. The emphasis on staff engagement increased significantly in 2010, focusing on explaining why engagement is important, and workshops were held with almost all teams around the country.

Despite the fact that the Department underwent major change over the 2009-11 period, while engagement dropped, it was not by a significant margin. This would suggest that much of the work around understanding the purpose of engagement, and the manner in which the changes were implemented, helped to prevent a significant dip in staff engagement (Figure 7).

Capability development

The Department's capability development initiatives continue to develop and evolve. Several courses and programmes are now being shared between the Department and colleagues in the Natural Resources Sector, achieving efficiency and cost savings in the process. Several internal technical training programmes have moved to either a blended-learning approach or are fully online. Online technical courses have been accessed from locations around the globe, and the Natural Heritage (biodiversity) online module was recommended by the New Zealand Royal Society to its members.

Internally, significant effort has been put into teams on the need to work as 'one organisation'. This involves working seamlessly across organisational and geographic boundaries in pursuit of the Department's goals. It also includes working more collaboratively with partners, businesses, iwi and other agencies. Three areas of development that have gained good traction and that are having positive effects on the Department's work, and the manner in which it approaches it, include 'systems thinking', 'strengths-based approaches' and 'design thinking'.

Developing leaders and leadership capability

The development of leaders in the Department is based on the concepts and approach established as part of the Conservation Leadership Development programme. This programme has gained the interest of many staff within the Department as well as other agencies and the private sector. In 2011, the Department ran the first collaborative programme with participants drawn from agencies in the Natural Resources Sector. The feedback reported from this was significant, and the Department has continued to run this as a shared programme. Internally, all Tier-2 leaders and nearly 90% of Tier-3 leaders have participated. The programme continues to be run, with variations targeted at professional specialists who do not have staff or management responsibilities.

In parallel with this learning development programme, three other leadership programmes are run, targeted at different needs. Of these three programmes, two are provided by other agencies, the Ministry of Social Development and Ministry for the Environment.

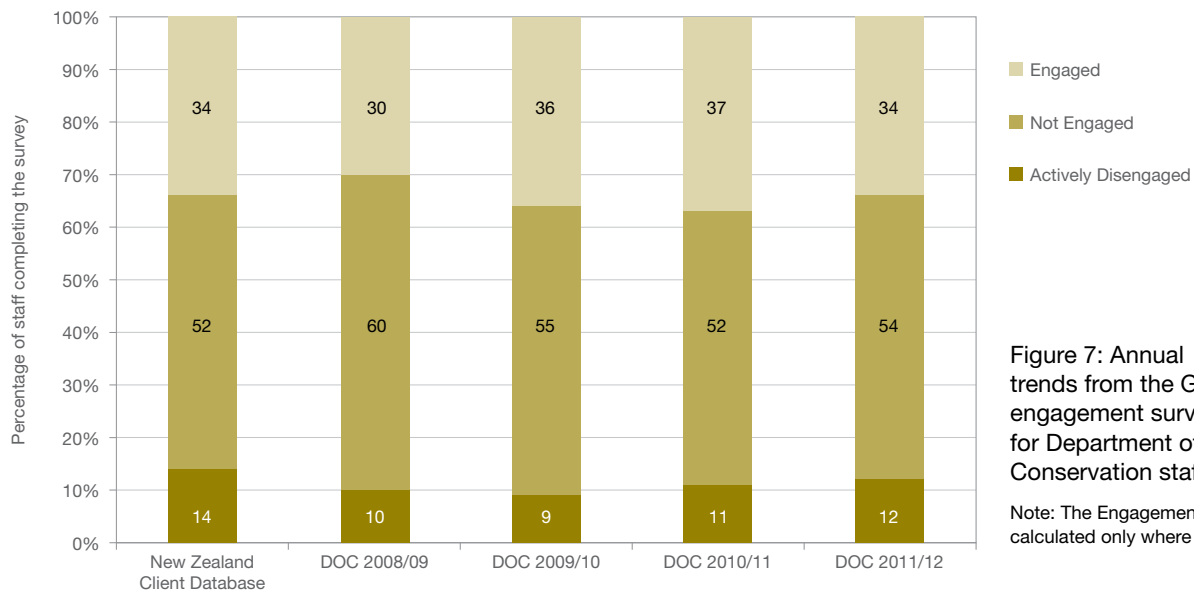


Figure 7: Annual trends from the Gallup engagement survey for Department of Conservation staff.

Note: The Engagement Index is calculated only where n>100.

These programmes are designed for first-line leaders, emerging leaders and mid-career leaders. The Department’s focus is now on more fully integrating these programmes and looking to the next phase of leadership development for DOC staff.

Improving effectiveness of organisational structures

In 2011, an internal review was instigated to evaluate the effectiveness of support services and ensure resources were focused on delivery as much as possible. This report was released towards the end of 2011, with a recommendation that the Department restructure several support functions and establish a shared-services model.

In addition, the review recommended that three main ‘service centres’ be established, and the majority of support services in the new operating model be located in these centres. This work started in late 2011, and the new shared-service model went live on 2 July 2012. The proportion of back-office to front-line positions has changed as a result of the introduction of this business model (Table 8).

The review was run internally, with DOC staff seconded into the project. Input was sought from the whole department on a weekly basis during the design phase. This design phase of the review was run as an open process, with progress being reported weekly to the organisation.

A supporting IT system was implemented to coincide with the move to the service-centre approach, allowing increased transparency and reporting on the services being accessed and delivered. All of this work was focused on increasing the Department’s effectiveness and efficiency.

The Department has also started the Delivery Project, which is the second phase in building DOC’s new business model. This work is focused on developing a new operating model for our conservation delivery. The new model will reflect best practice, align to the changes made through the organisational review and enable more conservation work to be done by others.

Developing our capability—growing a collaborative culture

The Department has continued its commitment to implementing innovative initiatives across the

TABLE 8: PERMANENT STAFF TREND DATA: FULL-TIME EQUIVALENT STAFF

	07/08	%	08/09	%	09/10	%	10/11	%	11/12	%
Front-line staff	1,158	64	1,200	64	1,215	64	1,216	64	1,101 ³⁰	67
Back office staff	662	36	684	36	691	36	676	36	538	33
Total permanent staff	1,820		1,884		1,906		1,892		1,639	

³⁰ The reduction in overall front-line full-time equivalent staff is a consequence of holding vacancies open pending conclusion of the Delivery Project.

Nature Central—increasing collaboration and building relationships amongst four agencies

In December 2011, the chief executives of the three lower North Island regional councils, Greater Wellington Regional Council, Horizons Regional Council and Hawke's Bay Regional Council, along with the Director-General of the Department of Conservation signed a Relationship Declaration. The purpose of the declaration is to express a shared commitment to increased collaboration and more effective and efficient management of natural resources in the lower North Island.

The declaration recognises that investment in looking after natural capital, and the services it provides, underpins the economy and is necessary for communities to survive and prosper. It also recognises that natural resource management is complex and expensive, that solutions do not always fit easily into administrative boundaries

and that the respective agencies need to look more closely at ways they can solve problems together. This partnership should result in increased social, cultural, economic and environmental benefits.

The outcomes of the Nature Central process have the potential over time to be ground breaking and to shift the way natural resource management is carried out in New Zealand by public agencies and, as importantly, in partnership with others.

This project seeks to address strong political demands for improved decision-making and the removal of multiple plans and consultation processes. By establishing the collaborative relationship, the agencies are in a better position to be more responsive and better partners to iwi, communities and other public agencies.

A process to analyse the work agencies are doing currently has been completed and recommendations for immediate and ongoing implementation have been agreed.

range of work it undertakes, building a collaborative approach into the way it does its business. This investment has been recognised by the Institute of Public Administration New Zealand (IPANZ)—with DOC being a finalist in 2012 in various categories at the annual IPANZ/Gen-i Public Sector Excellence Awards. The awards celebrate excellence within the public sector and highlight initiatives that are making a positive difference to New Zealanders and local communities. Following on from success in 2010, the Department was a finalist in 2012 in the 'Excellence in Crown-Māori Relationships' award for its Tauiri Kaitiaki Taiao Māori Conservation Cadetship Programme and was also a finalist in the 'Improving Performance Through Leadership Excellence' award for its advanced Conservation Leadership programme.

In 2012, the Department was again a finalist in the 'Excellence in Crown-Māori Relationships' award for work with the Ruapuha Uekaha Hapu Trust on the Waitomo Glowworm Caves and for work with Te Iwi O Te Roroa on protecting the Waipoua and Mataraua Forest. DOC was also a finalist in the 'Working Together for Better Services' category for the Rangitoto and Motutapu islands pest eradication project.

Equal employment opportunities

There are several equal employment opportunity (EEO) initiatives planned or under way in the Department. They have a focus on increasing the diversity of the Department's workforce to reflect New Zealand's current and future demographic profile.

The first initiative involves preliminary work completed as part of the Future of Work project. This project will provide a foundation for the Department's 4-year Workforce Strategy (2013-17) aimed at anticipating the future needs of, and aligning investment in, the Department's capability development.

To ensure the Department's values, culture and behaviours align with its EEO goals, the Conservation Leadership Development Programme (a 9-month programme) focuses on the value of diversity, team make-up and different ways of thinking. Feedback from the 156 participants indicates that their appreciation of diverse perspectives has increased after the programme.

In 2011, a competency framework for all managerial and non-managerial positions across the organisation was introduced. The framework clearly articulates the competencies and behaviours expected of employees at all levels, functions and roles within the Department. These have been incorporated into the role descriptions for the new organisational structure and will be used as

a basis for our recruitment and secondment processes. Some examples of behavioural expectations include:

- Valuing differences
- Seeking to understand the diversity and complexity of different beliefs and needs
- Working in partnership with iwi and tangata whenua
- Demonstrating an understanding of, and showing respect for, Māori tikanga and protocols.

Initiatives under way to build Māori capability in DOC include Te Pukenga Atawhai. This programme, which is held on a marae, is designed to provide all employees with skills to support them to maintain effective relationships with tangata whenua. In addition, the Māori Conservation Cadetship programme aims to build Māori capability in conservation management. This 21-month programme offers practical conservation field skills and tikanga Māori. On completion of the course, cadets receive a Level 3 National Certificate in Conservation and Trainee Ranger Certificate from the Nelson Marlborough Institute of Technology as well as a Level 3 Certificate in Tikanga Māori from Te Wananga o Aotearoa.

Our investment in young people has expanded to include participation in an emerging leaders programme, which is run by the Ministry of Social Development. The programme is aimed at staff with potential and who aspire to move into their first management role.

Work under way will continue to identify and develop staff in EEO target groups. In 2011, DOC introduced a framework to help individuals to think about their career aspirations and the development they would need to realise their career goals, which the Department will continue to develop and expand on in 2012/13.

Table 9 shows a representation of EEO target groups in the Department.

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. They 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 the Department's operating environment. Managers are required to identify potential risks and assess both the likelihood of the risk materialising and 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 deputy director-general runs a risk register for their own functional areas, and any critical risks are brought to the ELT and, if appropriate, placed on the ELT risk register. In addition, ELT also identifies risks affecting the achievement of its strategic goals and these are populated in a strategic risk register.

The Legislative Compliance Register identifies key legal risks that would have high consequences and a high likelihood of occurring. Deputy director-generals, conservators and senior managers must annually attest through a 'letter of representation' that the key legislative requirements within their areas of accountability have been complied with.

ELT meetings include a joint environmental scan. This focuses both on key issues relating to each deputy director-general's functional area and on issues relevant or potentially relevant to DOC overall. A comprehensive environmental scan is undertaken at the high-level planning days held three times each year.

Health and safety management

Fatalities

The Department deeply regrets the death during the year of two men dedicated to conservation.

TABLE 9: EQUAL EMPLOYMENT OPPORTUNITY TARGET GROUP STATISTICS, AT 30 JUNE 2012

	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Women	33.1%	33.0%	34.1%	34.7%	35.6%	36.3%	36.5%	37.6%	37.3%	36.2%
Māori	10.7%	10.6%	10.6%	10.4%	10.3%	10.3%	10.4%	10.7%	11.3%	11.4%
Pacific peoples	0.6%	0.4%	0.4%	0.3%	0.4%	0.4%	0.3%	0.4%	0.4%	0.4%
People with disabilities	5.5%	5.0%	4.8%	4.4%	3.9%	3.6%	3.3%	3.2%	2.9%	2.6%

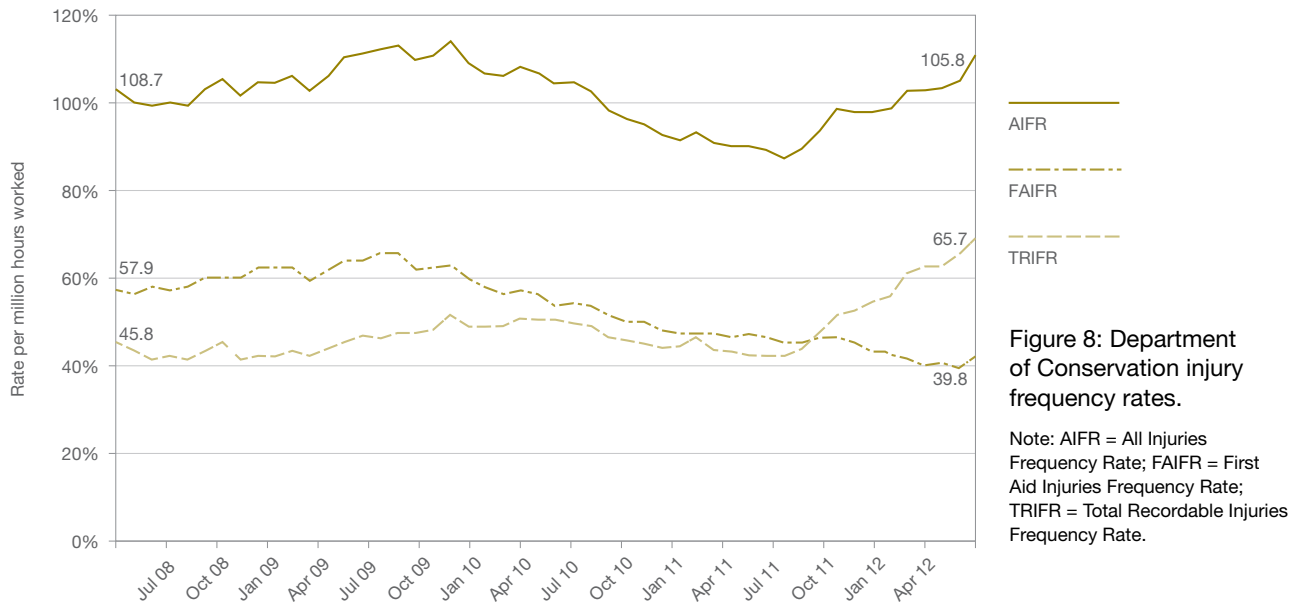


Figure 8: Department of Conservation injury frequency rates.

Note: AIFR = All Injuries Frequency Rate; FAIFR = First Aid Injuries Frequency Rate; TRIFR = Total Recordable Injuries Frequency Rate.

The first was a DOC ranger killed in a helicopter crash in Northland while undertaking fire and rescue activities. The Civil Aviation Authority is investigating the accident.

The second fatality involved an international volunteer working on Raoul Island who was swept off rocks while taking sea temperatures for the MetService. The Ministry of Business, Innovation and Employment is investigating this accident.

Accident Compensation Corporation Partnership Programme

From 1 July 2011, the Department has been in the Accident Compensation Corporation (ACC) Partnership Programme, a scheme that encourages injury prevention and allows for an employer to manage its own workplace ACC claims in return for significant discounts on levies.

Part of managing injury prevention involves tracking trends in injury frequency rate. The injury frequency rate is based on the number of injuries per 1 million hours worked on a 12-month basis and is an internationally accepted formula. Figure 8 covers the frequency rate for total recordable injuries with the Department.

Medical injuries, lost time and serious harm

Figure 8 shows the Total Recordable Injuries Frequency Rate and the frequency rate for First Aid Injuries Frequency Rate. The total of these two, the All Injuries Frequency Rate, shows an increase over the past 12 months. This increase in total recordable injuries (that is, medical treatment and other serious injury) is mainly explained by the increase in ACC claims (see

next section). This is an area the Department will focus on over the next 12 months.

ACC claims

The ACC Partnership Programme enables an employer to manage workplace ACC claims in return for significant discounts on levies. The number of claims increased from 257 in 2010/11 to 285 in 2011/12 (nearly 9%). This increase is not unexpected, given the ongoing promotion of the programme to staff. Around 80% of the claims are for minor injuries (medical fees, a visit to the doctor with no further treatment). The ACC claim rate per million hours over the past decade is shown in Figure 9. To improve staff wellbeing and reduce the financial risk of the programme to the Department, there will be a need to focus on injury prevention initiatives, that is, reducing injuries will reduce cost, which will reduce risk.

Information communications technology

The Department continues to plan ICT strategically in line with the ICT Common Capability Roadmap. It has completed the Information Systems Strategic Plan (Service 2015). This provides for formal ICT planning and ongoing governance arrangements, capital planning models and capability development via training programmes funded and in place for core ICT and complementary professional disciplines.

The Department's ICT services are aligned to its outcomes and support changes in the Department's organisational culture by using modern ICT tools. ICT is used to increase online engagement with the Department's partners and members of the public as part of its e-strategy.

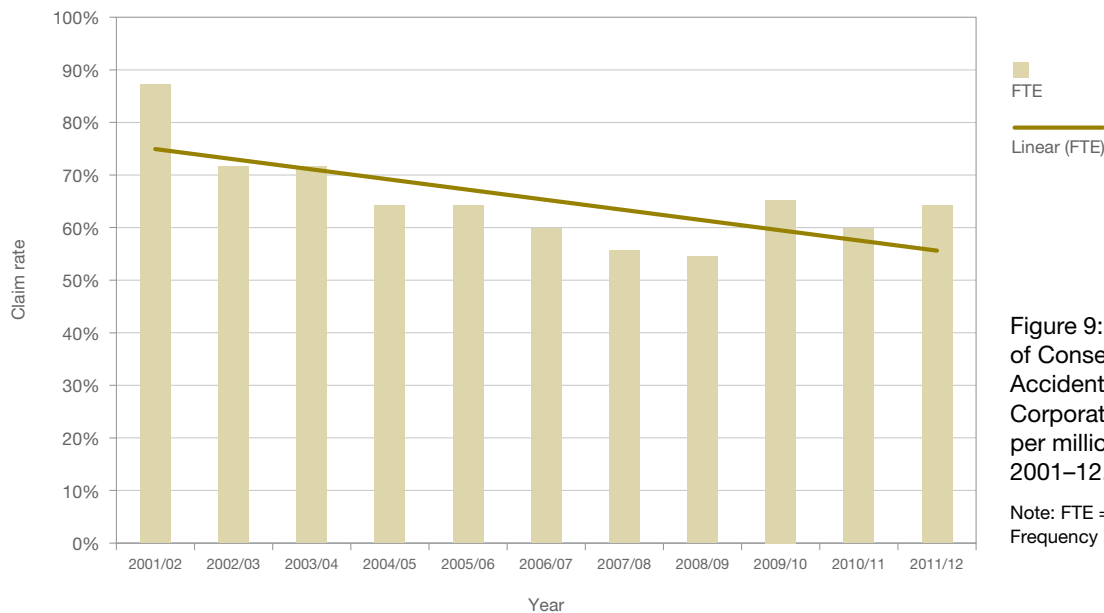


Figure 9: Department of Conservation Accident Compensation Corporation claim rate per million hours worked, 2001–12.

Note: FTE = full-time equivalent. Frequency Rate.

Becoming service-oriented

Over the year, the Department’s Information Services and Support Unit prioritised its ICT work plan to best support significant organisation changes.

For example, the ‘assyst’ service management tool was procured and deployed to implement the shared-services model.

An open-source collaboration tool ‘DOC Forum’ was used to support the critical design phase of the organisation’s redesign.

The Department has begun a programme to move services online wherever practicable. This year, the hunting permit application was moved from a manual form to an electronic version, which allows for permits to be completed entirely online.

To improve the quality of access to its internal services, the Department upgraded its Citrix remote access infrastructure to a faster, more secure version. This allows staff external access to desktop applications using end user devices such as iPads, android tablets and computers running Windows, Linux and Apple operating systems. We conducted a technology trial of iPads, which resulted in an estimated \$6,905 savings per user per annum on the basis of staff time saved and reduced printing costs.

Several new geospatial datasets were released to the public as part of DOC’s open access commitment to government-held information. This was due to the successful implementation of DOC’s Geospatial Infrastructure. Newer data sets in 2012 are being released under the Creative Commons licence as per the New Zealand Government’s Open Access and Licensing (NZGOAL) framework, and this will continue over multiple years.

Developing people capability

The Department has continued to develop technical capability in several specialist ICT areas. Geospatial information system (GIS) training was custom-designed for departmental staff needs and rolled out across 300 staff. DOC also made available best management practice educational courses, which enabled professional management of ICT, for example, Managing Successful Programmes (MSP), Project Management (PRINCE2) and IT Service Management (ITIL).

The Department supported the Natural Resources Sector and other government agencies in developing their capability for better information management through sharing DOC’s Spatial Data Management Framework, policies and standards. The Department also contributed to all-of-government programmes through the New Zealand Government Cloud Programme and Office Productivity and Infrastructure as a Service Programme.

Measuring what we value

Throughout the year, several projects were under way.

NaPALIS, the National Property and Land Information system project, made significant progress. This DOC-Land Information New Zealand partnership will be delivering authoritative land information on public conservation land.

The Ngā Whenua Rāhui Fund software application, which manages non-departmental grants, was completed. This database provides reporting data for key outcome and output performance measures for the Department in this area.

Helping develop a design-led culture

The Department's internal teams worked closely together to further develop their innovation and design processes and support key external partnerships. In 2012, DOC provided sponsorship towards the Skyranger ICT product development—a product that has already provided significant cost efficiencies in science monitoring work on the ground by using aircraft-based radar technology. The Department's innovation processes and case studies were showcased at the 2012 GOVIS SHARE conference.

DOC co-sponsored the DigitalNZ Mix and Mash competition, which provided an innovative way for ICT

enthusiasts to develop interactive content (mashups) of DOC's open access data relating to its recreational huts. This was a popular event and widely covered in the media and blogosphere.

Being systems-minded

The Department paid attention during 2011/12 to the resilience of its ICT infrastructure. Its disaster recovery site was thoroughly tested, and there is an approved annual testing plan in place for future years. Business continuity planning was done to assess systemic risks on its operating infrastructure.

Departmental capital and asset management intentions

In terms of government departments, DOC manages more than \$5 billion in capital assets and is classified as 'Tier 1—Capital Intensive'. Of these assets, 92% are Crown-owned (predominately public conservation lands and waters) and 8% are DOC-owned (predominately visitor assets, such as tracks, huts and structures).

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

Asset management capability

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

Work has begun to produce an asset management plan (AMP) for visitor and historic assets. The AMP will provide a vital link between the work delivered on the ground and the strategy, financial resources and life cycle approaches required to optimise asset management for this class of asset.

A working framework for the AMP for visitor and historic assets has now been produced, and it is expected the full AMP will be completed in 2012/13.

Having AMPs in place makes good business sense and provides the necessary tools to enhance the

performance of critical assets. DOC is now looking at other asset classes that could also benefit from having AMPs in place.

Performance of physical assets

Capital Asset Management has four predefined, non-financial performance measures: availability, utilisation, functionality and condition. A high-level assessment of these measures was made in 2011/12 in relation to DOC's two most significant assets—public conservation land (asset group: Land) and visitor assets (asset group: Specified Cultural and Heritage).

Public conservation land assets have been classified on the basis of their relative value for delivering biodiversity. All but the most threatened categories of land are judged to be available for their intended purpose and moderately well utilised for providing a range of ecosystem services.

The condition and functionality of the visitor assets group are considered to be 'average' and 'moderate' respectively by Capital Asset Management standards.

Further detail on these assessments is set out in Appendix 4. The standard indicators for the intermediate outcomes provide further measures for the performance of physical assets—see the natural heritage section, which relates to the public conservation land asset group, and the recreation section, which relates to the visitor assets group.

Capital expenditure intentions

The forecast period represented in tables 10–12 is for the years 2012/13 through to 2014/15 (Crown and departmental assets combined). The data is from DOC's October 2011 annual capital intentions report to The Treasury as part of the 'Capital Asset Management Capital Intentions Reporting' process.

TABLE 10: FORECAST CAPITAL EXPENDITURE

	FORECAST (\$M)		
	2012/13	2013/14	2014/15
Computer hardware	1.8	1.4	1.2
Computer software	6.5	4.7	4.3
Furniture and fittings	0.2	0.1	0.1
Infrastructure assets	1.6	2.1	0.4
Land	1.3	2.5	8.1
Motor vehicles	3.4	3.6	3.6
Non-residential buildings	2.5	2.8	1.8
Plant and equipment	3.9	4.2	7.5
Residential buildings	0.2	0.2	0.2
Specified cultural and heritage	30.2	31.3	29.9
Vessels	0.5	0.5	0.2
Total capital intentions	52.1	53.4	57.3

TABLE 11: FORECAST DEPRECIATION EXPENDITURE

FORECAST (\$M)		
2012/13	2013/14	2014/15
30.7	30.8	30.9

TABLE 12: FORECAST ASSET-RELATED OPERATING EXPENDITURE

FORECAST (\$M)		
2012/13	2013/14	2014/15
142.3	142.5	142.1

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 2012.



Alastair Morrison
Director-General
28 September 2012



Countersigned by
Christeen Mackenzie
Chief Financial Officer
28 September 2012

Matters relating to the electronic presentation of the audited financial statements, statement of service performance and schedules of non-departmental activities

This audit report relates to the financial statements, statement of service performance and schedules of non-departmental activities of the Department of Conservation for the year ended 30 June 2012 included on Department of Conservation's website. The Department of Conservation's Director-General is responsible for the maintenance and integrity of Department of Conservation's website. We have not been engaged to report on the integrity of Department of Conservation's website. We accept no responsibility for any changes that may have occurred to the financial statements, statement of service performance and schedules of non-departmental activities since they were initially presented on the website.

The audit report refers only to the financial statements, statement of service performance and schedules of non-departmental activities named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements, statement of service performance and schedules of non-departmental activities. 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, statement of service performance and schedules of non-departmental activities as well as the related audit report dated 28 September 2012 to confirm the information included in the audited financial statements, statement of service performance and schedules of non-departmental activities presented on this website.

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



INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF THE DEPARTMENT OF CONSERVATION'S FINANCIAL STATEMENTS, NON-FINANCIAL PERFORMANCE INFORMATION AND SCHEDULES OF NON-DEPARTMENTAL ACTIVITIES FOR THE YEAR ENDED 30 JUNE 2012

The Auditor-General is the auditor of the Department of Conservation (the Department). The Auditor-General has appointed me, Graeme Edwards, using the staff and resources of KPMG, to carry out the audit of the financial statements, non-financial performance information and the schedules of non-departmental activities of the Department on her behalf.

We have audited:

- the financial statements of the Department on pages 59 to 90 that comprise the statement of comprehensive income, statement of financial position, statement of changes in taxpayer funds, statement of cash flows, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2012 and the statement of departmental expenses and capital expenditure against appropriations for the year ended on that date, the statement of trust monies and the notes to the financial statements that include accounting policies and other explanatory information; and
- the non-financial performance information of the Department that comprises the statement of service performance and the report about outcomes on pages 13 to 45; and
- the schedules of non-departmental activities of the Department on pages 91 to 100 that comprise the schedule of non-departmental income, schedule of non-departmental expenses, schedule of non-departmental expenditure and capital expenditure against appropriations for the year ended on that date and the schedule of non-departmental assets, schedule of non-departmental liabilities, schedule of non-departmental commitments and schedule of contingent liabilities and contingent assets as at 30 June 2012 and the notes to the schedules that include accounting policies and other explanatory information.

Opinion

In our opinion:

- the financial statements of the Department on pages 59 to 90:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect the Department's:
 - financial position as at 30 June 2012;
 - financial performance and cash flows for the year ended on that date;
 - expenses and capital expenditure incurred against each appropriation administered by the Department and each class of outputs included in each output expense appropriation for the year ended 30 June 2012; and
 - unappropriated expenses and capital expenditure for the year ended 30 June 2012, and
- the non-financial performance information of the Department on pages 13 to 45:
 - complies with generally accepted accounting practice in New Zealand; and

- fairly reflects the Department's service performance and outcomes for the year ended 30 June 2012, including for each class of outputs:
 - its service performance compared with the forecasts in the statement of forecast service performance at the start of the financial year; and
 - its actual revenue and output expenses compared with the forecasts in the statement of forecast service performance at the start of the financial year.
- the schedules of non-departmental activities of the Department on pages 91 to 100, fairly reflect:
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 - the assets, liabilities, contingencies, commitments and trust monies as at 30 June 2012 managed by the Department on behalf of the Crown; and
 - the revenues, expenses, expenditure and capital expenditure against appropriations for the year ended on that date managed by the Department on behalf of the Crown.

Our audit was completed on 28 September 2012. This is the date at which our opinion is expressed.

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

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements, the non-financial performance information and the schedules of non-departmental activities are free from material misstatement.

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

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements, the non-financial performance information and the schedules of non-departmental activities. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, the non-financial performance information and the schedules of non-departmental activities, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Department's preparation of the financial statements, the non-financial performance information and the schedules of non-departmental activities that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Director-General;
- the appropriateness of the reported non-financial performance information within the Department's framework for reporting performance;

- the adequacy of all disclosures in the financial statements, the non-financial performance information and the schedules of non-departmental activities; and
- the overall presentation of the financial statements, the non-financial performance information and the schedules of non-departmental activities.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, the non-financial performance information and the schedules of non-departmental activities. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Director-General

The Director-General is responsible for preparing:

- financial statements and non-financial performance information that:
 - comply with generally accepted accounting practice in New Zealand;
 - fairly reflect the Department's financial position, financial performance, cash flows, expenses and capital expenditure incurred against each appropriation and its unappropriated expenses and capital expenditure; and
 - fairly reflect its service performance and outcomes; and
- schedules of non-departmental activities, in accordance with the Treasury Instructions 2011 that fairly reflect those activities managed by the Department on behalf of the Crown.

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

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

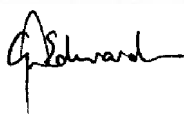
Responsibilities of the Auditor

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

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

In addition to the audit we have carried out assurance services in respect of accounting policy reviews and provisioning of advisory services to the All of Government Smart Desktop Services (SDS) programme, which were both compatible with those independence requirements. Other than the audit and these assurance and advisory services, we have no relationship with or interests in the Department.



Graeme Edwards
KPMG
On behalf of the Auditor-General
Wellington, New Zealand

Statement of accounting policies for the year ended 30 June 2012

Reporting entity

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

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

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

The financial statements of the Department are for the year ended 30 June 2012. The financial statements were authorised for issue by the Director-General of the Department on 28 September 2012.

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 adopted early and 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 2012. The revised standard:

- I. Removes the previous disclosure concessions applied by the Department for arm's-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 three 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 adopted early.

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 2012, 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 from donations. This revenue is recognised when earned and is reported in the financial period to which it relates.

Revenue is measured at the fair value of consideration received.

Revenue Crown

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

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 2012, direct costs accounted for 63% of the Department's costs (2011: 60%).

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 2012, indirect costs accounted for 37% of the Department's costs (2011: 40%).

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.

Finance leases

A finance lease is a lease that transfers to the Department substantially all the risks and rewards incidental to ownership of an asset, irrespective of whether the title is eventually transferred or not.

At the commencement of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments. The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the Department will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of lease term and its useful life.

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 and are valued at least every 5 years.
- 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 that 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 future depreciation charge adjusted accordingly. In some circumstances, and particularly for revalued assets, this may lead to instances where the estimated useful lives vary, but not materially, from the 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 licences 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 Inland Revenue 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, Inland Revenue 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 that are received without a specific purpose are recognised as revenue in the period of receipt.
- Donations received for specific purposes where a written agreement specifies the purpose for which the funds must be used are matched against related expenditure when it has been incurred. Where the expenditure has not been incurred the unspent balance is treated as revenue in advance.
- Donations received for specified purposes under section 33 of the Conservation Act 1987, section 18 of the New Zealand Walkways Act 1990 or section 78(3) of the Reserves Act 1977 are held in trust accounts established by 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 represent the Crown's investment in the Department and are 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
- 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.

Accident Compensation Corporation (ACC) Partnership Programme

The Department belongs to the ACC Partnership Programme whereby the Department accepts the management and financial responsibility of work-related illnesses and accidents of employees. Under the programme, the Department is liable for all claims costs for a period of 4 years from the date of the accident up to a specified maximum. At the end of the 4-year period, the Department pays a premium to ACC for the value of residual claims, and the liability for ongoing claims from that point passes to ACC.

The liability for the ACC Partnership Programme is measured using actuarial techniques at the present value of expected future payments to be made in respect of the employee injuries and claims up to the balance date. Consideration is given to anticipated wage and salary levels and experience of employee claims and injuries. Expected future payments are discounted using rates provided at balance date by The Treasury.

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 18 details the results of analysis as to the exposure in relation to estimates and uncertainties used

in determining the retirement and long service leave liabilities.

Valuation of certain items of property, plant and equipment

Note 12 details the 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 2012

	NOTES	30/06/12 ACTUAL \$000	30/06/12 MAIN ESTIMATES \$000	30/06/12 SUPP. ESTIMATES \$000	30/06/11 ACTUAL \$000
REVENUE					
Crown		293,856	288,702	293,856	284,763
Other	2	38,829	37,257	37,178	34,058
Total revenue		332,685	325,959	331,034	318,821
EXPENSES					
Personnel costs	3	147,185	146,122	151,372	149,597
Operating costs	4	99,436	107,135	104,154	93,394
Depreciation and Amortisation expense		31,946	31,651	33,651	30,337
Capital charge	5	44,657	46,301	46,464	41,807
Finance costs	6	144	121	182	47
Loss on sale of property, plant and equipment		2,279	0	150	1,807
Total expenses		325,647	331,330	335,973	316,989
Net surplus/(deficit) for the year		7,038	(5,371)	(4,939)	1,832
OTHER COMPREHENSIVE INCOME					
Property, plant and equipment revaluation gains/(losses)		551	0	0	29
Total comprehensive income for the year		7,589	(5,371)	(4,939)	1,861

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 2012

	NOTES	30/06/12 ACTUAL \$000	30/06/12 MAIN ESTIMATES \$000	30/06/12 SUPP. ESTIMATES \$000	30/06/11 ACTUAL \$000
CURRENT ASSETS					
Cash and cash equivalents	8	43,514	45,516	23,991	36,104
Prepayments		1,252	1,216	1,248	1,248
Inventories	9	1,064	1,170	1,175	1,176
Trade and other receivables	10	5,991	5,851	5,369	4,756
Debtor Crown	11	32,799	32,799	32,799	36,792
Total current assets		84,620	86,552	64,582	80,076
NON-CURRENT ASSETS					
Property, plant and equipment	12	535,731	565,238	551,944	532,840
Intangible assets	13	9,752	14,792	8,055	7,744
Total non-current assets		545,483	580,030	559,999	540,584
Total assets		630,103	666,582	624,581	620,660
CURRENT LIABILITIES					
Trade and other payables	14	18,115	11,921	12,582	16,356
GST payable		2,080	2,924	1,583	2,409
Employee entitlements	15	15,308	14,112	19,307	19,308
Finance leases	17	520	297	348	268
Provisions	16	2,125	779	779	1,731
Return of operating surplus	7	9,365	0	800	1,214
Revenue in advance		6,818	4,270	5,147	5,147
Total current liabilities		54,331	34,303	40,546	46,433
NON-CURRENT LIABILITIES					
Employee entitlements	18	17,144	14,417	14,880	14,880
Finance leases	17	1,789	1,686	1,686	1,139
Provisions	16	125	0	0	0
Total non-current liabilities		19,058	16,103	16,566	16,019
Total liabilities		73,389	50,406	57,112	62,452
TAXPAYER FUNDS					
General funds	19	439,571	495,521	449,100	439,839
Property, plant and equipment—revaluation reserves	19	117,143	120,655	118,369	118,369
Total taxpayer funds		556,714	616,176	567,469	558,208
Total liabilities and taxpayer funds		630,103	666,582	624,581	620,660

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 2012

	NOTES	30/06/12 ACTUAL \$000	30/06/12 MAIN ESTIMATES \$000	30/06/12 SUPP. ESTIMATES \$000	30/06/11 ACTUAL \$000
Total taxpayer funds at beginning of year		558,208	580,881	558,208	557,277
Net surplus/(deficit) for the year		7,038	(5,371)	(4,939)	1,832
Property, plant and equipment revaluation gains(losses).		551	0	0	29
Total comprehensive income for the year		7,589	(5,371)	(4,939)	1,861
Distributions to Crown:					
Other repayments to Crown		0	0	0	(17)
Provision for payment of surplus	7	(9,365)	0	(800)	(1,214)
Contributions from Crown:					
Asset transfers		282	5,000	5,000	301
Capital contribution		0	35,666	10,000	0
Total taxpayer funds at end of year	19	556,714	616,176	567,469	558,208

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 2012

	30/06/12 ACTUAL \$000	30/06/12 MAIN ESTIMATES \$000	30/06/12 SUPP. ESTIMATES \$000	30/06/11 ACTUAL \$000
CASH FLOWS—OPERATING ACTIVITIES				
Cash provided from:				
Supply of outputs to				
Crown	297,849	292,695	297,849	292,750
Customers	38,634	33,296	33,194	34,542
	336,483	325,991	331,043	327,292
Cash disbursed to:				
Produce outputs				
Employees	149,002	147,022	153,921	143,280
Suppliers	96,211	100,819	104,968	90,860
Capital charge	44,657	48,135	46,464	41,807
	289,870	295,976	305,353	275,947
Net cash inflow from operating activities	46,613	30,015	25,690	51,345
CASH FLOWS—INVESTING ACTIVITIES				
Cash provided from:				
Sale of property, plant and equipment	1,047	0	0	1,544
Cash disbursed to:				
Purchase of property, plant and equipment	35,061	42,648	43,898	39,426
Purchase of intangibles	3,587	7,300	2,200	2,242
	38,648	49,948	46,098	41,668
Net cash outflow from investing activities	(37,601)	(49,948)	(46,098)	(40,124)
CASH FLOWS—FINANCING ACTIVITIES				
Cash provided from:				
Capital contributions	0	35,666	10,000	0
Cash disbursed to:				
Payments of finance leases	388	551	491	109
Capital withdrawal	0	0	0	17
Payment of Surplus to Crown	1,214	1,834	1,214	4,676
	1,602	2,385	1,705	4,802
Net cash inflow/(outflow) from financing activities	(1,602)	33,281	8,295	(4,802)
Net increase/(decrease) in cash and cash equivalents	7,410	13,348	(12,113)	6,419
Add opening cash and bank balances	36,104	32,168	36,104	29,685
Closing cash and cash equivalents	43,514	45,516	23,991	36,104

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 2012

	30/06/12 ACTUAL \$000	30/06/12 MAIN ESTIMATES \$000	30/06/12 SUPP. ESTIMATES \$000	30/06/11 ACTUAL \$000
Net surplus/(deficit) for the year	7,038	(5,371)	(4,939)	1,832
ADD/(LESS) NON-CASH ITEMS				
Depreciation and amortisation expenses	31,946	31,651	33,651	30,337
Asset and other write-offs	0	0	0	254
Donated assets	(629)	0	0	(434)
Total non-cash items	31,317	31,651	33,651	30,157
MOVEMENTS IN WORKING CAPITAL				
Prepayments (increase)/decrease	(4)	0	0	(33)
Inventories (increase)/decrease	112	0	1	(6)
Trade and other receivables (increase)/decrease	(1,235)	(590)	(614)	41
Debtor Crown (increase)/decrease	3,993	3,993	3,993	7,987
Trade and other payables increase/(decrease)	2,988	1,005	(6,095)	1,598
GST payable increase/(decrease)	(329)	1,161	(2,234)	616
Employee entitlements increase/(decrease)	(1,736)	0	0	5,659
Other provisions increase/(decrease)	519	(1,834)	1,777	1,064
Other liabilities increase/(decrease)	1,671	0	0	877
Net movement in working capital items	5,979	3,735	(3,172)	17,803
Net loss on sale of property, plant and equipment	2,279	0	150	1,553
Total investing activities	2,279	0	150	1,553
Net cash inflow from operating activities	46,613	30,015	25,690	51,345

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 2012

	30/06/12 ACTUAL \$000	30/06/11 ACTUAL \$000
COMMITMENTS BY CATEGORY		
Capital commitments:		
Land and buildings	1,180	1,028
Other plant and equipment	7,836	1,886
Infrastructural assets	1,627	1,056
Total capital commitments	10,643	3,970
Operating commitments:		
Non-cancellable accommodation leases	26,570	34,614
Other non-cancellable leases	4,192	1,192
Total operating commitments	30,762	35,806
Total commitments	41,405	39,776
COMMITMENTS BY TERM		
less than 1 year	18,518	10,492
1–2 years	7,193	6,105
2–5 years	12,276	13,805
Greater than 5 years	3,418	9,374
Total commitments	41,405	39,776

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.

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 2012

	30/06/12 ACTUAL \$000	30/06/11 ACTUAL \$000
Public liability claims	3,618	2,660
Total contingent liabilities	3,618	2,660

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:

COURT AND TRIBUNAL PROCEEDINGS AND OTHER POTENTIAL CLAIMS

	30/06/12 MAXIMUM EXPOSURE \$000	30/06/11 MAXIMUM EXPOSURE \$000
74 proceedings and potential claims of which 15 are quantifiable. The remaining 59 claims cannot be quantified. The contingent liability for the 15 quantifiable claims is shown below.		
Costs to remove asbestos and clean contaminated land	2,300	0
Claims for damage caused by events originating from DOC land	143	0
A claim for compensation due to fencing boundaries	450	450
Other quantifiable proceedings and potential claims	725	2,210
Total court and tribunal proceedings and other potential claims	3,618	2,660

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 new indemnities were granted in 2011/2012 for public access.

Contingent assets

The Department has no contingent assets (2011: nil).

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

STATEMENT OF DEPARTMENTAL EXPENSES AGAINST APPROPRIATIONS FOR THE YEAR ENDED 30 JUNE 2012

	30/06/12 ACTUAL \$000	30/06/12 SUPP. ESTIMATES \$000	30/06/12 UNDER/ (OVER) \$000	30/06/11 ACTUAL \$000
APPROPRIATION FOR OUTPUT EXPENSES				
Vote: Conservation				
Management of natural heritage	154,775	163,989	9,214	154,753
Management of historic heritage	5,188	5,840	652	5,498
Management of recreational opportunities	139,454	143,055	3,601	131,716
Conservation with the community	16,016	16,881	865	15,845
Policy advice and Ministerial servicing	5,184	6,781	1,597	4,679
Recreational opportunities review	0	0	0	272
Crown regional pest management strategy contribution	2,703	2,938	235	2,866
Total appropriations for output expenses	323,320	339,484	16,164	315,629
APPROPRIATIONS FOR OTHER EXPENSES				
Canterbury earthquake recovery expenses	0	368	368	1,132
Total departmental expenses against appropriations	323,320	339,852	16,532	316,761

RECONCILIATION OF OUTPUT APPROPRIATIONS TO THE STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2012

	30/06/12 ACTUAL \$000	30/06/12 SUPP. ESTIMATES \$000	30/06/12 UNDER/ (OVER) \$000	30/06/11 ACTUAL \$000
Total output appropriations	323,320	339,484	16,164	315,629
Unrealised remeasurements and other appropriations	2,327	0	(2,327)	228
Canterbury earthquake recovery expenses	0	368	368	1,132
Difference between appropriations for expenses and forecast expenses	0	(3,879)	(3,879)	0
Total expenses per statement of comprehensive income	325,647	335,973	10,326	316,989

There was no unappropriated expenditure for the year ended 30 June 2012 (2011: 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 2012

	AS AT 30/06/11 \$000	CONTRIBUTIONS \$000	DISTRIBUTIONS \$000	NET INTEREST \$000	AS AT 30/06/12 \$000
Conservation Project Trust	1,001	424	(618)	17	824
NZ Walkway Trust	10	0	0	0	10
National Park Trust	39	63	(3)	1	100
Bonds/Deposits Trust	7,730	2,011	(1,044)	41	8,738
Total	8,780	2,498	(1,665)	59	9,672

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 2012

Note 1: Major budget variations

Significant variances between Actual and Supplementary Estimates Budget:

Statement of Comprehensive Income

Total revenue was \$1.7 million more than forecast in the Supplementary Estimates, mainly due to earlier than expected cycleway funding (\$2.2 million) offset by a lower than expected insurance reimbursement (\$0.6 million).

Total expenses were \$10.3 million less than forecast in the Supplementary Estimates due mainly to the following:

- Waitangi forest write-off deferred to 2012/13 (\$3.3 million) pending legislation enactment
- A reduction in long service leave, retirement leave and termination benefits (\$1.7 million) resulting from changes in the discount rate and salary growth rate assumptions underlying the actuarial calculation and the organisation review
- Lower than expected depreciation costs (\$1.7 million) due to delays in capital projects
- Savings in various operating costs (\$2 million) including computer expenses, field equipment purchases, office supplies, office equipment, printing and publication costs.

Statement of financial position

Cash and bank balances were \$19.5 million greater than the balance in the Supplementary Estimates due to lower than forecast cash expenditure on operating expenses (\$20.9 million) and non-current assets (\$8.5 million); this was partly offset by the Department deferring a capital injection by the Crown of \$10 million until 2012/13.

Note 2: Revenue other

	30/06/12 ACTUAL \$000	30/06/11 ACTUAL \$000
Recreational charges	11,226	11,289
Leases and rents	792	614
Retail sales	2,312	2,709
Resource sales	697	2,334
Donations and sponsorships	6,940	5,147
Permissions cost recoveries	2,049	2,228
Administration cost recoveries	9,366	6,933
State Services Commission superannuation recovery	2,773	2,780
Other	2,674	24
Total revenue other	38,829	34,058

Other revenue includes payments totalling \$2.672 million received from the Earthquake Commission relating to damage done to properties owned by the Department at Pourerere Beach, Omakere (Central Hawke's Bay) as a result of a hillside collapse following a period of heavy rain. Donations and sponsorships include a contribution of some \$2.4 million from the Ministry of Economic Development towards the development of the Central North Island cycleway.

Note 3: Personnel costs

	30/06/12 ACTUAL \$000	30/06/11 ACTUAL \$000
Salaries and wages	131,676	133,886
Termination entitlements	3,874	5,780
Annual, long service and retiring leave	1,984	1,229
Superannuation subsidies	3,840	3,902
Recruitment	474	415
Uniforms	385	456
ACC Partnership Programme (note 16)	816	2,243
Other	4,136	1,686
Total personnel costs	147,185	149,597

The increase in the long service leave and retirement leave costs is as a result of changes made to the salary growth and discount rate assumptions used in valuing these liabilities as at 30 June 2012. This determination is undertaken by an independent actuary using rates provided by The Treasury. For the year ended 30 June 2012, the remeasurement cost relating to these liabilities was some \$2.3 million. Further details are provided in Note 18.

The increase in other personnel costs is mainly as a result of costs, other than termination entitlements, associated with the organisational review implementation plan.

Note 4: Operating costs

	30/06/12 ACTUAL \$000	30/06/11 ACTUAL \$000
Professional fees and contractors	38,288	32,474
Fees paid to auditors:		
Fees for financial statement audit	341	346
Fees for assurance services	29	0
Grants	648	791
Communications and computer expenses	7,693	8,451
Travel	5,286	4,984
Motor vehicle and vessel expenses	5,306	5,123
Accommodation	3,915	4,154
Office supplies	1,944	2,402
Field supplies	12,790	11,949
Lease expenses	16,130	14,942
Printing	1,055	1,373
Other	6,011	6,405
Total operating costs	99,436	93,394

The fees for assurance services were for technical advice on service delivery standards and financial reporting standards.

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 2012 was 8.0% (2011: 7.5%).

Note 6: Finance costs

	30/06/12 ACTUAL \$000	30/06/11 ACTUAL \$000
Interest on finance leases	144	47
Total finance costs	144	47

Note 7: Return of operating surplus

	30/06/12 ACTUAL \$000	30/06/11 ACTUAL \$000
Net surplus/(deficit) for the year	7,038	1,832
Less: Donated assets	0	(2,250)
Plus: Remeasurements	2,327	228
Plus: Output class deficits	0	1,404
Total return of operating surplus	9,365	1,214

The return of operating surplus to the Crown is required to be paid by 31 October of each year.

Note 8: Cash and cash equivalents

	30/06/12 ACTUAL \$000	30/06/11 ACTUAL \$000
Cash at bank	43,453	36,042
Petty cash floats	61	62
Total cash and cash equivalents	43,514	36,104

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

Note 9: Inventories

	30/06/12 ACTUAL \$000	30/06/11 ACTUAL \$000
Retail	370	400
Nursery	162	150
Fire control supplies	2	14
Wild animal control supplies	421	473
Publications	56	72
Park maps	53	67
Total inventories	1,064	1,176

Note 10: Trade and other receivables

	30/06/12 ACTUAL \$000	30/06/11 ACTUAL \$000
Gross trade receivables	5,752	4,087
Less: provision for doubtful debts	(653)	(365)
Net trade receivables	5,099	3,722
Other receivables	892	1,034
Total receivables	5,991	4,756

MOVEMENTS IN THE PROVISION FOR DOUBTFUL DEBTS

Balance brought forward	(365)	(473)
Additional provisions made during the year	(289)	(20)
Receivables written off during period	1	128
Closing balance	(653)	(365)

The ageing profile of trade receivables at year end is detailed below:

	30/06/12 ACTUAL			30/06/11 ACTUAL		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
Not past due	3,788	0	3,788	2,964	0	2,964
Past due 1-30 days	861	0	861	479	0	479
Past due 31-60 days	113	0	113	116	0	116
Past due 61-90 days	144	0	144	122	0	122
Past due > 90 days	846	(653)	193	406	(365)	41
Total	5,752	(653)	5,099	4,087	(365)	3,722

The provision for impairment has been calculated based on a review of specific overdue receivables and a collective assessment of the remaining outstanding amounts.

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 has reduced to \$32.8 million at 30 June 2012 in accordance with the original Cabinet decision (2011: \$36.8 million).

Note 12: Property, plant and equipment

	LAND	BUILDINGS	PLANT AND EQUIPMENT	INFRASTRUCTURE	FENCING	VESSELS	MOTOR VEHICLES	FURNITURE AND FITTINGS	VISITOR AND CULTURAL ASSETS	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
COST OR VALUATION										
Balance at 1 July 2010	14,456	140,591	24,983	29,251	78,661	8,252	21,666	12,567	654,080	984,507
Additions	0	1,806	3,465	636	2,778	163	2,599	(198)	31,286	42,535
Revaluation movement	20	0	0	0	0	0	0	0	9	29
Disposals	(92)	(876)	(321)	(10)	(1,040)	(261)	(2,466)	(224)	(7,720)	(13,010)
Balance at 30 June 2011	14,384	141,521	28,127	29,877	80,399	8,154	21,799	12,145	677,655	1,014,061
Balance at 1 July 2011	14,384	141,521	28,127	29,877	80,399	8,154	21,799	12,145	677,655	1,014,061
Additions	0	1,014	4,007	1,430	1,569	276	3,313	202	24,222	36,033
Revaluation movement	0	741	0	0	0	0	0	0	2,920	3,661
Disposals	0	(693)	(283)	(307)	(389)	(6)	(1,629)	(241)	(8,274)	(11,822)
Balance at 30 June 2012	14,384	142,583	31,851	31,000	81,579	8,424	23,483	12,106	696,523	1,041,933
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES										
Balance at 1 July 2010	0	76,805	15,711	11,370	10,088	4,144	8,766	4,882	329,587	461,353
Depreciation expense	0	1,890	2,242	495	5,091	555	2,295	1,218	14,882	28,668
Eliminate on disposal	0	(560)	(282)	(2)	(7)	(192)	(1,603)	(223)	(5,931)	(8,800)
Eliminate on revaluation	0	0	0	0	0	0	0	0	0	0
Balance at 30 June 2011	0	78,135	17,671	11,863	15,172	4,507	9,458	5,877	338,538	481,221
Balance at 1 July 2011	0	78,135	17,671	11,863	15,172	4,507	9,458	5,877	338,538	481,221
Depreciation expense	0	1,892	2,290	552	5,187	532	2,219	1,054	16,641	30,367
Eliminate on disposal	0	(414)	(225)	(300)	(104)	(1)	(1,145)	(170)	(6,137)	(8,496)
Eliminate on revaluation	0	855	0	0	0	0	0	0	2,255	3,110
Balance at 30 June 2012	0	80,468	19,736	12,115	20,255	5,038	10,532	6,761	351,297	506,202
CARRYING AMOUNTS										
At 1 July 2010	14,456	63,786	9,272	17,881	68,573	4,108	12,900	7,685	324,493	523,154
At 30 June 2011	14,384	63,386	10,456	18,014	65,227	3,647	12,341	6,268	339,117	532,840
At 30 June 2012	14,384	62,115	12,115	18,885	61,324	3,386	12,951	5,345	345,226	535,731

Land, buildings and vessels

Freehold land has been valued at fair value as at 30 June 2011. Administration buildings have been valued at fair value as at 30 June 2012 using the index methodology and reviewed by Logan Stone Limited (registered independent valuers). 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

Roads have been valued at 30 June 2012 using the index methodology and reviewed by Logan Stone Limited (registered independent valuers). The land formation costs of tracks, car parks and roads (\$109 million as at 30 June 2012) 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.

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 \$20.776 million (2011: \$16.015 million).

Finance leases

The net carrying amount of information systems equipment held under finance leases is \$2.219 million (2011: \$1.371 million).

Note 13: Intangibles

	ACQUIRED SOFTWARE \$000	INTERNALLY GENERATED SOFTWARE \$000	TOTAL \$000
COST OR VALUATION			
Balance at 1 July 2010	1,796	13,708	15,504
Additions	1,313	929	2,242
Disposals	0	0	0
Balance at 30 June 2011	3,109	14,637	17,746
Balance at 1 July 2011	3,109	14,637	17,746
Additions	2,062	1,525	3,587
Disposals	0	0	0
Balance at 30 June 2012	5,171	16,162	21,333
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES			
Balance at 1 July 2010	974	7,359	8,333
Amortisation expense	215	1,454	1,669
Disposals	0	0	0
Impairment losses	0	0	0
Balance at 30 June 2011	1,189	8,813	10,002
Balance at 1 July 2011	1,189	8,813	10,002
Amortisation expense	287	1,292	1,579
Disposals	0	0	0
Impairment losses	0	0	0
Balance at 30 June 2012	1,476	10,105	11,581
CARRYING AMOUNTS			
At 30 June 2010	822	6,349	7,171
At 30 June 2011	1,920	5,824	7,744
At 30 June 2012	3,695	6,057	9,752

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

	30/06/12 ACTUAL \$000	30/06/11 ACTUAL \$000
Trade creditors	10,079	7,444
Other payables	8,036	8,912
Total trade and other payables	18,115	16,356

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

Note 15: Employee entitlements (current)

	30/06/12 ACTUAL \$000	30/06/11 ACTUAL \$000
Accrued salaries and wages	2,903	2,729
Current portion of long service and retiring leave (as per note 18)	1,442	1,607
Other employee entitlements	10,963	14,972
Total employee entitlements (current)	15,308	19,308

Other employee entitlements include accrued annual leave, time off in lieu, vested long service leave and a provision for termination entitlements.

Note 16: Provisions

	30/06/12 ACTUAL \$000	30/06/11 ACTUAL \$000
CURRENT PORTION		
Environmental	1,486	1,731
ACC Partnership Programme	639	0
Total current portion	2,125	1,731
NON-CURRENT PORTION		
ACC Partnership Programme	125	0
Total non-current portion	125	0
Total provisions	2,250	1,731
ENVIRONMENTAL		
Opening balance	1,731	667
Provision utilised or reversed during the year	(648)	(96)
Provision made during the year	403	1,160
	1,486	1,731
ACC PARTNERSHIP PROGRAMME		
Opening balance	0	0
Provision made during the year	764	0
	764	0
TOTAL PROVISIONS	2,250	1,731

Environmental

The environmental provision is the estimated cost of rectifying the environmental damage in a number of affected or contaminated sites that 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.

ACC Partnership Programme

The Department entered the ACC Partnership Programme on 1 July 2011. The liability for the ACC Partnership Programme is measured at the present value of expected future payments for employee injuries and claims up to balance date using actuarial techniques. Consideration is given to expected future wage and salary levels and experience of employee claims and injuries. Discount and salary growth rates provided by The Treasury have been used to discount expected future payments.

Exposures arising from the programme are managed by promoting a safe and healthy working environment by:

- Implementing and monitoring health and safety policies

- Induction training on health and safety
- Actively managing workplace injuries to ensure that employees return to work as soon as practical
- Recording and monitoring workplace injuries and near misses to identify risk areas and implementing mitigating actions
- Identifying workplace hazards and implementation of appropriate safety procedures

The Department has chosen a stop loss limit of 96% of the standard levy. The stop loss limit means that the Department will only carry the total cost of claims up to \$1.3 million.

The Department is not exposed to any significant concentrations of insurance risk as work-related injuries are generally the result of an isolated event involving an individual employee.

An external advisor in injury management, J.R.T. Gifford LLB, MBA, has assessed the Department's liability for long-term costs for staff injured at work. He is satisfied, based on the assessment of actual claims to year end 30 June 2012 and the prudent actuarial based forecasts undertaken by the Department, as to the nature, sufficiency and accuracy of the data used to determine the outstanding claims liability. There are no qualifications to his report.

A consumer price index of 2.1% has been used for the year ending 30 June 2013, and for the outlying years the rate used is between 2.4% and 2.5%. A discount rate of 2.4% has been used for the year ending 30 June 2013, and for the outlying years the rate used is between 2.4% and 2.9%.

Any change in liability valuation assumptions will not have a material impact on the financial statements.

Note 17: Finance leases

	30/06/12 ACTUAL \$000	30/06/11 ACTUAL \$000
Total minimum lease payments payable		
Not later than 1 year	673	365
Later than 1 year and not later than 5 years	2,004	1,305
Later than 5 years	0	0
Future finance charges	(368)	(263)
Present value of minimum lease payments	2,309	1,407
Present value of minimum lease payments payable		
Not later than 1 year	520	268
Later than 1 year and not later than 5 years	1,789	1,139
Later than 5 years	0	0
Total present value of minimum lease payments	2,309	1,407
Represented by:		
Current	520	268
Non-current	1,789	1,139
Total finance leases	2,309	1,407

The Department has entered into finance leases for the purchase of information systems hardware. The Department does have the right to purchase the assets at the end of the lease terms.

There are no restrictions placed on the Department by any of the finance lease arrangements. Finance lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of a default in payment.

Note 18: Employee entitlements (non-current)

	30/06/12 ACTUAL \$000	30/06/11 ACTUAL \$000
Retiring leave	15,533	13,493
Long service leave	3,053	2,994
	18,586	16,487
Less: Current portion of long service and retiring leave (as per Note 15)	(1,442)	(1,607)
Total employee entitlements (non-current)	17,144	14,880

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

The discount rate and salary growth factor used are those provided by The Treasury for the financial year being reported. The table below shows the impact that varying the assumed rate of salary growth and interest rates has on the valuation result if all other assumptions are left unaltered.

CHANGES IN ASSUMPTIONS	INCREASE/(DECREASE) IN SURPLUS/(DEFICIT) (\$000)
Salary growth: 1% below assumed	1,565
Salary growth: 1% above assumed	(1,797)
Discount rates: 1% above assumed	1,547
Discount rates: 1% below assumed	(1,768)

Note 19: Taxpayer funds

	30/06/12 ACTUAL \$000	30/06/11 ACTUAL \$000
GENERAL FUNDS		
Balance at 1 July	439,839	436,622
Net surplus/(deficit) for the year	7,038	1,832
Transfers from revaluation reserve on disposal	1,777	2,315
Capital repayments to the Crown	0	(17)
Capital contribution from the Crown	0	0
Provision for repayment of surplus to the Crown	(9,365)	(1,214)
Asset transfers between Department and Crown	282	301
General funds at 30 June	439,571	439,839
PROPERTY, PLANT AND EQUIPMENT REVALUATION RESERVES		
Balance at 1 July	118,369	120,655
Revaluation gains/(losses)	551	20
Other adjustments to revaluation reserve	0	9
Transfer to general funds on disposal	(1,777)	(2,315)
Revaluation reserves at 30 June	117,143	118,369
Total taxpayer funds at 30 June	556,714	558,208
Revaluation reserves consist of:		
Land revaluation reserve	13,451	13,451
Buildings revaluation reserves	31,689	32,088
Visitor assets reserves	69,033	69,840
Other reserves	2,970	2,990
Total revaluation reserve	117,143	118,369

Note 20: 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 draw downs from the New Zealand Debt Management Office. The Department maintains a target level of available cash to meet liquidity requirements.

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

FINANCIAL INSTRUMENT RISKS

	NOTES	LESS THAN 6 MONTHS \$000	BETWEEN 6 MONTHS AND 1 YEAR \$000	BETWEEN 1 AND 5 YEARS \$000	OVER 5 YEARS \$000
LIQUIDITY RISKS					
2011					
Trade and other payables	14	16,356	0	0	0
Finance Leases		1,407	0	0	0
2012					
Trade and other payables	14	18,115	0	0	0
Finance leases	17	336	337	2,004	0

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

		30/06/12 ACTUAL \$000	30/06/11 ACTUAL \$000
LOANS AND RECEIVABLES			
Cash and cash equivalents	8	43,514	36,104
Trade and other receivables	10	5,991	4,756
Debtor Crown	11	32,799	36,792
Total loans and receivables		82,304	77,652
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST			
Trade and other payables	14	18,115	16,356
Finance leases	17	2,309	1,407

Note 21: 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 that 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

	30/06/12 ACTUAL \$000	30/06/11 ACTUAL \$000
Salaries and other short-term benefits	1,746	1,846
Termination benefits	0	463
Total key management personnel compensation	1,746	2,309

Key management personnel compensation includes the Director-General and the six members of the Executive Leadership Team.

Note 22: Capital management

The Department's capital is its equity (or taxpayers' funds), which comprise general funds and revaluation reserves. Equity is represented by net assets.

The Department manages its revenues, expenses, assets, liabilities and general financial dealings prudently. The Department's equity is largely managed as a by-product of managing income, expenses, assets, liabilities and compliance with the Government Budget processes and with instructions issued by The Treasury.

The objective of managing the Department's equity is to ensure the Department effectively achieves its goals and objectives for which it has been established, whilst remaining a going concern.

Note 23: Events after the balance sheet date

No significant events that may impact on the actual results have occurred between year-end and the signing of these financial statements (2011: none).

Non-departmental schedules

Statement of accounting policies for the year ended 30 June 2012

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 instructions and circulars issued by The Treasury.

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

The following particular accounting policies have been applied.

Budget figures

The budget figures are those included in the Department's Statement of Intent for the year ended 30 June 2012, 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 instructions issued by The Treasury, GST is returned on revenue received on behalf of the Crown, where applicable. However, an input tax deduction is not claimed on non-departmental expenditure. Instead, the amount of GST applicable to non-departmental expenditure is recognised as a separate expense and eliminated against GST revenue on consolidation of the Government Financial Statements.

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 receivable is uncollectible, it is written off against the allowance account for debtors. Overdue receivables that are renegotiated are reclassified as current (that is, 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 that will write off assets, less their estimated residual value, over their remaining useful life.

ASSET	ESTIMATED USEFUL LIFE
Buildings (historic)	98–130 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.

Non-current assets held for sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. Non-current assets held for sale are measured at the lower of their carrying amount and their fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are offset against the revaluation reserve and, if that is exceeded, the balance is recognised in the surplus or deficit.

Non-current assets held for sale (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

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 2012

	NOTES	30/06/12 ACTUAL \$000	30/06/12 MAIN ESTIMATES \$000	30/06/12 SUPP. ESTIMATES \$000	30/06/11 ACTUAL \$000
REVENUE					
Concessions, leases and licences	1	14,314	13,164	13,164	14,372
Other operational revenue		2,383	2,560	3,047	2,175
Capital receipts		2,805	0	0	280
Total non-departmental income		19,502	15,724	16,211	16,827

Non-departmental income is administered by the Department 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 2012

	30/06/12 ACTUAL \$000	30/06/12 MAIN ESTIMATES \$000	30/06/12 SUPP. ESTIMATES \$000	30/06/11 ACTUAL \$000
VOTE: CONSERVATION				
Appropriation for non-departmental output classes	12,536	29,438	16,505	13,405
Appropriation for other expenses incurred by the Crown	2,386	4,033	4,404	11,927
GST input on appropriations	2,443	4,732	5,883	2,371
(Gain) / loss on sale of fixed assets	0	2,575	2,575	0
Other	(150)	(10,042)	(6,230)	0
Total non-departmental expenses	17,215	30,736	23,137	27,703

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 2012

	30/06/12 ACTUAL \$000	30/06/12 MAIN ESTIMATES \$000	30/06/12 SUPP. ESTIMATES \$000	30/06/12 UNDER/ (OVER) ACTUAL \$000	30/06/11 ACTUAL \$000
VOTE: CONSERVATION APPROPRIATION FOR NON-DEPARTMENTAL OUTPUT CLASSES					
Identification and implementation of protection for natural and historic places	7,718	16,793	10,824	3,106	7,046
Management services for natural and historic places	1,462	1,506	1,892	430	1,489
Moutoa Gardens/Pakaitore	23	23	23	0	22
NZ biodiversity advice and condition funds	3,149	10,347	3,582	433	4,848
Stewart Island Infrastructure	184	769	184	0	0
Sub-total output classes	12,536	29,438	16,505	3,969	13,405
APPROPRIATION FOR OTHER EXPENSES TO BE INCURRED BY THE CROWN					
Esplanade reserve compensation	0	60	60	60	0
Matauranga Māori fund	552	804	865	313	624
Subscriptions to international organisations	302	405	405	103	314
Payment of rates on properties for concessionaires	633	839	839	206	641
Waikaremoana lakebed lease	241	241	241	0	241
Redress—Foreshore and Seabed Act 2004	0	0	310	310	0
Vesting of reserves	0	650	650	650	9,450
Depreciation	594	934	934	340	634
Bad and doubtful debts	64	100	100	36	23
Sub-total other expenses	2,386	4,033	4,404	2,018	11,927
Impairment of public conservation land	5,853	0	6,807	954	0
Loss on disposal of Crown PPE	0	2,575	2,575	2,575	0
Total non-departmental expenditure and appropriations	20,775	36,046	30,291	9,516	25,332
CAPITAL INVESTMENT IN ORGANISATIONS OTHER THAN DEPARTMENTS					
Milford flood protection	6,186	6,186	6,186	0	5,961
Purchase and development of reserves	604	1,500	2,953	2,349	464
APPROPRIATIONS FOR CAPITAL EXPENDITURE					
Crown land acquisitions	11,813	6,500	16,861	5,048	22
Total non-departmental expenditure and capital expenditure	39,378	50,232	56,291	16,913	31,779

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 2012

	NOTES	30/06/12 ACTUAL \$000	30/06/12 MAIN ESTIMATES \$000	30/06/12 SUPP. ESTIMATES \$000	30/06/11 ACTUAL \$000
CURRENT ASSETS					
Cash and cash equivalents		38,218	91,306	45,132	43,282
Trade and other receivables	2	4,618	3,205	4,106	4,106
Non-current assets held for sale	3	10,215	0	31,959	0
Total current assets		53,051	94,511	81,197	47,388
NON-CURRENT ASSETS					
Property, plant and equipment	4	5,487,680	5,966,264	5,695,233	5,713,849
Total non-current assets		5,487,680	5,966,264	5,695,233	5,713,849
Total non-departmental assets		5,540,731	6,060,775	5,776,430	5,761,237

SCHEDULE OF NON-DEPARTMENTAL LIABILITIES AS AT 30 JUNE 2012

	NOTES	30/06/12 ACTUAL \$000	30/06/12 MAIN ESTIMATES \$000	30/06/12 SUPP. ESTIMATES \$000	30/06/11 ACTUAL \$000
CURRENT LIABILITIES					
Payables	5	1,679	1,606	2,871	1,867
Provisions	6	2,071	0	0	2,222
Revenue in advance		0	380	181	0
Total current liabilities		3,750	1,986	3,052	4,089
Total non-departmental liabilities		3,750	1,986	3,052	4,089

SCHEDULE OF NON-DEPARTMENTAL COMMITMENTS AS AT 30 JUNE 2012

	NOTES	30/06/12 ACTUAL \$000	30/06/11 ACTUAL \$000
Capital commitments			
Capital commitments	7	0	11,381
Total commitments		0	11,381
Term classification of commitments			
Capital: Less than 1 year		0	11,381
Total commitments		0	11,381

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

SCHEDULE OF NON-DEPARTMENTAL CONTINGENT LIABILITIES AND CONTINGENT ASSETS AS AT
30 JUNE 2012

	30/06/12 ACTUAL \$000	30/06/11 ACTUAL \$000
Quantifiable liabilities	4,146	4,146
Total contingent liabilities	4,146	4,146

There were 12 claims against the Crown, 10 of which are not currently quantifiable. Impending costs to earthquake strengthen Turnbull House could be as high as \$3.5 million.

Contingent assets

The Department, on behalf of the Crown, has no contingent assets (2011: nil).

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

Notes to the schedules

Note 1: Concessions, leases and licences

	30/06/12 ACTUAL \$000	30/06/11 ACTUAL \$000
Guiding	3,003	3,109
Telecommunications	1,744	1,666
Grazing	1,622	1,494
Tourism occupations	1,490	1,646
Ski areas	1,434	1,436
Sporting and special events	49	49
Aircraft landings	1,141	1,104
Residential/recreational	841	811
Other occupations	640	568
Vehicle transport	234	299
Boating	693	711
Filming	236	140
Easements	434	566
Extractions fees	59	69
Miscellaneous	179	165
Recovery of rates	515	539
Total concessions, leases and licences	14,314	14,372

Note 2: Receivables and advances

	30/06/12 ACTUAL \$000	30/06/11 ACTUAL \$000
Trade and other receivables	2,660	2,502
Less: provision for doubtful debts	(454)	(391)
Net trade and other receivables	2,206	2,111
Accrued revenue	2,115	1,718
Other receivables	297	277
Total receivables and advances	4,618	4,106
Movements in the provision for doubtful debts		
Balance brought forward	(391)	(401)
Additional provisions made during the year	(64)	(23)
Reversal of prior period provisions	0	0
Receivables written off during period	1	33
Closing balance	(454)	(391)

The carrying value of receivables and advances approximates their fair value.

Note 3: Non-current assets held for sale

	30/06/12 ACTUAL \$000	30/06/11 ACTUAL \$000
NON-CURRENT ASSETS HELD FOR SALE INCLUDE		
Land	10,215	0
Total non-current assets held for sale	10,215	0

Note 4: Property, plant and equipment

	LAND \$000	BUILDINGS \$000	INFRASTRUCTURE \$000	CULTURAL ASSETS \$000	TOTAL \$000
COST OR VALUATION					
Balance at 1 July 2010	5,795,794	61,927	1,050	5,350	5,864,121
Additions	5,351	0	5,961	0	11,312
Revaluation movement	(113,364)	(3,910)	0	0	(117,274)
Disposals	(11,041)	0	0	0	(11,041)
Balance at 30 June 2011	5,676,740	58,017	7,011	5,350	5,747,118
Balance at 1 July 2011	5,676,740	58,017	7,011	5,350	5,747,118
Additions	21,946	0	6,186	0	28,132
Revaluation movement	(241,372)	11,819	0	(250)	(229,803)
Disposals	(2,428)	0	0	0	(2,428)
Assets transferred to current assets	(14,528)	0	0	0	(14,528)
Balance at 30 June 2012	5,440,358	69,836	13,197	5,100	5,528,491
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES					
Balance at 1 July 2010	0	34,861	0	0	34,861
Depreciation expense	0	634	0	0	634
Eliminate on disposal	0	0	0	0	0
Eliminate on revaluation	0	(2,226)	0	0	(2,226)
Balance at 30 June 2011	0	33,269	0	0	33,269
Balance at 1 July 2011	0	33,269	0	0	33,269
Depreciation expense	0	594	0	0	594
Eliminate on disposal	0	0	0	0	0
Eliminate on revaluation	0	6,948	0	0	6,948
Balance at 30 June 2012	0	40,811	0	0	40,811
CARRYING AMOUNTS					
At 1 July 2010	5,795,794	27,066	1,050	5,350	5,829,260
At 30 June 2011	5,676,740	24,748	7,011	5,350	5,713,849
At 30 June 2012	5,440,358	29,025	13,197	5,100	5,487,680

Land is initially recognised at cost and is revalued based on assessments as provided by Quotable Value Limited. Land not matched to an assessment is valued using an average per hectare rate. These values and methodology were confirmed as appropriate by Logan Stone 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, Conservation Act 1987 and 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 of Waitangi settlements if the Crown decides to offer those areas to claimants.

Historic buildings used for rental activities were valued by Logan Stone Limited (registered independent valuers) as at 30 June 2012. Given the historic nature of these buildings, fair value has been determined using depreciated replacement cost. The Colin McCahon 'Urewera' mural has been revalued at market value by Logan Stone Limited (in conjunction with a respected art valuer).

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 5: Payables

	30/06/12 ACTUAL \$000	30/06/11 ACTUAL \$000
Payables	1,499	1,687
Revenue in advance	180	180
Total payables and advances	1,679	1,867

Payables are non-interest bearing and are normally settled on 30-day terms, therefore, the carrying value of payables approximates their fair value.

Note 6: Provisions

	30/06/12 ACTUAL \$000	30/06/11 ACTUAL \$000
Opening balance	2,222	2,245
Provision utilised or reversed during the year	(151)	(23)
	2,071	2,222
Provision made during the year	0	0
Closing balance	2,071	2,222
Provisions consist of:		
Environmental provision	2,021	2,172
Designations	50	50
Closing balance	2,071	2,222

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 into 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, tailing dams and underground drives.
- 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 7: Capital commitments

	30/06/12 ACTUAL \$000	30/06/11 ACTUAL \$000
Infrastructural assets	0	4,978
Total capital commitments	0	4,978

The commitments represent the carried forward appropriations for capital expenditure and land acquisition funds.

Note 8: Events after the balance sheet date

No significant events that may impact on the actual results have occurred between year-end and the signing of these financial statements (2011: none).

Additional financial information

SUMMARY OF OUTPUT CLASS EXPENDITURE BY OUTPUT FOR THE YEAR ENDED 30 JUNE 2012

	30/06/12 ACTUAL \$000
VOTE: CONSERVATION	
MANAGEMENT NATURAL HERITAGE	
Fire control	8,724
Conservation Services Programme	2,165
Natural heritage restoration	12,552
Possum control	13,811
Deer control	1,206
Goat control	5,873
Other terrestrial animal pests	8,799
Other aquatic pests	1,221
Island management and restoration	6,465
Fencing (stock control)	11,588
Inventory and monitoring	2,738
Weed control	18,290
Legal protection of areas and sites	10,967
RMA advocacy and coastal planning	4,657
Species conservation programmes	39,851
Mainland island sites	1,997
CITES (Convention on International Trade in Endangered Species)	746
Specific pest and disease response	2,119
Crown pest/weeds exacerbator costs	1,006
Total management natural heritage	154,775
MANAGEMENT OF HISTORIC HERITAGE	
Historic heritage	5,188
Total management of historic heritage	5,188
MANAGEMENT OF RECREATIONAL OPPORTUNITIES	
Huts	18,270
Booked accommodation	1,717
Campsites	14,867

SUMMARY OF OUTPUT CLASS EXPENDITURE BY OUTPUT
FOR THE YEAR ENDED 30 JUNE 2012 – CONTINUED

	30/06/12 ACTUAL \$000
Tracks	46,274
Amenity areas and community services	10,908
Roads and car parks	5,438
Visitor centres	11,677
Visitor information	3,392
Recreation concessions	6,539
Recreation planning and impact monitoring	11,702
Taupo sports fisheries	2,745
Non-recreation concessions	5,586
Recreational opportunities review	339
Total management of recreational opportunities	139,454
CONSERVATION WITH THE COMMUNITY	
Participation	10,390
Education and communication	5,210
International obligations	416
Total conservation with the community	16,016
POLICY ADVICE AND MINISTERIAL SERVICING	
Policy advice	1,230
Ministerial services	39
Management planning	2,250
Statutory bodies	1,657
Biosecurity policy advice	8
Total policy advice and ministerial servicing	5,184
CROWN REGIONAL PEST MANAGEMENT STRATEGY	
Pests/weeds exacerbator costs	2,703
Total Crown Regional Pest Management Strategy	2,703
Total Vote Conservation	323,320
Total output appropriations	323,320
Unrealised remeasurements	2,327
Total expenses per statement of financial performance	325,647

EXPENDITURE BY CONSERVANCY FOR THE YEAR ENDED 30 JUNE 2012

CONSERVANCY	30/06/12 ACTUAL \$000
Northland	14,111
Auckland	11,892
Waikato	15,236
East Coast Bay of Plenty	17,095
Tongariro Whanganui Taranaki	20,451
Wellington Hawke's Bay	18,031
Nelson/Marlborough	17,959
West Coast	20,029
Canterbury	18,719
Otago	15,487
Southland	21,272
Science and Technical Group	23,836
National Office (excluding R&D)	54,837
Recreational opportunities ownership costs	56,692
Total expenses per statement of financial performance	325,647

PERFORMANCE OF RESERVE BOARDS AS AT 30 JUNE 2011

RESERVE BOARD	TYPE	REVENUE \$	EXPENDITURE \$	NET ASSETS \$
Reserve Boards – Financial information available				
Northland				
Oakura	Recreation	9,165	8,610	300,000
Ruakaka Central	Hall	18,595	10,524	76,320
Waipu Cove	Recreation	735,280	702,890	2,254,650
Ruakaka	Recreation	416,320	310,320	971,720
Whatitiri	Recreation	8,980	5,155	125,690
Taurikura	Hall	8,900	11,880	179,038
Coates Memorial Church	Local purpose	282	1,015	165,700
Auckland				
Glorit*	Hall	4,946	3,324	4,144
Whanganui				
Papanui	Hall	259	3,946	45,284
Poukiore	Recreation	6,882	2,534	133,032
Tiriraukawa	Hall	538	577	3,464
Moutoa Gardens	Historic	36,867	89,171	224,896
Wellington				
Horowhenua	Recreation	1,135	1,101	38,937
Whitireia Park	Recreation	9,416	15,025	55,192
Nelson/Marlborough				
Homewood	Hall	547	2,757	66,428
Kaiteriteri	Recreation	4,559,788	3,968,858	6,800,418
West Coast				
Charleston	Hall	3,360	1,680	10,750
Millerton	Hall	840	170	43,450
Reserve Boards – Financial information not available				
Northland				
Waikiekie**				
Bay of Plenty				
Awakaponga	Hall			
Matata	Recreation			
Lake Rotoiti	Scenic			
West Coast				
Nelson Creek	Recreation			

Notes

The details above are dated to 30 June 2011 because they are usually based on audited reports that are often not available until after the deadline for the preparation of the annual report.

* The figures for Glorit Board are as at 30 April 2012.

** No figures are available for this board, which is in discussions with Audit NZ regarding reporting.

Appendices

Appendix 1: Natural Heritage Indicators: methodology

This Appendix summarises the indicators and process used to report on the state of natural heritage on public conservation land outlined in the section on natural heritage.

INDICATOR	DESCRIPTION/RESULTS/IMPACTS
Percentage of environmental unit under indigenous vegetation and protected	<p>There was no marked difference in indigenous cover by environment unit or in protection status between 1996 and 2008.</p> <p>The latest iteration of the Land Cover Database (LCDB3) was used for this analysis.³¹</p>
Percentage of environmental unit in marine protected areas	<p>Nearly 7% or 1.28 million hectares of New Zealand's territorial sea is protected within marine reserves. The gazetting of Tāwharanui Marine Reserve in 2011 increased the number of marine reserves in New Zealand's marine environment to 34. In 2011, the Subantarctic Islands Marine Reserves Bill was introduced and is awaiting its first reading. This bill seeks to establish three new marine reserves in the Subantarctic Islands Biogeographic Region. A process to develop marine protected area proposals for the South Island's West Coast was completed, and applications for five marine reserves were notified in 2012. In 2011, a gaps analysis and inventory of marine protected areas in New Zealand's territorial sea was completed.</p>
Size-class structure of canopy dominants ³²	<p>This measure assesses whether plant population structure at a site is sufficient to maintain the dominant plant species.</p> <p>The data points to healthy forests nationally.</p> <p>Regeneration of tree species was evaluated at a national scale using 327 plots in forests nationally on an 8 kilometre grid. These have been re-measured at 5 yearly intervals, most recently in 2012. Stems are identified to species, and all stems more than 2.5 centimetres in diameter are measured. From these data, for dominant species, DOC constructed size-class distributions according to the maximum diameter each species can attain. Where there is ample recruitment, distributions are skewed to smaller stems.</p> <p>Note: This measure contributes to the report under 'species occupancy' in the earlier summary statement.</p>
Representation of plant functional types	<p>The function of plant communities can be categorised according to particular traits. For example, plant species can be grouped by the palatability of their leaves to particular pests (for example, possums, deer and goats).</p> <p>The abundance of highly palatable species has been maintained across forests nationally.</p> <p>Regeneration of plant species palatable to introduced mammalian herbivores, based on the chemistry of their leaves and on accumulated studies of gut contents of autopsied mammals, was combined with measurements described above to determine the adequacy of regeneration of palatable species, including the common palatable canopy tree, kāmahi.</p> <p>Note: This measure contributes to the report under 'species occupancy' in the earlier summary statement.</p>

³¹ The Land Cover Database (LCDB3) being prepared by Landcare Research is funded by central and local government and was completed in July 2012.

³² Size-class structure is essentially plant population structure. Size is estimated by measuring diameter at 1.35 metres or counts in height classes for stems that are below 1.35 metres.

INDICATOR	DESCRIPTION / RESULTS / IMPACTS
Demography of widespread animal species	<p>This measure assesses the number and distribution of widespread species, and selected indicator species (for example, robins), and is used as an early warning of long-term changes in populations so that action can be taken before it is too late. Kākā and mohua are examples of species that used to be widespread but are now found in only a limited number of locations.</p> <p>Distribution and abundance of birds was evaluated at a national scale using 80 locations in forests nationally on an 8 kilometre grid. The first measurement was in 2012. Metrics for each bird species are calculated from five measuring stations at each sample point.</p> <p>South Island robins have been identified as a useful indicator for measuring changes in demography of a widespread forest bird species that is vulnerable to predation by rats and stoats. The numbers of robins inhabiting two areas within Eglinton Valley, Fiordland, have been monitored intensively since 2005. Sites with a long history of pest control have clearly contributed to an increasing trend in robin numbers.</p> <p>Five additional indicator species have been selected for reporting, and sampling programmes for them will be implemented in 2012/13. This number will incrementally increase to a total of 25 indicator species over the next five years.</p> <p>Note: This measure contributes to the report under 'species occupancy' in the earlier summary statement.</p>
Representation of animal guilds	<p>Just like plants, the functions of animal communities can be characterised. For example, tūi are important pollinators and kererū play an important role in seed dispersal for some plant species. This measure assesses the degree to which particular guilds are represented across the full range of ecosystems.</p> <p>Potential guilds will be identified in 2012/13 and evaluated in 2013/14. The first report on the measure will be made in 2015/16 and annually thereafter.</p>
Extent of potential range occupied by focal taxa	<p>This indicator is to be reported in 2012/13 for selected taxa and thereafter every 5 years.</p>
Number of extinctions	<p>The total number of extinct species listed has gone from 33 in the 2007 threatened species lists to 65, mainly because pre-European extinctions are now included in the data.</p> <p>Improvements in identification and acknowledgement of uncertainty have also caused amendments. This indicator will be reported on again in 3 years.</p>
Number of 'threatened' and 'at risk' species	<p>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.</p> <p>Fifty-five species have declined sufficiently to trigger a change to a more severely threatened category, and 10 species have recovered sufficiently under management to move to a less severely threatened category.</p> <p>Most of these changes result from the improved coverage of groups previously not assessed, improved knowledge and changes in the definitions used in the re-listing process.</p>
Demographic response to management at a population level for selected 'threatened' and 'at risk' taxa	<p>This measure assesses whether threatened native taxa are responding to management. For example, does survival of individuals exceed mortality. DOC plans to monitor a representative subset of 20 threatened species at places where there is no management so it can compare results with the same species at sites that are under management.</p> <p>The first representative subset is long-tailed bats. These have been identified as a useful indicator for measuring changes in demography of a forest ecosystem species that is vulnerable to predation by introduced mammalian predators. Updated trends in survival of the long-tailed bat confirm that effective rat control is essential to maintain or increase long-tailed bat numbers.</p> <p>The remaining threatened taxa have been selected for reporting, and sampling programmes will be implemented for them in 2012/13. The number of taxa selected for reporting will increase incrementally over the next 6 years.</p>

INDICATOR	DESCRIPTION/RESULTS/IMPACTS
Number, extent and control of fire	<p>Fire not only has a fundamental influence on ecosystem status and properties but can also leave the impacted indigenous ecosystem more vulnerable to weed invasions.</p> <p>During 2011/12, the total area burnt was relatively low for a second year due to the continuation of a La Niña weather pattern, which reduced the fire risk in many areas. Most of the burnt land was within the 1-kilometre fire safety margin (114 hectares and 67% area burnt); and 46 hectares of public conservation land were also burnt (27% of area burnt). The vast majority of fires occurred within the South Island (59 fires, 99.8% of area burnt and 99.8% of the cost). Most fires occurred in Canterbury (23 fires; 37% of area burnt and 71% of the cost) followed by Otago (29 fires; 47% of area burnt and 24% of the cost). Data compiled from the Fire Occurrence database.</p>
Change in extent and integrity of nationally uncommon, significantly reduced habitats and/or ecosystems that are protected	<p>Nationally uncommon ecosystems are important because they often contain rare native plants that are found nowhere else.</p> <p>Naturally uncommon ecosystems have been assessed according to the International Union for Conservation of Nature's ecosystem red-list criteria, according to how their extent and condition has changed over the past 500 years and in the past 50 years. There are 72 identified types of naturally uncommon ecosystems.</p> <p>Twenty-seven of these naturally uncommon ecosystems are not endangered. Of the 45 recently assessed as under threat, 18 have been judged to be critically endangered, 17 endangered and 10 vulnerable naturally uncommon ecosystem types have been identified.</p> <p>Land tenure and protection status have been evaluated for 12 of the 17 that are endangered. These form the basis of the report on those ecosystems identified above as most needing protection.</p>
Occurrence and intensity of mast flowering and fruit production	<p>The Department has invested in several sites across New Zealand where it is measuring fruit and/or seed production from flowering, which is episodic in many native plants. High seed production drives reproduction in birds like kākāpō but also drives high pest numbers.</p> <p>DOC has a system in place to anticipate the pest control required to protect native species after a mast flowering event. This information is used to anticipate the pest control needed to protect populations of native species.</p> <p>There was no significant mast flowering and fruiting this year.</p>
Distribution and abundance of exotic weeds and animal pests considered a threat	<p>Exotic weed and animal pest invasion is the major cause of biodiversity loss in New Zealand. This measure assesses both the number of exotic species and how dominant they are compared with indigenous species.</p> <p>Weed frequency and distribution was assessed on 328 locations in forests nationally on an 8-kilometre grid. These have been re-measured at 5-yearly intervals, most recently in 2012. In each plot, all plant species are identified and subsequently classed as either native species or weeds.</p> <p>The distribution and abundance of possums were evaluated at a national scale using 69 locations in forests nationally on an 8-kilometre grid. The first measurement was in 2012. All information is derived from two nights of trap catches along four lines at each site.</p> <p>The distribution and abundance of wild ungulates (deer and goats) were evaluated at a national scale using 68 sites in forests nationally on an 8-kilometre grid. The first measurement was in 2012. All information derives from counts of animal pellets (dung) along four lines at each sample point.</p> <p>Note: This measure is reported under 'Indigenous dominance' in the natural heritage section of this report.</p>

Management effectiveness—what is the status of species where possums are being managed?

By combining information about where operations are undertaken with the forest survey data, DOC will increase its understanding of management effectiveness.

From a review of the initial forest survey and management data, we can see that, at a national scale, possums were present in more than 70% of the sites evaluated in forests in which beech is a minor component or is absent (non-beech forests) on public conservation land. This applied whether or not the forests had been subject to recent possum control. However, possum control may have been effective in reducing the abundance of possums in non-beech forests, because possums were two-thirds less abundant than in locations that had not been subject to possum control.

Intriguingly, in non-beech forests, possum control may have affected the abundance of ungulates (deer and/or goats). In these locations, ungulate abundance was higher and their frequency of occurrence was slightly greater than in locations where no possum control had been undertaken. Neither of these differences was statistically significant; a larger number of sample locations measured in future years will better reveal the relationships between ungulate occupancy and abundance with respect to possum control.

In forests where beech is a major component, there are indications that possums occurred less frequently in sites that had been subject to possum control than in sites with no control, but that difference was not statistically significant. Possum abundance was the same in beech forests with and without control—a contrast with non-beech forests. In beech forests, the frequency of ungulates in sites that had been subject to possum control was less than half that in sites that had not been subject to possum control, and their abundance much less. Again, a greater number of sample locations in future will reveal whether these differences are significant. The data so far, however, suggest that there are contrasts between beech and non-beech forests not only in the abundance of possums, but also in the abundance of ungulates, and that possum control can potentially affect the abundance of several introduced mammals in unexpected ways.

1080—what is its effect on birds?

There is debate about the negative effect of 1080 possum bait on bird communities in forests on public conservation land. Across 70 sample locations

nationally, the number of native bird species found per site (nine) or introduced bird species (three) in forests that had been subject to recent possum control was the same as those that had not received possum control. Similarly, the total number of species that were found across areas that had been subject to possum control was no different from those areas that had received none (23 native bird species and nine introduced bird species in both forests subject to possum control and those without).

The nationwide sample is not yet adequate to detect whether the abundance of individual native bird species differs according to whether or not possum control has been conducted. The data so far indicate that there may be inconsistent trends among individual native bird species. Likewise, the current number of sample locations is inadequate to detect whether there are differences in the abundance of birds between beech and non-beech forests (with and without possum control in both). The larger number of samples in future years is likely to resolve whether there are differences in the abundance of birds potentially affected by the use of 1080 in possum control operations.

Tree mortality—is it affected by controlling possums?

It is well established that the widespread, common tree, kāmahī, is often a major component of possum diets. Because of this, it is important to determine whether browsing of trees results in tree death. This can be ascertained by quantifying changes in the population structure of kāmahī trees throughout New Zealand, and whether any changes can be detected between areas recently subject to possum control compared with those where no control has been undertaken. There was no change in the average diameter of kāmahī trees on plots first measured in 2002 and most recently in 2012. This means the population of adult trees has generally persisted and those kāmahī trees that died have been replaced by younger stems that have grown in diameter. On the other hand, all forest plots that had kāmahī present in 2002 had lost one kāmahī stem by 2012. This slight reduction in its population could be something to watch over future years.

New Zealand's forests are dynamic ecosystems and these sorts of changes can arise for many interacting reasons. However, we are confident that the reason for change is unrelated to possum control. The rate of loss of stems of kāmahī was no different between forests that had been subject to possum control and those that had not. Likewise, the average size of kāmahī stems in forests that had been subject to possum control was no different from that in forests that had not. The rate of stem loss and changes in diameter of kāmahī were

also unrelated to whether or not they were in forests where beech was a major component (with or without possum control).

There is no evidence that possum control had any effect on whether weeds invaded forests. Between 2002 and 2012, the average number of weeds per plot (two species) did not change and was the same in areas with and without possum control. Similarly, the proportion of weeds of the total number of species in plots remained the same (around 3%) over time and the trend was the same in forests with and without possum control.

Iconic species

Ten species have been identified via a public consultation process as iconic.³³

Ferns are a widespread feature of New Zealand's forests. Of New Zealand's 194 species of ferns and allied plants,

114 (58.5%) were found on 327 plots across forests on public conservation land. While some were rare and local, three species, *whēkī*, crown fern and the common strap fern, were found on more than half of those plots.

Two of our widespread fern species, hen-and-chicken fern and hound's tongue fern, are highly preferred by deer and goats. Both of these ferns were present on about a quarter of plots in 2002 and again in 2012. This suggests their presence in forests is being maintained. However, the presence of these two species on any particular plot was dynamic, and many plots lost these ferns between 2002 and 2012 while others gained them. The appearance, loss or maintenance of these two species on plots was unrelated to whether the area of forest in which a plot was located received possum control—again there will be significant differences at local levels.

³³ A 2011/12 DOC-commissioned independent public survey involving 3600 people identified what the public considered to be New Zealand's iconic species. The top ten native species identified by respondents were kiwi, ferns, kauri, pōhutukawa, tūī, kākāpō, kea, rimu, kōwhai and tuatara.

Appendix 2: Working to natural heritage outcome objectives

Six objectives were developed in 2010/11 to organise the Department's field delivery work, as set out below.

OBJECTIVE 1.1: A FULL RANGE OF NEW ZEALAND'S ECOSYSTEMS IS CONSERVED TO A HEALTHY FUNCTIONING STATE

Number of target ecosystem projects implemented

The Department has identified the best locations nationally to undertake management to achieve the full range of ecosystem types across New Zealand. While working at a number of these locations, DOC is reshaping its work programme to encompass more of them over time.

The Department has created long-term work plans, called 'prescriptions', that outline the management actions required at each location to meet the 'healthy functioning state' aspect of the objective and to allow reporting on that.

In 2011/12, DOC developed more than 700 of these national prescriptions and authorised 149 for implementation in 2012/13. DOC has committed to implement 400 by 2016/17.

Outcome monitoring is included as part of these prescriptions.

OBJECTIVE 1.2: NATIONALLY THREATENED SPECIES ARE CONSERVED TO ENSURE PERSISTENCE

Number of target threatened species projects implemented

The Department has identified the most cost-effective threatened species projects to undertake to best meet this threatened species persistence objective across New Zealand.

A long-term persistence prescription has been built for more than 900 threatened species—these prescriptions contain the management actions that need to be implemented to ensure the species is on a pathway to persistence.

In 2011/12, DOC implemented 49 of these national species projects and authorised a further 50 to be implemented in 2012/13. DOC has committed to implementing 300 of the highest priority prescriptions by 2016/17.

Outcome monitoring is included as part of these prescriptions.

Security of those 'threatened' taxa and 'at risk' taxa under management

By including threatened species projects in this objective, their national population is placed on a pathway towards long-term security. This is the first year of full implementation for 49 species so data on their security are not yet available. Security will be based on assessment of change in long-term population characteristics against factors such as breeding success, survival of young and/or seedlings.

OBJECTIVE 1.3: NATIONALLY ICONIC NATURAL FEATURES ARE MAINTAINED OR RESTORED

Number of target nationally iconic natural features projects implemented

In 2011/12, DOC confirmed that natural features within New Zealand's 14 national parks would form the core of the nationally iconic natural features objective. The national park management plans, which are developed with strong community and iwi input, will provide a primary source for determining the work to be undertaken to protect the natural features in the parks.

Implementation will commence at the Abel Tasman and Westland national parks in 2012/13 and will involve identifying and aligning the landscape components of current work programmes with this iconic features objective.

OBJECTIVE 1.4: NATIONALLY ICONIC SPECIES ARE MANAGED TO ENSURE THEIR POPULATIONS ARE MAINTAINED OR RESTORED

Number of target iconic species projects implemented	<p>In 2011/12, DOC commissioned an independent public survey involving 3,600 people to identify what the public considered to be New Zealand's iconic species. The top 10 native species identified by respondents were: kiwi, ferns, kauri, pōhutukawa, tūi, kākāpō, kea, rimu, kōwhai and tuatara.</p> <p>Current projects relating to five species have been authorised in 2011/12 for implementation in 2012/13.</p>
Demographic response to management of 'threatened' taxa that are nationally iconic species	<p>Four of the species identified as nationally iconic are classified as threatened or at risk. They are kiwi, kākāpō, kea and tuatara.</p> <p>Kiwi, kākāpō and tuatara will be actively managed for this objective in 2012/13, with the outcomes of management to be reported in 2013/14. A long-term plan for kea will be developed in 2012/13 for implementation the following year.</p> <p>The demographic response for the six species identified as nationally iconic but not currently threatened or at risk will also be monitored through data derived from the status and trend sampling programme. Three of these species are due for reporting back in 2012/13.</p>

OBJECTIVE 1.5: LOCALLY TREASURED NATURAL HERITAGE IS MAINTAINED OR RESTORED THROUGH PARTNERSHIPS

Number of target locally treasured natural heritage projects implemented	<p>The Department currently undertakes many projects in partnership with others, from pest control to species management. Introducing the natural heritage objective framework allows the work collectively focused around partnerships with community, business and iwi at the regional and local scale to be undertaken and reported under this objective.</p> <p>In 2011/12, the definition of this work was developed and agreed. In 2012/13, a draft register will be developed of locally treasured natural heritage assets that best meet this objective. Work plans and portfolios (including targets) will be developed in 2013/14, with projects to be implemented in 2014/15 and reporting on achievements to start in 2015/16.</p>
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OBJECTIVE 1.6: PUBLIC CONSERVATION LANDS, WATERS AND SPECIES ARE HELD FOR NOW AND FOR FUTURE GENERATIONS

Measures under development	<p>The definition for this objective is yet to be finalised. In the interim, this objective is limited to the national status and trend monitoring programme. This programme is on track, with 80 forest plots completed in 2011/12.</p> <p>Develop draft measures in 2012/13. The intention is to use the existing measure set developed for national scale ecosystem and species management work.</p> <p>Evaluate draft measures in 2013/14 and report on achievement in 2015/16.</p>
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Appendix 3: Participation trend

The Department commissioned Colmar Brunton to undertake a national survey of New Zealanders to identify the activities they engage in and facilities they use when visiting public conservation land.

TABLE A1: PARTICIPATION TREND BY ACTIVITY TYPE: NEW ZEALANDERS³⁴

ACTIVITY TYPE (ANNUAL)	2010/11	2011/12	2016–17 5-YEAR TARGET
Short walks—indicator of trend in Local Treasure and Gateway use	29% (1.3 million people)	35% (1.5 million people)	35% (1.6 million people ³⁵)
Day walks—indicator of trend in Gateway and Backcountry use	12% (0.5 million people)	10% (0.5 million people)	15% (0.7 million people)
Camping—indicator of trend in Gateway use	4% (0.2 million people)	5% (0.23 million people)	5% (0.23 million people)

FACILITY TYPE USED (PREVIOUS 3 YEARS)	2008–11	2009–12	2016–17 5-YEAR TARGET
Walked a Great Walk—indicator of Icon and Gateway use	15% (0.6 million people)	14% (0.6 million people)	18% (0.8 million people)
Stayed at a basic campsite—indicator of Gateway use	21% (0.9 million people)	20% (0.9 million people)	25% (1.2 million people)
Stayed at a standard campsite—indicator of Gateway use	17% (0.7 million people)	16% (0.7 million people)	20% (0.9 million people)
Stayed at a serviced campsite—indicator of Gateway use	10% (0.4 million people)	9% (0.4 million people)	15% (0.7 million people)
Stayed in a hut and/or lodge—indicator of Backcountry use	13% (0.6 million people)	13% (0.6 million people)	15% (0.7 million people)
Been to a Department of Conservation visitor centre	51% (2.2 million people)	49% (2.2 million people)	60% (2.8 million people)

³⁴ Source: Department of Conservation and Colmar Brunton National Survey of New Zealanders 2012.

³⁵ Percentage as a total number is adjusted to the projected 2017 population of 4.67 million using Statistics NZ Population Clock: www.stats.govt.nz/tools_and_services/tools/population_clock.aspx.

Appendix 4: Capital asset management

Performance of physical assets

Capital asset management has four predefined, non-financial performance measures: availability, utilisation, functionality and condition. A high-level assessment of these measures was made in 2011/12 in relation to DOC's two most significant assets—public conservation land (asset group: Land) and visitor assets (asset group: Specified Cultural and Heritage).

The public conservation land assets have been classified on the basis of their relative value for delivering biodiversity. All but the most threatened categories of land are judged to be available for their intended purpose and moderately well utilised for providing a range of ecosystem services.

The condition and functionality is currently assessed as 'average' and 'moderate' respectively, but both are predicted to decline to 'poor' and 'partial' over the next 5 years unless the impact of disturbances (such as animal or weed pests) is not reversed through additional or smarter conservation management programmes.

Acutely threatened, chronically threatened and critically under-protected classes are fragile in nature and therefore in very poor or poor condition, with unfit or partial functionality. Active pest management focused in these areas will improve standards over time. The balances of classes have average condition and moderate functionality. Where the threats, such as pests, are not being actively managed, this functionality deteriorates over time.

The condition and functionality of the asset groups for visitor assets are considered to be 'average' and 'moderate' respectively by capital asset management standards. Both are predicted to decline to 'poor' and 'partial' over the next 5 years if changes are not made to the current network. For most of the assets, their availability and utilisation is considered to be '80%' and '70%' at present but this will continue to decline slowly to '70%' and '50%' unless changes are made to the network in response to demand changes. The work under way on destinations and resulting asset management plans will help in addressing these issues.

Appendix 5: Departmental outputs

The work DOC does (the outputs it delivers) to achieve each of the intermediate outcomes is shown below. A baseline of the significant output performance measures is set out in Appendix 6. Quality assurance for this work is managed through DOC's best practice and standard

operating procedures. Where external standards are not available and/or DOC is the only agency undertaking work in New Zealand, it uses an internal peer review process to ensure best practice remains up to date.

TABLE A2: OUTPUT CLASSES AND MAIN OUTPUTS THAT CONTRIBUTE TO DOC'S INTERMEDIATE OUTCOMES

INTERMEDIATE OUTCOME	OUTPUT CLASSES	MAIN OUTPUTS
Intermediate outcome 1: Natural heritage The diversity of our natural heritage is maintained and restored	Management of natural heritage	Fire control Conservation Services Programme Restoration Pest and weed control Legal protection of areas and marine protection Species management
	Crown contribution to regional pest management strategies	Regional pest management strategies
	Conservation with the community	Participation Education and communication
	Policy advice, statutory planning and services to Ministers and statutory bodies	Policy advice Ministerial servicing
Intermediate outcome 2: Historic heritage Our history is protected and brought to life	Management of historic heritage	Historic and cultural heritage restoration
	Management of recreational opportunities	Asset management Recreation opportunities management Recreation concessions
	Conservation with the community	Participation Education and communication
	Policy advice, statutory planning and services to Ministers and statutory bodies	Policy advice Ministerial servicing
Intermediate outcome 3: Recreation More people participate in recreation	Management of historic heritage	Historic and cultural heritage restoration
	Management of recreational opportunities	Asset management Recreation opportunities management Recreation concessions
	Conservation with the community	Participation Education and communication
	Policy advice, statutory planning and services to Ministers and statutory bodies	Policy advice Ministerial services

INTERMEDIATE OUTCOME	OUTPUT CLASSES	MAIN OUTPUTS
Intermediate outcome 4: Engagement More people engage with conservation and value its benefits	Conservation with the community	Participation Education and communication
	Policy advice, statutory planning and services to Ministers and statutory bodies	Policy advice Ministerial services
Intermediate outcome 5: Business opportunities More business opportunities delivering increased economic prosperity and conservation gains	Management of natural heritage	Fire control Conservation Services Programme Restoration Pest and weed control Legal protection of areas and marine protection Species management
	Management of historic heritage	Historic and cultural heritage restoration
	Management of recreational opportunities	Asset management Recreation opportunities management Recreation concessions Other resource use concessions
	Conservation with the community	Participation Education and communication
	Policy advice, statutory planning and services to Ministers and statutory bodies	Policy advice Ministerial services

Appendix 6: Significant output measures trend

The table below outlines the Department's annual performance trend for significant output measures from the 2008/09 baseline.

TABLE A3: ANNUAL PERFORMANCE TREND FOR SIGNIFICANT OUTPUT MEASURES

PERFORMANCE TREND BY FINANCIAL YEAR					
Significant output measures	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12	Target 2012/13
Possums—hectares sustained	1,099,627	1,023,846	1,080,120	1,024,448	1,030,709
Possums—hectares treated	187,562	285,338	223,523	234,636	216,723
Goats—hectares sustained	2,388,567	2,184,817	2,221,403	2,357,373	2,294,851
Goats—hectares treated	1,466,340	1,468,262	1,313,036	1,410,088	1,391,641
Deer—hectares sustained	769,111	720,495	732,203	732,203	732,203
Deer—hectares treated	409,294	360,120	375,724	367,376	365,703
Weeds ecosystem—hectares sustained	1,496,788	1,653,010	1,748,522	1,806,266	1,833,462
Weeds ecosystem—hectares treated	482,193	504,013	475,439	475,568	474,946
Threatened species—improved security	237	241	242	238	236
Threatened species—managed for persistence	-	-	-	42	100
Historic assets—remedial work to standard	41	33	26	29	32
Historic assets—maintenance work to standard	751	849	944	1,169	1,220
Recreation assets—huts to standard (%)	76	86	83	87	90
Recreation assets—tracks to standard	49	55	58	61	63
Recreation assets—structures to standard	90	95	94	95	95
Engagement—volunteer workday equivalents	26,256	30,007	32,507	31,806	33,722
Engagement—partnerships	141	133	508	548	561



*Celebrating
25 years of
Conservation*