



# Department of Conservation

## ANNUAL REPORT

*For the year ended 30 June 2013*



Department of  
Conservation  
*Te Papa Atawhai*



# Department of Conservation

## **Annual Report**

*For the year ended 30 June 2013*

Presented to the House of Representatives pursuant to section 44(1)  
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 2013.

A handwritten signature in black ink, appearing to read 'A Morrison'.

Alastair Morrison  
DIRECTOR-GENERAL



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# Director-General's overview

People around the world are now facing the effects of a natural environment under pressure as a result of different generations exploiting nature rather than living in harmony with it. These challenges are becoming more pressing every year.

The degradation and loss of biodiversity and ecosystems—such as rainforests, coral reefs and wetlands—is causing water shortages, extreme weather events and loss of natural capital such as fish stocks. The impacts of climate change are also becoming more evident.

Even here, in New Zealand, we are experiencing the effects of environmental degradation. For example, issues with the quality of our water and its availability where needed are increasing, and we are losing our topsoil—the platform for our pastoral economy—to the air and sea at an alarming rate.

Conservation has an important role in addressing these issues. Over millions of years, native plants and animals evolved to form ecosystems that keep nature in check and provide valuable services to people. Our indigenous ecosystems filter water, regulate our climate, minimise flooding, prevent erosion and ensure our soils stay fertile and intact. As we lose species and erode ecosystems, we lose the natural services they provide.

That there is an economic cost to losing these stocks of natural capital is clear. The impacts will be long term and will affect the wellbeing of New Zealanders and the economy.

That is a new context in which to place the core work of the Department of Conservation (DOC). Our work to protect the state of New Zealand's native species and the health of its special places is as much about restoring and protecting New Zealand's natural capital as it is about preserving these species and places for their own intangible worth.

In this light, DOC is undergoing a transformational change in the way it sees and does its work. The change is aimed at engaging all New Zealanders—communities, landowners, local government, iwi and business—in managing nature sustainably. It is not enough for conservation to occur only on the third of New Zealand that is public conservation land; all of New Zealand's lands and waters need to be cared for. To be a sustainable New Zealand, the country needs to be truly clean and green, not just clean and green in a few places.

To reach this point, the people who take the most from nature need to give the most back. For this reason, DOC is focusing in particular on working with business. That focus is not to get business to do the work DOC cannot do because of budget cuts, nor is it a revenue grab. It is to make business face up to the reality that, for generations, it has ignored its impacts on the environment—and the public has had to pick up the cost.

Business has to get to a point where it understands and accounts for the true cost of at least neutralising its impacts on the environment. At DOC, we believe we can help business do that in ways where business can actually benefit from giving back more to nature than it takes. We believe that conservation can be good for business, and business can be good for conservation.

The Department is reorganising its work around this premise that conservation is a contribution to a sustainable pathway for New Zealand's present and future prosperity.

This does not mean DOC is compromising its core conservation work and stewardship of public conservation land. It is testimony to the professionalism, passion and commitment of DOC staff that they have maintained the planned levels of core conservation services through a period of disruptive and controversial change.

As well as creating a more outward-facing structure, we have reviewed our business to improve how we organise, plan and prioritise work to ensure we have maximum impact on conservation outcomes. We are also improving how we measure and monitor this work, to better inform our planning and prioritisation processes and those of our partners.

The Department's change programme is all but complete, and the year ahead signals a period of consolidation under the new business model.

The Department is now purpose-fit to contribute to a future where New Zealanders live in harmony with nature and prosper from a healthy natural environment.



Alastair Morrison  
DIRECTOR-GENERAL

13 September 2013



# 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.

This means DOC has various responsibilities:

- Maintaining as much as possible, in coordination with others, the integrity of New Zealand’s indigenous ecosystems
- Acting as guardian to some of New Zealand’s cultural and historic heritage
- Contributing to the recreation opportunities of all New Zealanders
- Supporting tourism, one of the country’s largest earners of foreign exchange
- Giving effect to the principles of the Treaty of Waitangi in accordance with section 4 of the Conservation Act

(See Appendix 1 for a description of DOC’s responsibilities and Appendix 2 for the organisational structure and changes taking place.)

Some of DOC’s functional responsibilities go beyond the boundaries of public conservation lands and waters. These include the protection of marine mammals, preservation of native freshwater fisheries, and protecting recreational freshwater fisheries and freshwater fish habitats. DOC is responsible for conserving protected native wildlife wherever it occurs. It advocates generally for the

conservation of natural and historic resources, provides conservation information, and promotes the economic, environmental and social benefits of conservation.

DOC participates in processes to support several international agreements that serve to improve environmental management in New Zealand and internationally; for example, the Convention on Biological Diversity.

The Department is an important participant in Treaty of Waitangi settlement negotiations and works to help the Government achieve its priority of settling all historical Treaty claims by 2014. DOC’s particular focus is on contributing to the development of cultural redress as part of negotiations. For example, the Department supported the Office of Treaty Settlements in the recent settlement with Ngai Tūhoe including the future management of Te Urewera National Park.

DOC works across the central government sector primarily, but not exclusively, through the Natural Resources Sector group.<sup>1</sup> In other forums, it works with tangata whenua; landowners; regional and local government; businesses; science providers; recreation, outdoor and conservation organisations; and community groups.

For the 2012/13 year, the then Minister of Conservation, Hon. Kate Wilkinson, determined that DOC would contribute to the Government’s six drivers of growth<sup>2</sup> by focusing on three particular areas: tourism, recreation opportunities and lifting departmental performance. The new Minister of Conservation Hon. Dr Nick Smith in January 2013 added progress on marine protection to these priorities.

Extensive resources are needed to achieve desired conservation outcomes. This involves building on the increasing public interest in conservation and willingness of many to be actively involved. Underlying all of the Department’s work is the understanding that conservation is not done by the Department alone. Many threatened species in fact occur on private land, and local landowners are often best placed to take appropriate action to ensure their survival.

<sup>1</sup> Comprising the Department of Conservation; Land Information New Zealand; the Ministry for Primary Industries; the Ministry of Economic Development; the Ministry for the Environment; Te Puni Kōkiri; and the Ministry of Business, Innovation and Employment.

<sup>2</sup> 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’.

# Department of Conservation outcomes model

The outcomes model links DOC's outcomes and intermediate outcomes to its vision. The model shows the strategic approaches and drivers that underpin DOC's work, as set out in Figure 1. (Appendix 3 lists DOC's departmental outputs.)

## 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 this 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. Conservation gains from more business partnerships



Figure 1: DOC's outcomes model



# Delivering conservation outcomes for New Zealand

## Opportunities and challenges in a changeable operating environment

### Challenges

DOC, in common with the rest of the public sector, continues to face the challenges of delivering better and smarter public services within its current resources. This involves managing public expectations as to what it should deliver and continuing to improve its ability to recruit, retain and develop staff.

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

### Opportunities

Society benefits from successfully delivered conservation. Ecosystem services provided by natural environments include water capture and purification, flood control, climate regulation and influences on nutrient cycles. As well as having responsibility for protecting natural resources, DOC also manages historic heritage and recreation opportunities. These strengthen New Zealand's cultural identity, enrich New Zealanders' leisure time, encourage healthy lifestyles and increase awareness of and support for conservation. Businesses directly benefit where they are involved in contributing to conservation delivery. Benefits include the revenue derived from providing services to visitors, and the brand association with New Zealand's image of abundant natural wonders and a cared-for environment.

Many New Zealanders think conservation is at the heart of what it means to be a New Zealander.<sup>3</sup> This

means DOC can work with community, iwi, whānau, hapū, business and individuals to harness their efforts to achieve conservation gain. A prosperous business sector is a component of a prosperous society. The aim is to ensure that natural capital<sup>4</sup> is a positive and growing component of the economy.

### Our strategies

#### *Growing conservation in partnership*

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

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

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

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

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

DOC co-sponsored the 'Valuing Nature' conference in Wellington in July 2013, along with other Natural Resources Sector agencies, Victoria University of Wellington and the Sustainable Business Council. The conference attracted around 400 leaders from business, local and central government, academia and community organisations. Over 2 days, it explored the new vision for biodiversity that is emerging globally. This vision calls for wider recognition of

<sup>3</sup> The Nielsen Company 2013: Survey of New Zealanders. Report prepared for the Department of Conservation. The Nielsen Company, Wellington.

<sup>4</sup> 'Natural capital' refers to New Zealand's ecosystems, biodiversity and natural resources—these underpin economies, societies and individual wellbeing. In addition to traditional natural resources, such as timber, water, energy, and mineral reserves, it also includes biodiversity, endangered species and the ecosystems that perform ecological services.

nature's contribution to our livelihoods, health, security and prosperity.

### Valuing natural capital

DOC recognises that protecting and preserving nature for its intrinsic value and recreational purposes is only a part of the value that native biodiversity and its conservation represents to New Zealanders. The plight of the kiwi is not just about the kiwi. The quality

and quantity of New Zealand's native ecosystems and the species within them has broad direct and indirect impacts on New Zealand's prosperity. Collectively, New Zealand's native species indicate how healthy ecosystems are (be they forests, grasslands, wetlands or oceans). The health of these ecosystems determines the quality and quantity of the goods and services that nature provides and on which the economy and country relies.

#### Ecosystem services

Ecosystem services are the goods and services provided by ecosystems from which New Zealanders derive benefit.

Ecosystem services are underpinned by biodiversity—these services flow directly from the presence of life on earth.

Ecosystem services can be categorised into four types:

- Provisioning
- Regulatory
- Cultural (those relating to the needs of people)
- Supporting (those that underpin the three other ecosystems services and are part of the mechanisms and processes which generate them)<sup>5</sup>

#### Provisioning services

Products obtained from ecosystems

- Food
- Fresh water
- Fuel
- Fibre
- Biochemicals
- Genetic resources
- Medicines

#### Regulating services

Benefits obtained from ecosystem processes

- Climate regulation
- Disease regulation
- Water regulation
- Water purification
- Pollination
- Flood protection

#### Cultural services

Non-material benefits obtained from ecosystems

- Spiritual and religious
- Recreational and ecotourism
- Aesthetic
- Inspirational
- Educational
- Sense of place
- Cultural heritage

#### Supporting services

Services necessary for the production of all other ecosystem services

Soil formation      Nutrient cycling      Primary production

Demonstrating the value derived from ecosystems, and managing natural capital, are points of focus for DOC and many other environmental management agencies. The benefits we as a country derive from natural capital are critically important to our economic and social wellbeing.

Just as it is possible to overdraw on financial capital and build non-productive debt, the same is true with natural capital, resulting in damage to long-term

economic viability and living standards. But, unlike man-made capital, no dedicated system exists to measure, monitor and report on natural capital and the ecosystems services it provides. As a country, we may be exploiting and degrading our natural capital more quickly than it can regenerate, without even realising it. Consideration needs to be given to the contribution natural capital and ecosystem services make to New Zealand's prosperity and wellbeing alongside that of man-made capital.

<sup>5</sup> From the Millennium Ecosystem Assessment framework [www.millenniumassessment.org/documents/document.300.aspx.pdf](http://www.millenniumassessment.org/documents/document.300.aspx.pdf).



In working with others, DOC can ensure New Zealanders derive benefit on and off public conservation lands and waters.

This is a new way of thinking about conservation and a challenge to the approach that has prevailed. It shifts DOC's role from an organisation focused on carrying out conservation work to one that leads and enables the work of others.

DOC is seeking to position itself across its capabilities (structure, systems, culture, and skills) and to be open to working with others in ways it has historically been reluctant to entertain. DOC will be enabling, supporting and working to others' priorities as well as its own.

Over the next year, the Department will continue to investigate the contribution of New Zealand's natural capital assets, and their conservation, to the wellbeing and prosperity of New Zealanders. To do this, DOC will be working to gain a better understanding of:

- The condition, or state and trend, of the natural capital stock (the protected areas, biodiversity and ecosystems that it has responsibility for) from a natural capital perspective
- The threats and pressures the natural capital stock is under
- The ecosystem goods and services that flow from this capital stock
- The value derived from these ecosystem goods and services
- How to better invest in 'capital maintenance' and manage these ecosystem services

A long-term research and development programme is under way to expand the Department's knowledge of the flow of ecosystem goods and services and how it can better manage and report them.

## Reporting on the results

Results of the Department's achievements against the 2012-2017 Statement of Intent are outlined in the following report, which is presented in two sections:

- **Summary of results**

This section covers each of the five intermediate outcomes and important capability areas. Information is presented in infographics<sup>6</sup> highlighting notable facts about conservation management and results, supplemented by reporting on key performance indicators, and

reports on outputs (statements of service performance). The source of the information for the infographics includes results from this Annual Report, as well as data derived from DOC's financial and asset databases.

- **Commentary on results**

This section also covers each of the five intermediate outcomes and important capability areas, providing more detail explaining results and the work programmes DOC has under way. Some information from the first summary section is repeated for context.

<sup>6</sup> These infographics are merely visual representations of data and are not necessarily to scale.

# Section 1:

## Annual Report summary of results

### ➤ Hectares treated for pests



- 184,000 ha  
Possums
- 492,000 ha  
Weeds
- 1.3 m ha  
Goats

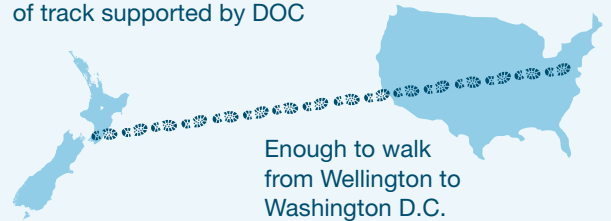
### ➤ Marine reserves



1987 | 30 km<sup>2</sup>

# 14,000 km

of track supported by DOC



Enough to walk  
from Wellington to  
Washington D.C.

# 595

community partnerships



# 35,000

volunteer days



# Performance summary

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

## 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







*Conservation gains from more business partnerships*

## Capability

*Our business is supported by a capable workforce and robust management systems*

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

## Key

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

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

## Definitions

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

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

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



<b>Natural heritage</b> <a href="#">Page 19</a>	Overall status
Indigenous dominance—ecological processes are natural	
Species occupancy—the species present are the ones you would expect naturally	
Ecosystem representation—the full range of ecosystems is protected somewhere	
<b>Historic heritage</b> <a href="#">Page 27</a>	Overall status
Increase in the number of key historic sites where heritage assessment reports have been completed	
Increase in visitor numbers at Icon historic sites	
Increase in the percentage of key historic sites categorised as stable and not deteriorating	
<b>Recreation</b> <a href="#">Page 31</a>	Overall status
Increase in New Zealanders' awareness of the Department as a recreation provider	
Increase in participation in recreation on public conservation lands and waters	
Increase in visitor satisfaction with the quality of the experience and opportunities provided	
<b>Engagement</b> <a href="#">Page 37</a>	Overall status
Change in the importance of conservation to New Zealanders	
Change in the quality of the Department's engagement with key associates	
Change in the satisfaction of tangata whenua with the Department's activities to help them maintain their cultural relationships with taonga	
<b>Business opportunities</b> <a href="#">Page 41</a>	Overall status
Increase in engagement of the commercial sector in conservation partnerships	
Change in the level of investment from the commercial sector in conservation	
Improvement in level of return on investment for key Department products and services	
<b>Capability</b> <a href="#">Page 43</a>	Overall status
Leadership: the Department has the leaders it needs to perform well now and in the future	
Relationships: the Department identifies, builds and manages relationships critical to achieving results	
Culture: the Department has the type of culture it needs to achieve results now and in the future	
People: the Department has the skills and competencies to achieve its results in collaboration with others	
Information and communications technology (ICT): the Department has the ICT it needs to achieve results and contribute to others	
Asset management: the Department's asset-related decisions support current and future service delivery	
Structure: the Department's structure is linked to its results and future business needs	



# Summary of achievements

DOC is undertaking, and working with others to undertake, work started more than four decades ago under the Wildlife Service to bring species back from the brink.<sup>7</sup>

We are building on our understanding of the health of New Zealand’s indigenous ecosystems across the country. This work is providing a valuable baseline for reporting the difference made in pest and weed control and species management activity. Because this is the first baseline, specialists can comment only on whether this is better or worse than previous anecdotal evidence, case studies or individual studies have led them to understand, rather than comparing this with previous condition information. This year, non-forested public conservation areas (for example, alpine and sub-alpine ecosystems, braided rivers, young dunes, thermal areas) can be reported on and also compared with forested ecosystems. Non-forested public conservation areas are typically weedier than forested but have fewer possums and a greater richness of bird species present.

The richness of New Zealand’s history is being appreciated as people visit the Icon historic sites managed by DOC. These sites profile some of the early industries and events that have shaped and defined New Zealand’s character. We are tracking the condition of historic sites and managing the more significant or at risk of these (although our work is falling behind). We have restored fantastic sites, such as Ruapekapeka Pā, the Denniston mine, Ships Cove, Karangahake

Gorge, the Central Otago Chinese settlement, North Head and Government Buildings.

DOC engages with others in raising awareness about conservation and participation in conservation activity. The number of young people engaged in conservation is increasing, with 10 different Kiwi Ranger programmes now established at DOC-managed locations across New Zealand.


Planning for visitor facility provision draws on our understanding of visitor preferences, and significant upgrades have proceeded at popular destinations across the country. More rigorous approaches are being taken to track visitor numbers as a measure of success at encouraging people to enjoy New Zealand’s heritage.

In 1987, when DOC was formed, it had fewer than 200 concessionaires; now it has over 4,000, with adventure tourism the big growth area. This increase is good for both the local economy and conservation and enables many visitors to engage in conservation.

DOC, in engaging with others and focusing on mutual benefits, has achieved significant partnerships with business in New Zealand. This is resulting in the delivery of substantial outcomes for conservation, and businesses have been able to reach out to their customers in new ways.

Capability development is a critical ingredient in the strategic shift the Department is seeking. This is being achieved through the leadership development programme, aimed at both line managers and thought leaders, and developing skills across various fields. Of note are the opportunities for online courses available to the public and DOC’s partners, which are increasing conservation delivery skills, and other tools such as video tutorials.

<sup>7</sup> Conservation efforts so far have saved the kākāpō; takahē; black robin; Chatham Island tāiko, petrel and oystercatcher; parea; Forbe’s parakeet; rowi; New Zealand fairy tern; orange-fronted parakeet; North Island kōkako; and brown teal.



## Outcome statement: measuring progress

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

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

In order for DOC to achieve this outcome, people must respect the environment and be supportive of conservation. We believe this will result from people having a wider understanding of how conservation makes a difference to their wellbeing.

### How we measured progress towards the outcome

DOC monitors two indicators to show its progress in achieving this 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' received from conservation. To be able to report on this, DOC needs to understand and demonstrate how natural capital contributes to New Zealanders' wellbeing through provisioning, regulating and cultural services. Work is under way to advance this understanding in DOC, across the Natural Resources Sector and internationally.<sup>8</sup>

In the interim, a quantitative survey has been used to assess the connections New Zealanders make between conservation and benefits. It was first reported in the year ended 30 June 2006<sup>9</sup>, then in 2007/08 and 2011/12, and is reported again here.<sup>10</sup> A new survey methodology<sup>11</sup> was tested this year, involving the same questions but using postal responses and the internet

instead of a telephone survey. Although most of the results were similar between the two survey techniques, they are provided here as a new baseline.

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

Of those surveyed, 85 percent 'strongly agreed' or 'agreed' with the statement: 'I actively enjoy New Zealand's healthy environment, recreation opportunities and history'.

This result is slightly more positive than for the previous 2 years (81 percent for 2010/11 and 82 percent for 2011/12). This suggests a relatively strong and continuing agreement that people see a benefit in being actively associated with the New Zealand environment and its heritage.

Specific questions were also asked about the benefits of conservation in general, and the personal benefits to respondents themselves. A broad range of responses was received, including descriptions for topic areas about protecting for ourselves and our children New Zealand's natural environment, the plants and animals found there, healthy forests, healthy fisheries, clean water, clean air and, broadly, protecting our natural resources. Also commonly mentioned was having access to the natural environment as a place for recreation, including the facilities that enable this access.

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

Results from the national survey<sup>12</sup> indicate that for 81 percent of New Zealanders conservation is important to them (rated important or very important in the survey response options). This is down on the 83 percent response for 2011/12 and 86 percent for 2010/11. It is expected the positive rate of response will increase as DOC shifts to its focus to working with others to grow conservation awareness and contribution.

An additional question asked people to compare the importance of conservation relative to other public good issues. Table 1 shows the combined results for all those who answered 'about the same level of importance', 'somewhat more important' or 'a lot more important than other issues'.

<sup>8</sup> See The Economics of Ecosystems and Biodiversity at [www.teebweb.org](http://www.teebweb.org).

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

<sup>10</sup> Colmar Brunton 2013: Attitudes, engagement and favourability. Report prepared for the Department of Conservation. Colmar Brunton, Wellington.

<sup>11</sup> Survey of New Zealanders (The Nielsen Company 2013).

<sup>12</sup> *Ibid.*

TABLE 1: IMPORTANCE OF CONSERVATION RELATIVE TO OTHER NEW ZEALAND ISSUES

	2010/11 (%)	2011/12 (%)	2012/13 (%)	2012/13 NEW SURVEY METHOD* (%)
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:	78	76	74	84
About the same or more important than other issues				

\* Note: 'don't know' was not an option in the new survey methodology.

Overall, the importance of conservation has fluctuated, but it still rates as one of the important issues for society.

The challenge for DOC is to get more New Zealanders valuing conservation more highly. This includes

New Zealanders gaining an understanding of the relationship between expressed societal values and the consequences for resourcing conservation activity.

## Summary of output performance

### PERFORMANCE TREND BY FINANCIAL YEAR

SIGNIFICANT OUTPUT MEASURES	2008/09 ACTUAL	2009/10 ACTUAL	2010/11 ACTUAL	2011/12 ACTUAL	2012/13 ACTUAL	2013/14 TARGET
Possums: hectares sustained	1,099,627	1,023,846	1,080,120	1,024,448	1,010,770	1,042,536
Possums: hectares treated	187,562	285,338	223,523	234,636	184,179	206,015
Goats: hectares sustained	2,388,567	2,184,817	2,221,403	2,357,373	2,310,738	2,283,451
Goats: hectares treated	1,466,340	1,468,262	1,313,036	1,410,088	1,353,319	1,378,198
Deer: hectares sustained	769,111	720,495	732,203	732,203	549,638	506,288
Deer: hectares treated	409,294	360,120	375,724	367,376	376,010	378,314
Weeds ecosystem: hectares sustained	1,496,788	1,653,010	1,748,522	1,806,266	1,752,995	1,781,967
Weeds ecosystem: hectares treated	482,193	504,013	475,439	475,568	492,263	494,902
Threatened species: improved security	237	241	242	238	212	208
Threatened species: managed for persistence	0	0	0	42	111	100
Ecosystems: managed for ecological integrity	0	0	0	0	151	190
Historic assets: remedial work to standard	41	33	26	29	27	27
Historic assets: maintenance work to standard	751	849	944	1,169	962	1,338
Recreation assets: huts to standard (%)	76	86	83	87	87	90
Recreation assets: tracks to standard (%)	49	55	58	61	58	64
Recreation assets: structures to standard (%)	90	95	94	95	93	95
Engagement: volunteer workday equivalents	26,256	30,007	32,507	31,806	35,135	32,935
Engagement: partnerships	141	133	508	548	595	573

# Natural heritage

Report against operating intentions<sup>13</sup>

## The diversity of our natural heritage is maintained and restored

*DOC is continuing status and trend monitoring, giving us a more robust picture of the health of our ecosystems and survival of our native species, and this will support priority setting for our ongoing work programmes.*

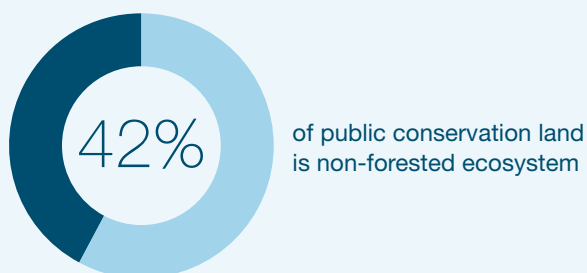
number of threatened species now under active management through high priority species programmes



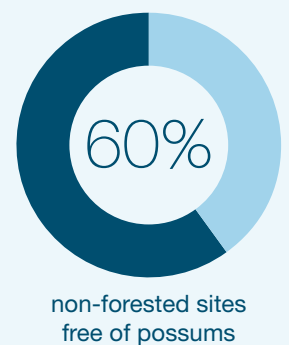
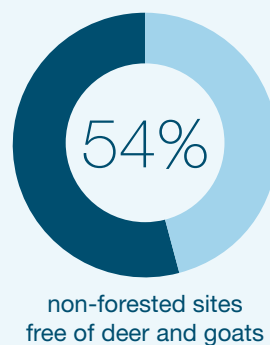
- + There is a **greater richness** of endemic bird species in non-forested ecosystems on public conservation land than in forests.
- Non-forested ecosystems are **ten times** weedier than forests.



native plant species outnumber weed species by 7 to 1 in non-forested ecosystems on public conservation land.



### ➤ Pests in non-forested sites and forests



<sup>13</sup> More details on this data are in section 2.

## Key performance indicators

The health of biodiversity is described by ecosystem representation, indigenous dominance and species occupancy and is reported on in both the Landcare Research<sup>14</sup> and the Department of Conservation's<sup>15</sup>

biodiversity indicators: 2013 assessment reports. The outputs contributing to biodiversity health are contained in the work programmes within each of the intermediate outcome objectives and are summarised in Table 2.

TABLE 2: WORK PROGRAMMES: INTERMEDIATE OUTCOME OBJECTIVES

	2011/12	2012/13	2013/14 TARGET
Ecosystem prescriptions	N/A*	151	190
Species prescriptions	42	111	100
Iconic natural features	N/A*	2	2
Iconic species	N/A*	5	10
Local treasures in partnerships	To be informed by community priorities		
Lands held: Statutory management responsibilities and Tier 1 monitoring programme (5-year rotation)	Staged implementation <sup>†</sup>		

\* Pre-2012/13 some programmes were still under development.

† This programme started with 80 forest plots in 2011/12 and 155 non-forest plots in 2012/13. Eventually, around 1,300 sites will be sampled in the 5-year rotation programme.

Current work programmes that deliver the performances identified in the following statement of service performance section will be reclassified and transferred into these intermediate outcome objectives in 2013/14.

- Iconic natural features selected as pilots are Abel Tasman National Park and Westland Tai Poutini National Park.
- Iconic natural species selected so far are kiwi, kākāpō, tuatara, silver fern and kōwhai.

Good conservation results are being achieved in the areas where DOC and others are working. DOC's broad-scale monitoring indicates that forested ecosystems throughout public conservation land generally have greater ecological integrity than non-forested ecosystems. Lowland areas in the North Island and eastern South Island remain poorly protected and vulnerable to development. Interim results from the NZ Threat Classification System, gathered over a 3-yearly cycle, suggest an ongoing deterioration in status for many species in all taxonomic groups.

<sup>14</sup> Bellingham, P.J.; Richardson, S.J.; Gormley, A.M.; MacLeod, C.J. Forsyth, D.M. 2013: Department of Conservation biodiversity indicators: 2013 assessment. Landcare Research Contract Report LC1621. Report prepared for Department of Conservation. Landcare Research, Christchurch. See [www.landcareresearch.co.nz/publications/researchpubs/department\\_of\\_conservation\\_biodiversity\\_indicators\\_2013\\_assessment.pdf](http://www.landcareresearch.co.nz/publications/researchpubs/department_of_conservation_biodiversity_indicators_2013_assessment.pdf).

<sup>15</sup> Department of Conservation biodiversity indicators: 2013 assessment—supplementary material. Department of Conservation, Wellington. See [www.doc.govt.nz/annual-report-2013](http://www.doc.govt.nz/annual-report-2013).

## STATEMENT OF SERVICE PERFORMANCE 2012/13: MANAGING NATURAL HERITAGE

2012/13 PERFORMANCE MEASURES AND TARGETS	NATIONAL COMMENTARY*
<b>FIRE CONTROL</b>	
9 conservancies will operate within a fire response and/or action plan published in accordance with the National Departmental Fire Plan.	8 conservancies operated within a fire response and/or action plan published in accordance with the National Departmental Fire Plan. <b>Achieved</b>
2 conservancies will operate within the Fire Plan of a Rural Fire District.	3 conservancies operated within the Fire Plan of a Rural Fire District. These are Nelson Marlborough, Southland and the West Coast conservancies. <b>Achieved</b>
<b>PEST AND WEED CONTROL: POSSUMS</b>	
216,723 hectares of land will receive treatment this year for possums.	184,179 hectares of land received treatment for possums. <b>Not achieved</b> The variance came mainly from four conservancies. Northland Conservancy reported the cancellation of the Mataraua operation, covering 7,000 hectares, because of key staff being deployed to fight local wildfires and help fire fighters in Tasmania. Nelson Conservancy reported one operation, totalling 14,000 hectares, that the Department originally planned to undertake was subsequently completed by the Animal Health Board. West Coast Conservancy reported that the Haast operation of 10,000 hectares planned for May–June was postponed because of poor weather conditions. Southland Conservancy reported one block of 1,229 hectares on Stewart Island did not require treatment because pre-monitoring indicated the area did not meet the treatment threshold, while the Eglinton operation of 7,000 hectares was not triggered because beech masting did not occur.
1,030,709 hectares of land will be under sustained control for possums.	1,010,770 hectares of land were under sustained control for possums. <b>Achieved</b>
91 possum operations will be undertaken and meet their targets for operational success.	59 possum control operations have been undertaken with 55 (93 percent) meeting their targets for operational success. <b>Not achieved</b> The main variance in numbers of operations is driven by the conservancies listed in the possum treatment measure.
<b>PEST AND WEED CONTROL: DEER</b>	
365,703 hectares of land will receive treatment for deer.	376,010 hectares of land received treatment for deer. <b>Achieved</b>
732,203 hectares of land will be under sustained control for deer.	549,638 hectares of land were under sustained control for deer. <b>Not achieved</b> Tongariro Whanganui Taranaki Conservancy reported on the review of the sustained deer control programme in the Whanganui Area. This resulted in a change from sustained management to reactive control, removing 193,763 hectares from the national sustained management programme.

\* DOC considers that performance has been achieved when the output is within a tolerance level acceptable for the nature of the operation. For field operations, this is generally within plus or minus 10 percent of the projected performance target. However, for significant outputs, as shown on the 'Summary of output performance' table, this tolerance is plus or minus 5 percent. When outside these ranges, a variance comment is provided.



2012/13 PERFORMANCE MEASURES AND TARGETS	NATIONAL COMMENTARY*
<b>PEST AND WEED CONTROL: GOATS</b>	
1,391,641 hectares of land will receive treatment for goats.	1,353,319 hectares of land received treatment for goats. <b>Achieved</b>
2,294,861 hectares of land will be under sustained control for goats.	2,310,738 hectares of land were under sustained control for goats. <b>Achieved</b>
<b>PEST AND WEED CONTROL: OTHER TERRESTRIAL ANIMAL PESTS</b>	
52 pest control operations will be undertaken against other terrestrial pests. Number that met the criteria for success set out in their programme plan will be reported at year end.	46 pest control operations were undertaken against other terrestrial pests. All 46 met the criteria for success as set out in their programme plan. <b>Not achieved</b> East Coast Conservancy/Bay of Plenty reported postponing two operations, one to consult more fully with the community, the other because of higher priorities in the conservancy.
<b>PEST AND WEED CONTROL: AQUATIC ANIMAL PESTS</b>	
2 aquatic animal pest eradication operations undertaken in treatable sites that met the criteria for success set out in their programme plan (success criteria is measured 2 years after the operation is run).	2 aquatic animal pest eradication operations were undertaken that met the criteria for success set out in their programme plan. <b>Achieved</b>
<b>PEST AND WEED CONTROL: WEEDS (INCLUDING AQUATIC WEEDS)</b>	
105 weed control work plans will be completed using a weed-led approach.	110 weed control work plans were completed using a weed-led approach. <b>Achieved</b>
474,946 hectares of land will receive treatment this year for weeds using a site-led approach.	492,263 hectares of land received treatment for weeds using a site-led approach. <b>Achieved</b>
1,833,462 hectares of land will be under sustained weed control using a site-led approach.	1,752,995 hectares of land were under sustained weed control using a site-led approach. <b>Achieved</b>
<b>NATURAL HERITAGE RESTORATION</b>	
61 restoration programmes will be undertaken (90 percent will meet the criteria for success as set out in their programme plan at year end).	61 restoration programmes were undertaken. Of these programmes, 60 met the criteria for success as set out in their programme plan. <b>Achieved</b>
85 island biosecurity programmes will maintain a pest-free status.	79 island biosecurity programmes maintained a pest-free status. <b>Achieved</b> Northland Conservancy set its target incorrectly, counting one island group as two separate islands. Tongariro Whanganui Taranaki Conservancy reported ongoing rat incursions onto two of the islands of the Ngā Motu/Sugarloaf group because of their close proximity to the mainland.
<b>ECOSYSTEM MANAGEMENT</b>	
131 ecosystems will be under active management through optimised ecosystem prescriptions (new measure for 2012/13).	151 ecosystems were under active management through optimised ecosystem prescriptions. <b>Achieved</b>

\* DOC considers that performance has been achieved when the output is within a tolerance level acceptable for the nature of the operation. For field operations, this is generally within plus or minus 10 percent of the projected performance target. However, for significant outputs, as shown on the 'Summary of output performance' table, this tolerance is plus or minus 5 percent. When outside these ranges, a variance comment is provided.



## SPECIES MANAGEMENT

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

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

**Achieved**

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

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

Canterbury Conservancy reported one project for galaxias did not proceed because of the resource consent for a trout barrier not being completed at the time of reporting.

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

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

**Not achieved**

Nelson Marlborough Conservancy reported postponement of one operation because of the poison drop being challenged in the Environment Court.

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

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

**Achieved**

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

48 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**

126 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.

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

**Not achieved**

8 species have been moved to optimised species prescriptions where work is focused on ensuring national persistence.

4 species had work programmes refocused on improving understanding as a precursor to developing security work in the future.

1 species is now managed by Auckland Council.

The Department will have achieved improved understanding of status and threats for 53 'acutely threatened' species or subspecies through survey monitoring and research.

Improved understanding of status and threats has been achieved for 47 'acutely threatened' species or subspecies through survey monitoring and research.

**Not achieved**

4 species were moved to optimised species prescriptions where work was refocused on ensuring national persistence.

The Department will have achieved improved understanding of status and threats for 26 'chronically threatened' species or subspecies through survey monitoring and research.

Improved understanding of status and threats has been achieved for 22 'chronically threatened' species or subspecies through survey monitoring and research.

**Not achieved**

2 species were moved to optimised species prescriptions where work was refocused on ensuring national persistence.

The work programme for 1 species was postponed to undertake a related catchment-wide fish survey.

The Department will have achieved improved understanding of status and threats for 8 'at risk' species or subspecies through survey monitoring and research.

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

**Achieved**

\* DOC considers that performance has been achieved when the output is within a tolerance level acceptable for the nature of the operation. For field operations, this is generally within plus or minus 10 percent of the projected performance target. However, for significant outputs, as shown on the 'Summary of output performance' table, this tolerance is plus or minus 5 percent. When outside these ranges, a variance comment is provided.

## SPECIES MANAGEMENT

Improved understanding of status and threats will be achieved through survey, monitoring and research for 51 reclassified 'at risk' vascular plant and bird species or subspecies.

Improved understanding of status and threats has been achieved for 46 reclassified 'at risk' vascular plant and bird species or subspecies.

**Not achieved**

The work programme for 1 species did not proceed because of poor field conditions during flowering.

The work programme for 1 species did not proceed because of a shortage of skilled technical staff.

Improved understanding of status and threats will be achieved through survey, monitoring and research for 143 reclassified 'threatened' vascular plant and bird species or subspecies.

Improved understanding of status and threats has been achieved for 116 reclassified 'threatened' vascular plant and bird species or subspecies.

**Not achieved**

Programmes for 5 species did not proceed because of poor field conditions or access issues.

Programmes for 4 species were postponed because of a shortage of technical expertise and other priority work.

10 species were moved to optimised species prescriptions where work was refocused on ensuring national persistence.

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

Achievement will be reported at year end.

In 2012/13, 1,114 days of observer coverage were achieved to monitor protected species interactions in a range of both inshore and offshore fisheries.

A series of population studies was run relating to seabird species and the New Zealand sea lion. Final reports can be found on the DOC website at [www.doc.govt.nz/csp](http://www.doc.govt.nz/csp).

Mitigation projects focused on inshore bottom and surface long-line fisheries, with a review of mitigation techniques.

(See Appendix 4 for a detailed explanation of the Conservation Services Programme.)

Hectares of marine areas legally protected during the year:

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

452,691 hectares (subantarctic islands)

The Subantarctic Islands Marine Reserves Bill was reported back to the House from the select committee in June 2013.

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

Marine reserves (33) 1,732,395 hectares

Marine mammal sanctuaries (6) 1,845,698

Marine reserves (34 reserves) 1.28 hectares—no change from June 2012

Marine mammal sanctuaries (6) 2.35 million hectares

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

71,495 hectares of terrestrial environment legally protected during the year.

15,915 hectares of terrestrial environment were legally protected.

**Not achieved**

Otago Conservancy reported that tenure review negotiations that had not concluded by year end affected 51,000 hectares.

\* DOC considers that performance has been achieved when the output is within a tolerance level acceptable for the nature of the operation. For field operations, this is generally within plus or minus 10 percent of the projected performance target. However, for significant outputs, as shown on the 'Summary of output performance' table, this tolerance is plus or minus 5 percent. When outside these ranges, a variance comment is provided.

OUTPUT CLASS OPERATING STATEMENT 2012/13: MANAGEMENT OF NATURAL HERITAGE

	30/06/13 ACTUAL \$000	30/06/13 MAIN ESTIMATES \$000	30/06/13 SUPP. ESTIMATES \$000	30/06/12 ACTUAL \$000
<b>Revenue</b>				
– Crown	140,116	145,705	144,359	148,443
– Other	17,561	10,634	17,910	10,260
<b>Total revenue</b>	<b>157,677</b>	<b>156,339</b>	<b>162,269</b>	<b>158,703</b>
<b>Expenses</b>	<b>154,354</b>	<b>156,339</b>	<b>162,269</b>	<b>154,775</b>
<b>Surplus/(deficit)</b>	<b>3,323</b>	<b>0</b>	<b>0</b>	<b>3,928</b>

STATEMENT OF SERVICE PERFORMANCE 2012/13: REGIONAL PEST MANAGEMENT STRATEGIES


PERFORMANCE MEASURES AND TARGETS: 2012/13	NATIONAL COMMENTARY
<b>CROWN PEST AND WEED EXACERBATOR COSTS</b>	
13 regional pest management strategies with completed Crown weed and pest exacerbator programmes.	The Department continued weed and pest exacerbator programmes for 15 regional councils and unitary authorities.
	<b>Achieved</b>

OUTPUT CLASS OPERATING STATEMENT 2012/13: REGIONAL PEST MANAGEMENT STRATEGIES

	30/06/13 ACTUAL \$000	30/06/13 MAIN ESTIMATES \$000	30/06/13 SUPP. ESTIMATES \$000	30/06/12 ACTUAL \$000
<b>Revenue</b>				
– Crown	3,199	3,073	3,373	2,938
– Other	109	0	100	22
<b>Total revenue</b>	<b>3,308</b>	<b>3,073</b>	<b>3,473</b>	<b>2,960</b>
<b>Expenses</b>	<b>3,160</b>	<b>3,073</b>	<b>3,473</b>	<b>2,703</b>
<b>Surplus/(deficit)</b>	<b>148</b>	<b>0</b>	<b>0</b>	<b>257</b>



# Historic heritage

Overall status 

Report against operating intentions<sup>16</sup>

**Our history is protected and brought to life**

*DOC identifies and assesses historic heritage values to inform our work priorities, and we empower communities and stakeholders to look after historic places important to them.*

607

heritage places actively conserved



**+ Over 75%** of the 607 historic places actively being conserved can be visited.

**+ Increase** in inventory of historic sites on public conservation land (from 12000+ to 13000+).

20 iconic places that reflect the New Zealand identity



**► Historic places cover a wide range of historic heritage features including**

600+



buildings

438



archaeological sites and collections

300+



features

147



items of machinery

93



historic roads and tracks

53



earthwork features

44



structures

28%

increase in visitation to Karangahake Gorge compared with 2011/12

18%

increase in visitation to Denniston compared with 2011/12

<sup>16</sup> Figures taken from the key performance indicators (see over page) and from analysis of the database (categories of historic site).

## Key performance indicators

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

Of all the heritage sites DOC has responsibility for around the country, a number are actively managed to minimise the physical impacts threatening their integrity. The number categorised this way changes slightly over time, due to changing threats and management response. In 2012/13 there were 607 such 'actively conserved historic places' (see Figure 2).

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

Heritage assessments are essential documents for the management of historic heritage because they articulate the core values of important historic sites and detail what is special about a place. This ensures all work at these places can be carried out in a manner that maintains these core values. The completion and publishing on the DOC website of another 41 sites provides essential management context for these places and makes the reports available to the public, community groups and other heritage management agencies (see Figure 3).

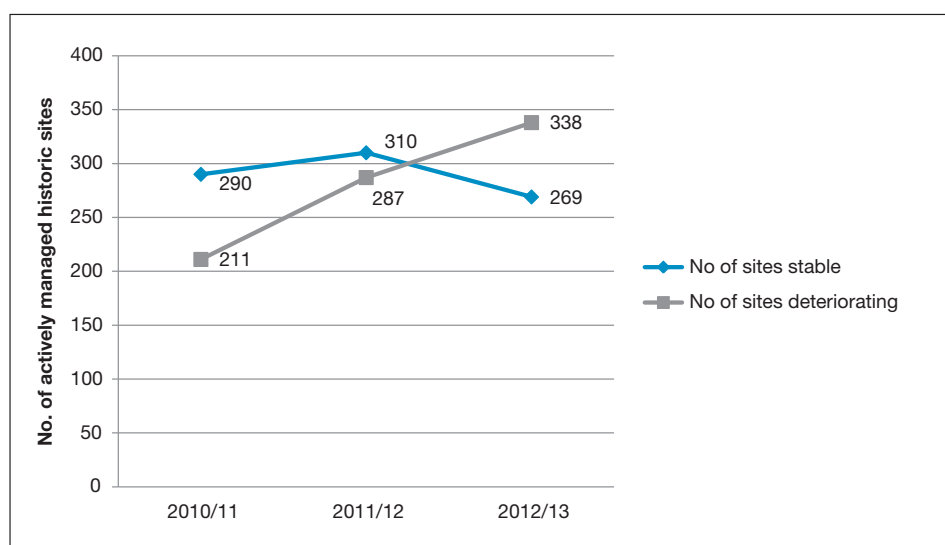


Figure 2: Change in the percentage of key historic sites categorised as stable or deteriorating, 2010–13

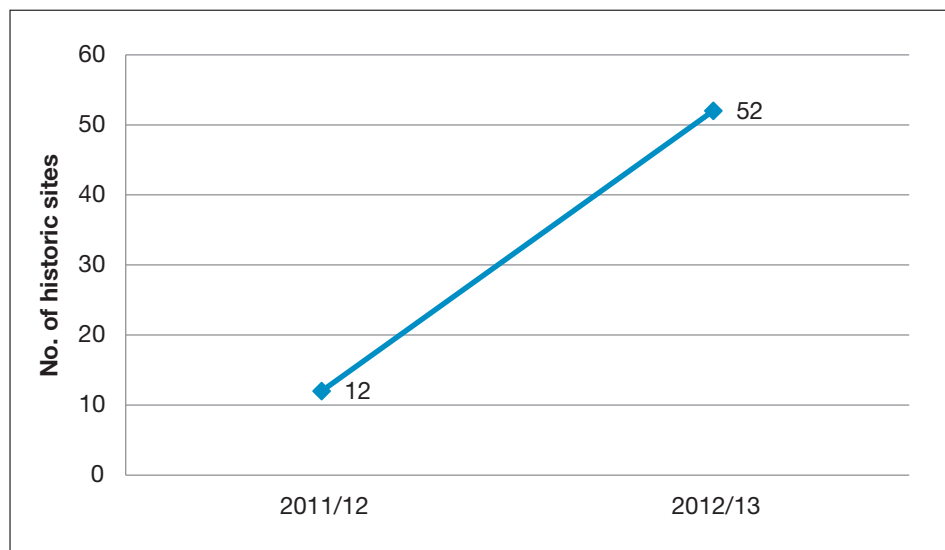


Figure 3: Total sites where heritage assessments have been produced to standard and published on the internet, 2011–13

Note: The standard for heritage assessments was amended in 2011/12 and for out years to include publishing the heritage assessment on the Department's website so it is available to the public. Before this, the assessment was considered to meet the standard if it was published as an internal document, and for 2010/11 was reported at 84 sites.

## Change in the number of visitors at Icon historic sites for 2012/13

Visitation at Icon historic sites is monitored to determine trends in use. The raw counter data has been used to illustrate trends, but the results may not reflect absolute numbers, as some double counting may occur, or some visitors may not be counted at all. Information is being gathered to translate raw counts to more confidently reflect actual numbers.

Visitor counts for another year show that, in general, visitation to historic Icon sites is stable (see Figure 4), with the exceptions being:

- Karangahake Gorge, which has seen an increase in visitation compared with 2011/12
- Denniston, which has seen an 18 percent increase (2,466 counts) in visitation compared with 2011/12
- Dynamic changes at Kerikeri Basin, which had increases in visitations followed by a decrease

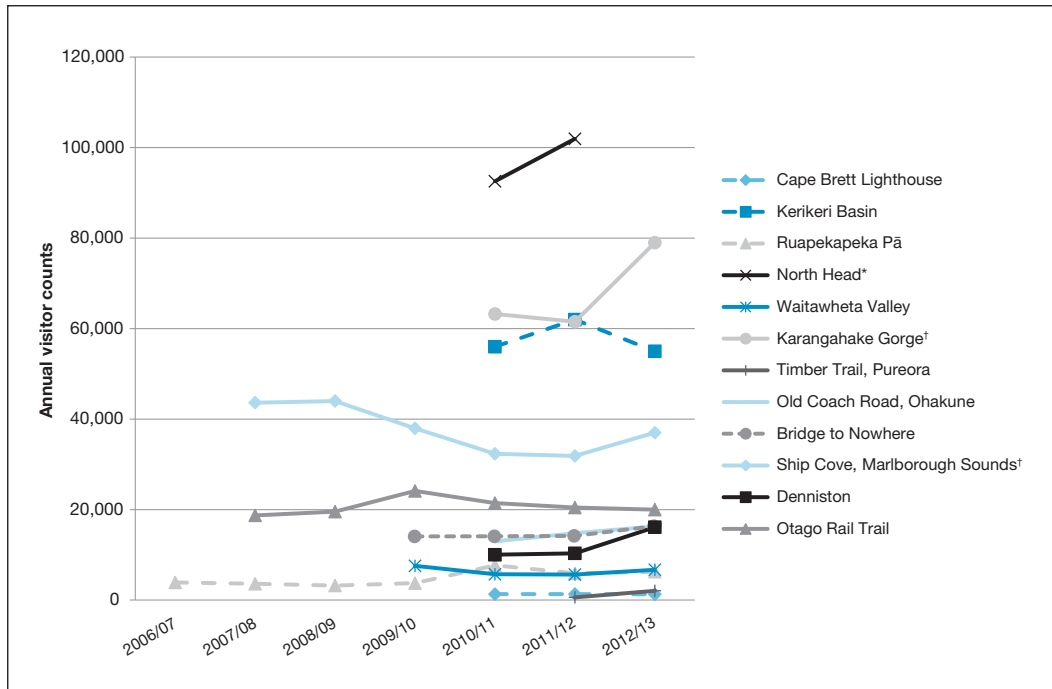


Figure 4: Change over time in the number of visitors to Icon historic sites, 2006–13

\* North Head Stone Kitchen site where visitors were counted was closed for half of 2012/13, so no new trend information is available.

† Visitor counts for these sites were incomplete and totals have been extrapolated based on trends seen during the year and in previous years.

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

### STATEMENT OF SERVICE PERFORMANCE 2012/13: MANAGEMENT OF HISTORIC HERITAGE

PERFORMANCE MEASURES AND TARGETS: 2012/13	NATIONAL COMMENTARY*
<b>HISTORIC HERITAGE RESTORATION</b>	
32 historic or cultural heritage assets for which remedial work is completed to standard.	<p>Remedial work was undertaken to standard on 27 historic or cultural heritage assets.</p> <p><b>Not achieved</b></p> <p>Canterbury Conservancy reported redirection of planned work because of earthquake damage, which affected 5 assets.</p>
1,220 historic or cultural heritage assets for which regular maintenance work is on track to standard.	<p>Maintenance work is on track to standard for 962 historic or cultural heritage assets.</p> <p><b>Not achieved</b></p> <p>Auckland Conservancy reported shifting staff resources to higher priority visitor asset work, which also resulted in them being unavailable to redeploy to cover vacancies within the Auckland area historic programme. This affected regular maintenance on 199 assets.</p> <p>Canterbury Conservancy reported difficulties in setting targets and carrying out the regular maintenance programme for 62 assets because of earthquake damage.</p> <p>West Coast Conservancy reported reprioritising staff resources to deal with storm damage in the glacier valleys, Lake Matheson, Saint James walkway, Croesus and Point Elizabeth sites, which affected 52 assets.</p>
68 historic or cultural heritage assessment reports completed to standard.	<p>26 historic or cultural heritage assessment reports were completed to standard.</p> <p><b>Not achieved</b></p> <p>Canterbury Conservancy reported a focus on urgent earthquake repairs, which resulted in 29 delayed heritage assessment reports.</p> <p>West Coast Conservancy reported delays to 3 assessments because of interference with historic remains, storm delays and a shortage of technical expertise.</p> <p>Nelson Marlborough Conservancy reported delays in 2 heritage assessments because of a shortage of technical expertise (architect).</p> <p>Otago Conservancy reported delays in completing 2 heritage assessment reports.</p>

\* DOC considers that performance has been achieved when the output is within a tolerance level acceptable for the nature of the operation. For field operations, this is generally within plus or minus 10 percent of the projected performance target. However, for significant outputs, as shown on the 'Summary of output performance' table, this tolerance is plus or minus 5 percent. When outside these ranges, a variance comment is provided.

### OUTPUT CLASS OPERATING STATEMENT 2012/13: MANAGEMENT OF HISTORIC HERITAGE

	30/06/13 ACTUAL \$000	30/06/13 MAIN ESTIMATES \$000	30/06/13 SUPP. ESTIMATES \$000	30/06/12 ACTUAL \$000
<b>Revenue</b>				
– Crown	5,188	5,535	5,623	5,363
– Other	13	420	420	174
<b>Total revenue</b>	<b>5,201</b>	<b>5,955</b>	<b>6,043</b>	<b>5,537</b>
<b>Expenses</b>	<b>4,717</b>	<b>5,955</b>	<b>6,043</b>	<b>5,188</b>
<b>Surplus/(deficit)</b>	<b>484</b>	<b>0</b>	<b>0</b>	<b>349</b>



# Recreation

Report against operating intentions<sup>17</sup>

## More people participate in recreation

*DOC is continuing to adapt the public recreation network to match the demographic trends and changing demand for outdoor recreation.*

14,000 km of public track



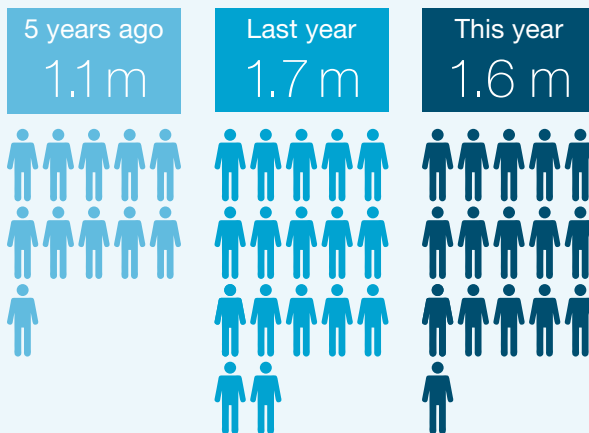
11,000 km of state highway



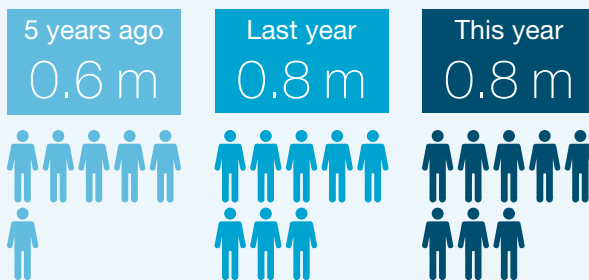
Kilometres of track managed is more than the total length of state highway in New Zealand

**+** Short day walks remain the **most popular activity** enjoyed by people visiting conservation lands

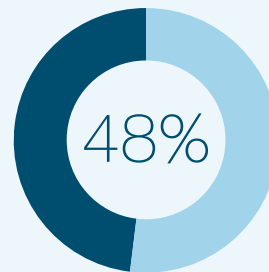
### New Zealanders aged 18+ visiting public conservation land



### New Zealanders aged 18+ visiting national parks



= 0.1 m people



48% of New Zealanders aged 18+ visited public conservation land last year

13,144 structures (e.g. bridge, boardwalk)

967 huts

487 picnic areas and open spaces

324 campsites

10,461 km remote tracks

3,922 km easy tracks

2,408 km roads and 4x4 tracks

<sup>17</sup> Figures taken from the key performance indicators (see over page).

## Key performance indicators

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

Overall, the level of New Zealanders' awareness of DOC as a recreation provider has been high for the past 3 years, and a modest increase in awareness has occurred, from 77 percent in 2011/12 to 82 percent in 2012/13 (see Figure 5).<sup>18</sup> This is because of the increased promotion carried out by the Department as well as the Department's high media profile in the past year.

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

Previous years have showed a trend of increasing participation in recreation by New Zealanders, but this is no longer evident (see Figure 6).

The earlier upward trend in participation may be because of the Department's promotional efforts and the economic downturn, which prompted many New Zealanders to look for cheaper holiday options at home.

The recent decline may be a result of perceived improving domestic economic conditions, resulting in an increasing number of New Zealanders taking their holidays overseas. A new survey methodology will reset the baseline against which trends will be measured, thereby providing more confidence in the results.

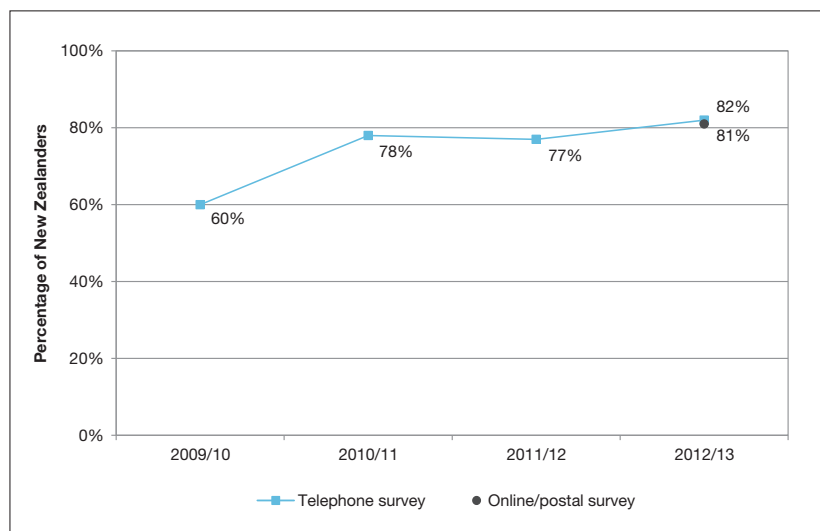


Figure 5: Change over time in New Zealanders' awareness of the Department of Conservation as a recreation provider, 2009–13

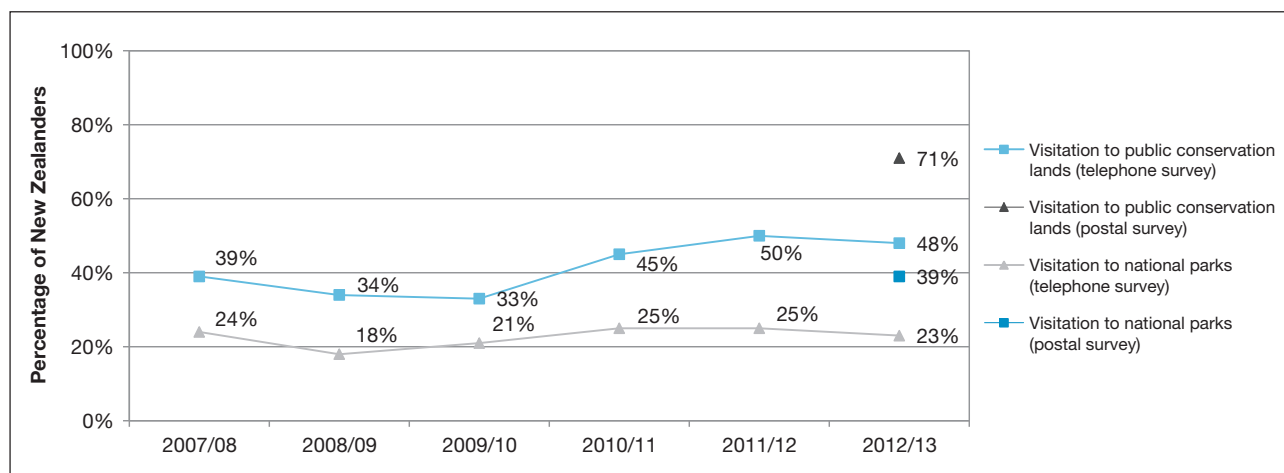


Figure 6: Change over time in New Zealanders' participation in recreation on public conservation lands and waters, 2007–13

<sup>18</sup> Telephone survey: Colmar Brunton 2013: Visitor and historic. Report prepared for the Department of Conservation. Colmar Brunton, Wellington. Online/postal survey: The Nielsen Company 2013: Survey of New Zealanders. Report prepared for the Department of Conservation, The Nielsen Company, Wellington.

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

From 2007/08, when measurements started, a relatively high rate of visitor satisfaction with the quality of recreation opportunities provided has been reported.

The rates appear to roughly track the performance achieved in terms of facilities to standard (see Figure 7). The interpretation of these results would also benefit from information about the market segments using visitor facilities on public conservation lands, and those not visiting and reasons why.

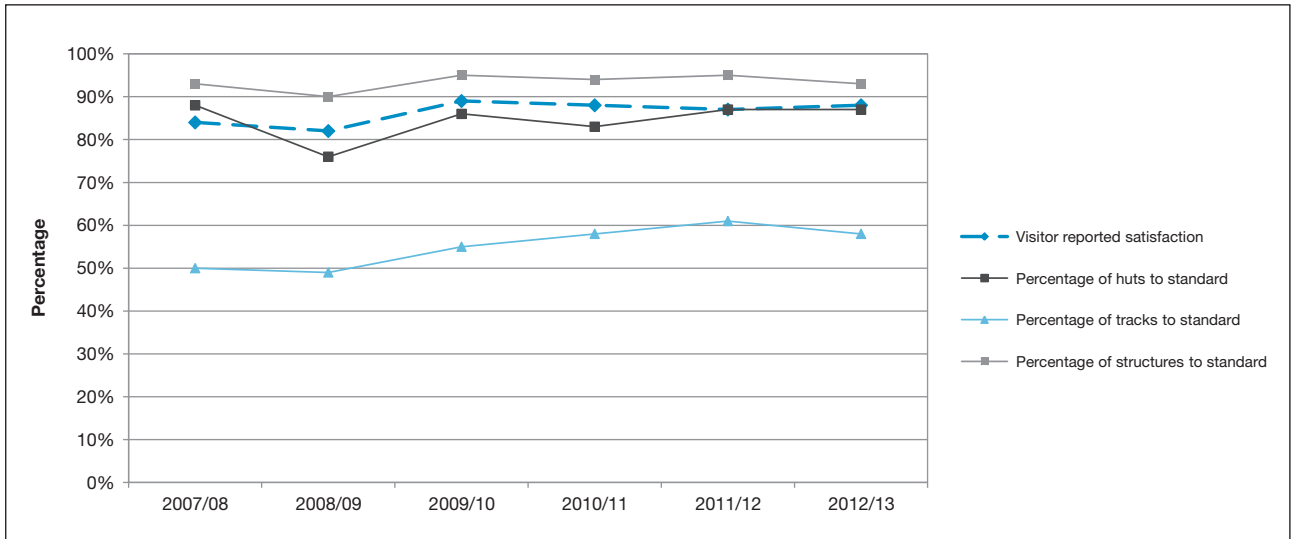


Figure 7: Change over time in New Zealanders' satisfaction with the quality of recreation opportunities provided, and change over time in the percent of facilities meeting service level standards, 2007–13

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

### STATEMENT OF SERVICE PERFORMANCE 2012/13: RECREATION OPPORTUNITIES

PERFORMANCE MEASURES AND TARGETS: 2012/13	NATIONAL COMMENTARY*
<b>RECREATION OPPORTUNITIES MANAGEMENT</b>	
Number of visitor recreation and interpretation publications meeting publication standard with a target of 90 percent.	261 visitor recreation and interpretation publications out of 306 met publication standard (85 percent). <b>Achieved</b> East Coast Bay of Plenty Conservancy reported completing 3 unplanned publications to support the Great Walk marketing campaign, lagarosiphon incursion awareness and Rotorua bike festival. Waikato Conservancy reported removing one publication as the website information was out of date.
<b>ASSET MANAGEMENT</b>	
Number of huts meeting required service standard with a target of 90 percent.	843 huts out of 967 met the required service standard (87 percent). <b>Achieved</b>
Kilometres of tracks meeting required service standard in each visitor group with a target of 45 percent.	8,373 kilometres out of 14,382 kilometres of tracks met the required service standard (58 percent). <b>Achieved</b>
Number of structures meeting the required service standard with a target of 95 percent.	12,236 structures out of 13,144 met the required service standard (93 percent). <b>Achieved</b>
<b>BUSINESS OPPORTUNITIES MANAGEMENT: RECREATION CONCESSIONS</b>	
379 active one-off recreation concessions will be managed.	436 active one-off recreation concessions were managed. <b>Achieved</b>
A target of 15 percent of active longer term recreation concessions will be monitored annually.	309 active longer-term recreation concessions were monitored out of 1,375 longer-term concessions managed (22 percent). <b>Achieved</b>
1,242 active longer term recreation concession permits, licences, leases and easements managed.	1,375 active longer-term recreation concession permits, licences, leases and easements were managed. <b>Achieved</b>
<b>BUSINESS OPPORTUNITIES MANAGEMENT: OTHER RESOURCE USE CONCESSIONS</b>	
109 active one-off other resource use concessions will be managed.	81 active one-off other resource use concessions were managed. <b>Not achieved</b> Canterbury, West Coast, and Otago conservancies reported changing economic conditions meant fewer applications than expected.
A target of 15 percent of active longer-term other resource use concessions will be monitored annually.	331 active longer term other resource use concessions were monitored out of 3,061 longer term concessions managed (11 percent). <b>Achieved</b>
2,926 active longer term other resource use concession permits, licences, leases and easements managed.	3,061 active longer term other resource use concession permits, licences, leases and easements were managed. <b>Achieved</b>

\* DOC considers that performance has been achieved when the output is within a tolerance level acceptable for the nature of the operation. For field operations, this is generally within plus or minus 10 percent of the projected performance target. However, for significant outputs, as shown on the 'Summary of output performance' table, this tolerance is plus or minus 5 percent. When outside these ranges, a variance comment is provided.

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

	30/06/13 ACTUAL \$000	30/06/13 MAIN ESTIMATES \$000	30/06/13 SUPP. ESTIMATES \$000	30/06/12 ACTUAL \$000
<b>Revenue</b>				
– Crown	122,536	122,017	124,701	115,283
– Other	20,582	21,714	21,714	27,397
<b>Total revenue</b>	143,118	143,731	146,415	142,680
<b>Expenses</b>	137,950	145,731	148,415	139,454
<b>Surplus/(deficit)</b>	<b>5,168</b>	<b>(2,000)</b>	<b>(2,000)</b>	<b>3,226</b>



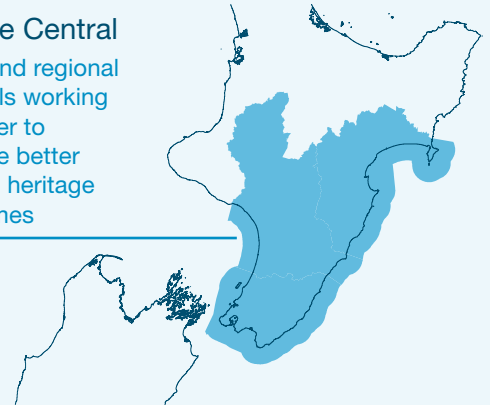
# Engagement

Report against operating intentions<sup>19</sup>

## More people engage with conservation and value its benefits

*Many people have taken up opportunities to contribute to conservation, and the recent organisational change will set DOC up to be more effective in working with others to grow these achievements.*

Nature Central  
DOC and regional councils working together to achieve better natural heritage outcomes



45 key stakeholder organisations were interviewed as part of assessing the quality of DOC's engagement with key associates

DOC + DULUX = 500

conservation volunteers in just a few weeks



15,000+

individuals volunteered their time to help with DOC projects

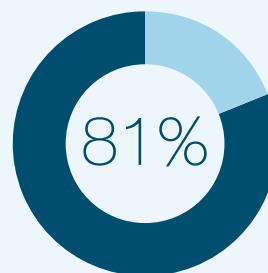


10 Kiwi Ranger programmes are available at DOC locations



1,260

people worldwide voted the kākāpō as the world's favourite species



81% of people surveyed said that conservation is 'very important' or 'important' to them personally.

<sup>19</sup> Figures taken from the key performance indicators (see over page); more details in section 2.

## Key performance indicators

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

This year, 81 percent of people who responded to the survey<sup>20</sup> said that conservation is 'very important' or 'important' to them personally. This is a drop of 2 percent on the previous year and continues the downward trend of the past 2 years (see Figure 8). The target for 2012/13 was 90 percent. It is notable, however, that the number of people in 2012/13 who rated conservation as 'very important' has risen from 41 percent in 2011/12 to 48 percent in 2012/13.

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

The 2012/13 research on our engagement with key associates consisted of in-depth interviews with senior staff of 45 stakeholder organisations (at the chief executive and/or general manager level or their direct reports). The organisations were mixed in terms of having either taken part in previous iterations of this

research (in 2008/09 and/or 2010/11) or taking part for the first time.

As with 2010/11 results, the overall state of DOC's relationships with associates has shown a positive trend. However, several stakeholder organisations felt there is still considerable opportunity for collaboration and the sharing of resources.

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

This indicator is on hold. A new survey methodology will be developed based on feedback from tangata whenua that a kanohi ki te kanohi (face-to-face) approach is most effective.

### 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 over the page.

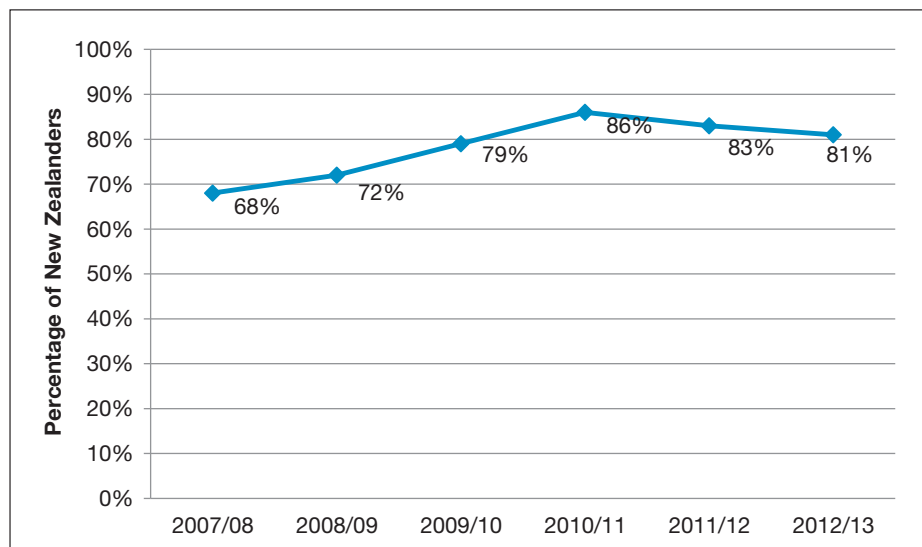


Figure 8: Change in New Zealanders' understanding of important conservation issues, 2007–13

<sup>20</sup> Survey of New Zealanders (The Nielsen Company 2013).



## STATEMENT OF SERVICE PERFORMANCE 2012/13: ENGAGEMENT

PERFORMANCE MEASURES AND TARGETS: 2012/13	NATIONAL COMMENTARY*
<b>EDUCATION AND COMMUNICATION</b>	
609 education initiatives will be provided during the year with greater than 70 percent of participants surveyed rating the initiatives as 'effective' or 'partly effective' at meeting their objectives.	775 education initiatives were provided. 96 percent of participants (1,091 participants of 1,132 surveyed) rated the initiatives as 'moderate' or 'significant' at meeting their objectives. <b>Achieved</b>
33,722 workday equivalents will be contributed by people volunteering.	35,135 workday equivalents were contributed by people volunteering. <b>Achieved</b>
<b>PARTICIPATION</b>	
561 partnerships will be run during the year with greater than 80 percent of partners surveyed rating their contribution to conservation as 'moderate' or 'significant'	595 partnerships were run. 94 percent of participants (201 participants of 216 surveyed) rated the initiatives as 'effective' or 'partly effective' at meeting their objectives. <b>Achieved</b>
30 percent of partnerships involve tangata whenua.	182 of the partnerships run involved tangata whenua (30 percent). <b>Achieved</b>


\* DOC considers that performance has been achieved when the output is within a tolerance level acceptable for the nature of the operation. For field operations, this is generally within plus or minus 10 percent of the projected performance target. However, for significant outputs, as shown on the 'Summary of output performance' table, this tolerance is plus or minus 5 percent. When outside these ranges, a variance comment is provided.

## OUTPUT CLASS OPERATING STATEMENT 2012-2013: CONSERVATION WITH THE COMMUNITY (ENGAGEMENT)

	30/06/13 ACTUAL \$000	30/06/13 MAIN ESTIMATES \$000	30/06/13 SUPP. ESTIMATES \$000	30/06/12 ACTUAL \$000
<b>Revenue</b>				
– Crown	20,474	14,010	20,648	15,578
– Other	532	1,106	1,106	917
<b>Total revenue</b>	21,006	15,116	21,754	16,495
<b>Expenses</b>	21,222	15,116	21,754	16,016
<b>Surplus/(deficit)</b>	<b>(216)</b>	<b>0</b>	<b>0</b>	<b>479</b>



# Business opportunities

Overall status 

Report against operating intentions<sup>21</sup>

## Conservation gains from more business partnerships

*There is increasing engagement of the commercial sector in conservation, with businesses entering new partnerships with DOC and building on established relationships, including some high-profile companies New Zealanders will be familiar with.*

32%

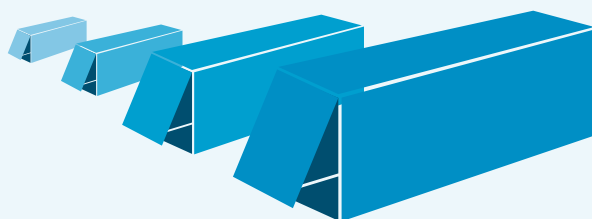
increase in revenue from DOC campsites



- + 59% increase in revenue from partnerships
- + 13% more people booked a Great Walk in 2012/13
- + DOC and Dulux announced a **3-year partnership** to paint and restore DOC huts and other facilities

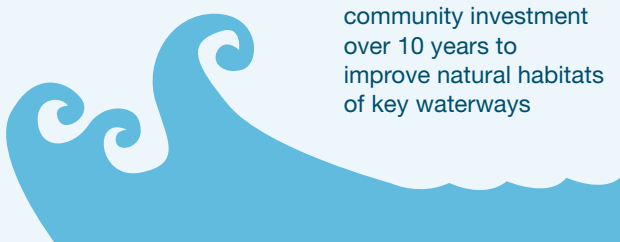
## Genesis Energy who recovery programme

6,284 predator traps



DOC + FONterra = \$20 m

community investment over 10 years to improve natural habitats of key waterways



378 breeding pairs of who being helped



\$1m annual worth of Air New Zealand Great Walks partnership



312

who ducklings fledged this year



212  
2011/12

<sup>21</sup> Figures taken from the key performance indicators (see over page); more details in section 2.

## Key performance indicators

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

The partnerships DOC has established have resulted in new conservation initiatives such as priority catchment restoration, pest control and species management along the Great Walks, whio and takahē recovery actions, and hut restoration. These partnerships include agreements with Genesis Energy, Fonterra, Dulux New Zealand, Air New Zealand and Mitre 10. The financial contributions of these national-scale partnerships have grown by 39 percent.

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

Significant additional revenue has been committed and received from DOC's partners over the 2012/13 financial year.

Although the number of concession applications continues to increase year on year, revenue for 2012/13 decreased slightly because of the global recession, which created changes in recreation concession activity for the year (see Table 3).

TABLE 3: DOC CONCESSION AND PARTNERSHIP REVENUE, 2012/13

FINANCIAL CONTRIBUTION RECEIVED	2011/12 BASELINE (\$M)	2012/13 FULL YEAR RESULT (\$M)	CHANGE (%)
Concessions	13.798	13.36	-3.2
Partnership	3.293	5.238 (in partnership commitments)	59

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

The impact of DOC's strategic marketing campaigns in conjunction with its partners has resulted in notable increases in participation on the Great Walks.

Retail sales in DOC visitor centres have shown a slight (2 percent) decline. This has corresponded with a 14 percent drop in the door count at visitor centres. The previous 3 years have also shown a trend of reducing revenue. The revenue drop was minimised relative to visitor numbers for 2012/13 because of improvements made to product sourcing and pricing.

# Organisational capability

## Summary statement on DOC's capability status

The capability and leadership shown by DOC's managers and staff are critical to the organisation's current and ongoing success. DOC has several areas of focus all aligned with strengthening its capability. These initiatives include:

- Supporting leadership within the organisation
- Tracking and responding to employee engagement
- Building capability to deliver the organisation's community-focused approach to conservation management
- Improving the organisation's work across the Natural Resources Sector
- Deliberately focusing on a small number of important areas of skill development considered fundamental for the future
- Continuing sound health and safety management
- Continuing to focus on the diversity of the organisation's workforce
- Adopting and using emerging technology

The technology services provided to the public and Department staff are aligned to support delivery of DOC's outcomes, through enabling and developing improved online access to services, enhanced data management and sharing.

DOC has a high level of capital commitment, notably in land value and visitor infrastructure. Full asset management planning is being developed to link the management of these assets with DOC's outcome responsibilities.

## Key indicators

The Department uses employee engagement, equal employment opportunities and health and safety statistics as indicators of organisational health.

### Employee engagement

Over the past 5 years, DOC has undergone significant organisational change. During this time, the level of staff engagement has been relatively consistent, suggesting the work done in this area by all managers has had a positive effect (see Figure 9).

### Policy advice and ministerial services

DOC contributes to government priorities and the intermediate outcomes through effective policy advice on major initiatives. Effective support is required for the Minister of Conservation through ministerial services.

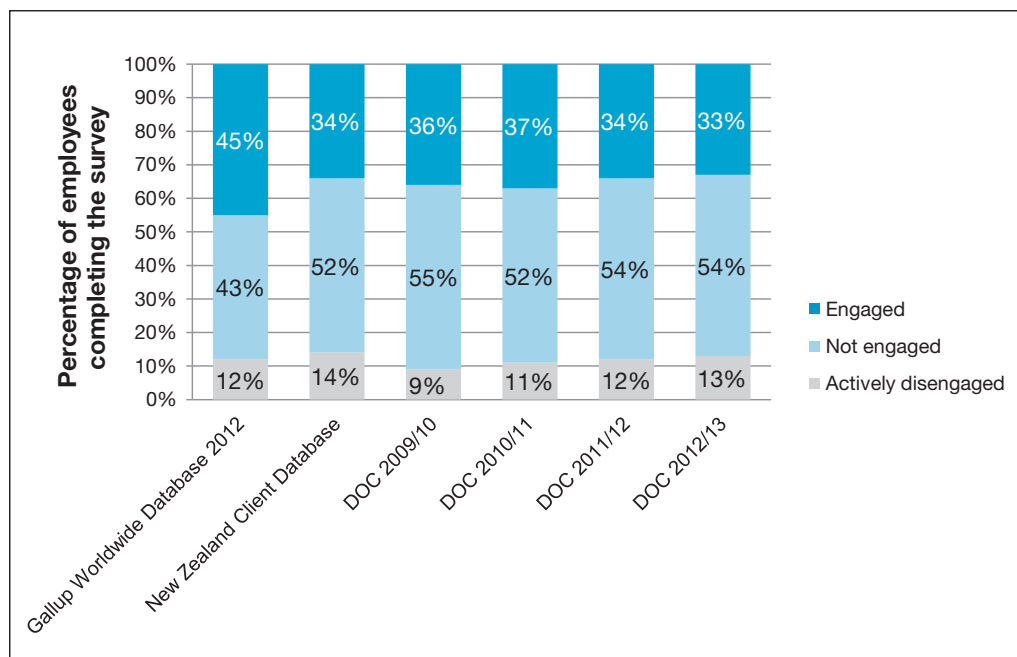


Figure 9: Annual trends from the Gallup engagement survey for DOC staff

### Equal employment opportunities

Several equal employment opportunity initiatives are planned or under way in the Department. They focus on increasing the diversity of the Department's workforce to reflect New Zealand's current and future demographic profile. Table 4 provides a summary of the current equal employment opportunity target groups for the Department.

### Health and safety

The injury rates across the reporting classes are at similar levels to last year (see Figure 10). The Department manages its own Accident Compensation Corporation workplace accident claims, and there was a small drop (2 percent) in claims from the previous year.

TABLE 4: EQUAL EMPLOYMENT OPPORTUNITY TARGET GROUP STATISTICS, 2007–13

	2007/08 (%)	2008/09 (%)	2009/10 (%)	2010/11 (%)	2011/12 (%)	2012/13 (%)
Women	36.3	36.5	37.6	37.3	36.2	36.6
Māori	10.3	10.3	10.7	11.3	11.4	10.1
Pacific peoples	0.4	0.3	0.4	0.4	0.4	0.4
People with disabilities	3.6	3.3	3.2	2.9	2.6	3.0

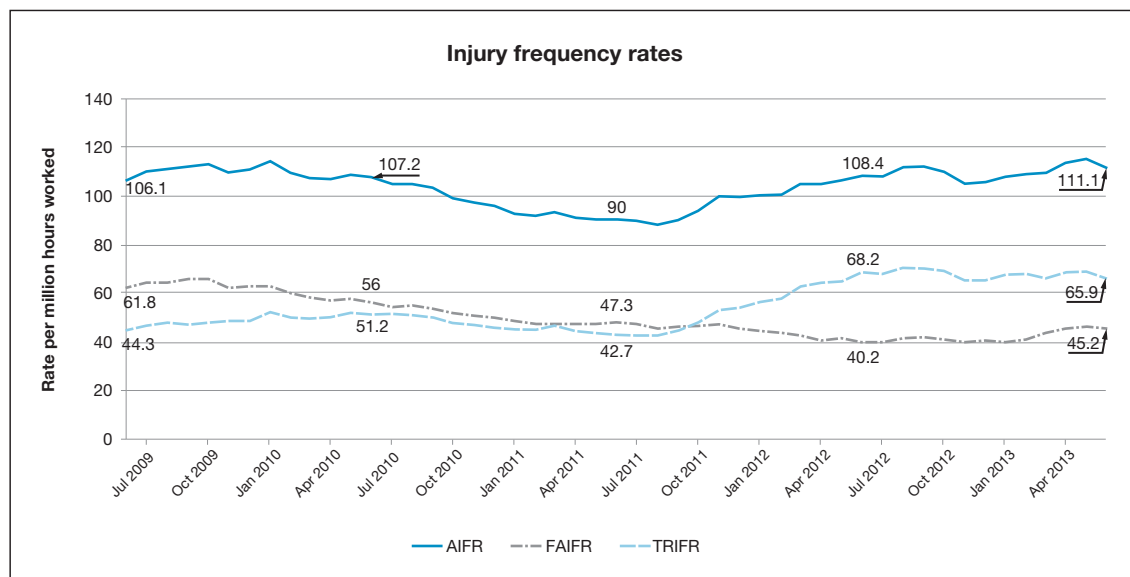


Figure 10: DOC injury frequency rates, 2009–13

Note: AIFR = all injuries frequency rate; FAIFR = first aid injuries frequency rate; TRIFR = total recordable injuries frequency rate.

## Outputs that contribute to this output class

Policy outputs contribute to all five intermediate outcomes as set out in Appendix 3 and are reported on in the statement of service performance below.

### STATEMENT OF SERVICE PERFORMANCE 2012/13: POLICY ADVICE AND SERVICES

PERFORMANCE MEASURES AND TARGETS: 2012/13	NATIONAL COMMENTARY
<b>POLICY ADVICE</b>	
Policy advice will be provided in accordance with the work programme and to the quality standards agreed with the Minister of Conservation.	<p>The Department provided a range of policy advice to the Minister of Conservation. This was in accordance with the agreed work programme set by the Director-General, and the policy provided met the Minister's requirements.</p> <p>This year's primary focus has been on establishing a Game Animal Council, the Subantarctic Islands Marine Reserves Bill, the Conservation (Natural Heritage Protection) Bill, Resource Management Act reforms and Natural Resource Sector development.</p>
<b>MINISTERIAL SERVICING</b>	
It is expected the Department will send 350 to 400 submissions to the Minister.	The Department sent 235 submissions to the Minister.
It is expected the Department will receive 60 to 70 ministerial Official Information Act requests with 100 percent meeting the ministerial deadline.	<p>The Department received 63 ministerial Official Information Act requests. All met the ministerial deadline.</p> <p><b>Achieved</b></p>
It is expected the Department will receive 200 to 250 parliamentary questions with 100 percent meeting the ministerial deadline.	<p>The Department received 251 parliamentary questions. All met the ministerial deadline.</p> <p><b>Achieved</b></p>


### OUTPUT CLASS OPERATING STATEMENT 2012/2013: POLICY ADVICE AND SERVICES

	30/06/13 ACTUAL \$000	30/06/13 MAIN ESTIMATES \$000	30/06/13 SUPP. ESTIMATES \$000	30/06/12 ACTUAL \$000
<b>Revenue</b>				
– Crown	5,021	8,601	5,456	6,251
– Other	537	472	572	59
<b>Total revenue</b>	<b>5,558</b>	<b>9,073</b>	<b>6,028</b>	<b>6,310</b>
<b>Expenses</b>	<b>3,818</b>	<b>9,073</b>	<b>6,028</b>	<b>5,184</b>
<b>Surplus/(deficit)</b>	<b>1,740</b>	<b>0</b>	<b>0</b>	<b>1,126</b>

# Section 2:

## Annual Report commentary

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### Natural heritage: Details of results and management approach

#### Intermediate outcome 1:

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

.....  
Overall status



### The status of biodiversity across New Zealand's public conservation land

Good conservation results are being achieved in the areas where DOC and others are working. DOC's broad-scale monitoring indicates that forested ecosystems throughout public conservation land generally have greater ecological integrity than non-forested ecosystems. Lowland areas in the North Island and eastern South Island remain poorly protected and vulnerable to development. Interim results from the NZ Threat Classification System, gathered over a 3-yearly cycle, suggest an ongoing deterioration in status for many species in all taxonomic groups.

DOC measured the health of its non-forested ecosystems systematically for the first time in 2012/13, and the results can be compared with an equivalent measurement of its forests from the previous year. Non-forested ecosystems comprise about 42 percent of public conservation land and range from sea level to mountain tops. Key components of the health (ecological integrity) of non-forested ecosystems show a greater richness of bird species that are unique to New Zealand are found across the non-forested ecosystems on public conservation land than in its forests.

Native plant species outnumber weed species by seven to one across the non-forested ecosystems, although they are more invaded by weeds than forests (about

10 times more so), and the problem is greatest at low altitude. Non-forested ecosystems are less invaded by possums, deer and goats, and where these are present, they are less abundant than they are in forests. On the other hand, hares are found on more than half the non-forested sites and rabbits on about a quarter of them. This first widespread assessment of DOC's non-forested ecosystems provides the baseline against which trends can be determined and the effectiveness of its management evaluated.

### 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. Progress towards maintenance of ecological integrity, and longer-term progress towards its restoration, is the focus of the Department's reporting on natural heritage.

Natural heritage work focuses 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.

DOC has completed the second year of implementation of its biodiversity monitoring and reporting programme. Over time, the programme will provide a better picture of what is happening on a broad scale to New Zealand's native species and ecosystems. This work includes a programme to regularly assess the native species, ecosystems and pests at multiple sites evenly spaced across public conservation land. Other national-level information is collected through desktop exercises and targeted, field-based programmes. Specific programmes are in development for a select number of indicator species to complement the broad-scale programme and cover further environmental types including marine and fresh water.

The broad-scale monitoring programme is not designed to provide information on the status and



trends of rare plant and animal species. Some, such as black-fronted terns, show major declines over 46 years in unmanaged sites.<sup>22</sup> It is important to determine whether the rare species, for example, are showing trends significantly different from those of more common and dominant components of ecosystems. Hence, broad-scale monitoring provides the context within which to evaluate local-scale trends, those of rare species and the effects of intensive management.

We continue to deliver work programmes where local pest, weed and species conditions indicate it is required.

## Results: How healthy are New Zealand's non-forested ecosystems, and how do they compare with its forests?

### ***Indigenous dominance—*are the ecological processes natural?**

The analyses have drawn on information from the following measures in the 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<sup>23</sup>, representation of plant functional types and demography of widespread animal species (indicator—composition)

Non-forested ecosystems on public conservation land have many more native plant species than weeds (on average, about seven native species to every weed species). Non-forested ecosystems, however, are 10 times more invaded than forests on public conservation land (on average, about 74 native species to every weed species). Weeds are also more widespread in non-forested ecosystems (59 percent of plots had weeds present) than in forests (40 percent of plots had weeds). Of the 135 species of weeds recorded across non-forested ecosystems, 10 are species on the ecological weeds list based on potential impact and are therefore of concern to DOC. Of these, three species (the grass browntop and two hawkweeds) were found on more than 15 percent of non-forested plots. The sites most invaded by weeds in both non-forested ecosystems and forests were at low elevations and close to either roads or settlements.

Non-forested ecosystems in national parks had significantly fewer weeds than those on other types of public conservation land.

Possums occur in 40 percent of the non-forested ecosystems on public conservation land, which is about half the frequency of their occurrence in forests (81 percent). They are also seven times less abundant in non-forested ecosystems than in forests. Whereas the abundance of possums in forests declines from north to south throughout the country and peaks in abundance between elevations of 400 to 800 metres, no such relationships exist in non-forested ecosystems.

Deer and goats (wild ungulates) also occur in fewer of the non-forested ecosystems on public conservation land (46 percent of sites) than forests (75 percent of sites). They are also nearly half as abundant in non-forested ecosystems as in forests. Their abundance throughout non-forested ecosystems was unrelated to latitude or altitude.

Hares were more widespread in non-forested ecosystems on public conservation land (52 percent of sites) than rabbits (23 percent of sites). Hares were found in only one forest site, and rabbits were not recorded in any forested sites. Rabbits were found, on average, at lower altitude than hares.

Possums were less frequent in non-forested ecosystems in national parks (present in 31 percent of sites) than on other types of public conservation land (44 percent of sites). The same pattern was true for hares, which were present in 27 percent of sites in national parks and 64 percent of sites on other types of public conservation land. Rabbits were not recorded at all in the sites sampled in non-forested ecosystems in national parks. No difference existed in either the frequency or abundance of ungulates between national parks and other types of public conservation land.

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

Non-forested ecosystems on public conservation land are highly diverse, spanning post-agricultural locations through to high alpine ecosystems. Surprisingly, 18 native plant species were found in at least a quarter of 79 locations nationally. Amongst these were blue tussock (*Poa colensoi*), found in nearly two-thirds of sites sampled.

This information comes from the first widespread assessment of DOC's non-forested ecosystems, and

<sup>22</sup> O'Donnell, C.F.J.; Hoare, J.M. 2011: Meta-analysis of status and trends in breeding populations of black-fronted terns (*Chlidonias albostrigatus*) 1962–2008. *New Zealand Journal of Ecology* 35: 30–43.

<sup>23</sup> 'Frequency' is the number of locations where pest mammals were detected; 'abundance' refers to how many were detected at a location.

it provides the baseline against which trends can be determined.

Future trends for species such as blue tussock will be important because it is usually resistant to grazing by ungulates. Other widespread plants in these ecosystems, such as the mid-ribbed snow tussock (*Chionochloa pallens*) and the herb kōpoti (*Anisotome aromatica*), found respectively in 38 percent and 35 percent of sites, are both palatable to ungulates and hares. Trends in their populations will likewise be useful to determine through repeated measurements of sites.

The first systematic assessment of birds across New Zealand's non-forested ecosystems was also revealing. More bird species unique to New Zealand (that is, endemic species) were found across the non-forested ecosystems (24 species) than across forests (20 species).

Twelve species of threatened birds were found across the non-forested ecosystems, including endangered endemic species such as the black-fronted tern. However, at any given sampling location, forests were richer in endemic bird species (7 species per site) than non-forested ecosystems (2 species per site).

Whereas forests were dominated by native bird species, with three native bird species found in more than three-quarters of the sites sampled, non-forested ecosystems were far more heterogeneous, and non-native birds were more prevalent. More species of non-native than native birds were in 28 percent of the sites in non-forested ecosystems. The most widespread species were the native New Zealand pipit and non-native chaffinch, but even these species occurred in less than half the sites sampled.

### **Ecosystem representation—are the full range of rare ecosystems protected in New Zealand?**

During the past year, progress has been made towards understanding the extent and composition of New Zealand's naturally uncommon ecosystems. A consistent approach has been devised to evaluate how threatened each ecosystem is. Seventeen of the 72 naturally uncommon ecosystems currently recognised have been mapped. Some of these include ecosystems

that have been evaluated as critically endangered, such as hydrogeothermally altered ground, shell barrier beaches, coastal turfs and inland salt pans. Mapping even this subset of naturally uncommon ecosystems revealed that seven of the threatened ecosystems have more than 20 percent of their total extent within 'stewardship land'. Improved conservation status for these areas could be merited, especially to help protect critically endangered ecosystems.

### **Setting priorities for management**

Forested ecosystems throughout public conservation land generally have greater ecological integrity than non-forested ecosystems. However, there is an important distinction to be drawn within non-forested ecosystems. Naturally non-forested ecosystems, many above treeline in alpine and subalpine areas, generally had much higher ecological integrity than ecosystems that are non-forested because of human activities. These latter ecosystems are mostly found below natural treelines and are mostly a result of deforestation.

Non-forested ecosystems below treeline in the inland eastern South Island, especially inland Marlborough, showed the poorest level of integrity with respect to a combined view of indigenous dominance and native species occupancy. They were also the poorest when assessed in terms of dominance by weeds, non-native birds and introduced mammals. Such areas could be priorities for management.

Many of the ecosystems, especially forests, with the highest ecological integrity are within New Zealand's national parks, especially those along the west of the South Island and along the Southern Alps/Kā Tiritiri o te Moana, from Kahurangi National Park to Fiordland National Park. Maintaining and enhancing the comparatively high ecological integrity of these areas could also be viewed as a priority.

### **Technical report**

A full analysis and interpretation of all indicators and measures that report on the maintenance of ecological integrity can be found in the Landcare Research and Department of Conservation biodiversity indicators: 2013 assessment reports.

# Historic heritage: Details of results and management approach

## Intermediate outcome 2:

*Our history is protected and brought to life*

Overall status



## What we are seeking to achieve and why

DOC has a guardianship role to protect and conserve New Zealand’s historic heritage. At present, there are more than 13,000 known archaeological and/or historic sites on public conservation lands and waters administered by DOC. This means we are responsible for the largest proportion of recorded heritage sites in New Zealand.

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

DOC is responsible for protecting from avoidable harm all known cultural and historic heritage sites on public conservation lands and waters. Our approach to managing these sites is to record their location, the state of remaining features and fabric, and threats that may exist. We cannot conserve everything, so we assess the significance of these places to help us make the decision to actively conserve them or not.

We used our New Zealand Population Survey 2012/13<sup>24</sup> to test if respondents understood our role in heritage

management. The survey results show that 61 percent of members of the public were aware that DOC undertook heritage management, and 47 percent had visited historic sites. Of those who had visited a historic site managed by DOC, 75 percent were satisfied with the heritage experience they had at the sites they visited.

## Objective: Historic heritage is protected and conserved for future generations

### Measure: Change in the percentage of important heritage sites categorised as stable or deteriorating

DOC has selected 607 places around the country for active conservation (Actively Conserved Historic Places—referred to below as ‘actively managed’). Heritage assessments and conservation work plans are prepared to identify the work required to achieve (as a minimum) the stable fabric condition and minimise the rate of fabric loss. Higher levels of fabric conservation are adopted at some Icon historic sites and achieved through repair, restoration and adaptation.

The dynamic nature of heritage management causes fluctuations in the number of sites and assets actively managed, which are reflected in the year by year results (see Table 5). Changes occur because priorities for active heritage management are constantly being assessed. Some sites are added to the list (for example, acquired through High Country Tenure Review) and others have been lost (for example, as a consequence of the Christchurch earthquakes). Amalgamation of sites also happens to better align with visitor destinations.

Maintenance and upgrade work conducted by DOC has resulted in 269 sites having their historic fabric stabilised and heritage protected. This means fabric deterioration at these sites has been minimised or halted to help ensure their survival. As a result, visitors are able to engage with the physical remains of New Zealand’s cultural past and the story of our identity. a review of the protection work we have completed indicates that the fabric of many historic assets continues to deteriorate. Further conservation work is planned to halt or reduce the rate of decline.

TABLE 5: CHANGE IN THE PERCENTAGE OF KEY HERITAGE SITES CATEGORISED AS STABLE OR DETERIORATING

	2010/11		2011/12		2012/13	
	SITES STABLE	SITES DETERIORATING	SITES STABLE	SITES DETERIORATING	SITES STABLE	SITES DETERIORATING
Total number of sites	58% (290 of 501)	42% (211 of 501)	52% (310 of 597)	48% (287 of 597)	44% (269 of 607)	56% (338 of 607)

<sup>24</sup> Survey of New Zealanders (The Nielsen Company 2013).

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

A particular focus of our work this year has been to review progress toward completion of heritage assessments for each of the sites managed. Heritage assessments help to safeguard the history of key sites by ensuring this is recorded and made available to the public. These assessments also ensure that detailed records of sites will survive should sites be damaged

or destroyed by natural events (earthquake, flood, erosion, fire).

This year, 26 additional heritage assessment reports were written and peer reviewed, and 41 were published on the DOC website as a resource to share with communities and those active in heritage protection (see Table 6). The standard for heritage assessments was amended in 2011/12 to require their publication on the DOC website, so they would be available to the public. This led to the drop in total heritage assessment reporting from the previous year.

TABLE 6: TOTAL SITES WHERE HERITAGE ASSESSMENTS HAVE BEEN COMPLETED

	2009/10	2010/11	2011/12	2012/13
Total sites where heritage assessments were completed	165 (of 591)	189 (of 501)	185 (of 597)	212 (of 607)
Total sites where heritage assessments were produced to standard and published on the DOC website	Not assessed	84	12 (of 597)	52 (of 607)

**Objective: More New Zealanders engage in their heritage and value the benefits of interacting with it**

**Measure: Change in the number of visitors at Icon historic sites**

As well as looking after the fabric of its historic places, DOC works to bring their stories to life. By doing this, New Zealanders can learn about the past and the things that connect people to places. DOC has identified 20 Icon historic places that preserve and promote the best examples of events, activities and industries that tell the story of who we are as New Zealanders. Examples of some of the Icon historic sites DOC manages include

Cape Reinga (Te Rerenga Wairua), Karangahake Goldmine, Otatara Pā and Denniston coal mine.

As a measure of public engagement at these Icon historic sites, the number of people visiting these places is monitored over time. We currently monitor 17 Icon historic sites, and Figure 2 outlines visitation trends where data collection is at least 2 years and allows trends to be shown. Overall, there is 12 percent growth in visitation across the Icon historic sites, influenced significantly by the growth of visitation at the Karangahake Gorge and Denniston destinations. Otherwise, visitation could generally be described as relatively stable with some visitation fluctuations over time (see Figure 2 in section 1).



# Recreation: Details of results and management approach

## Intermediate outcome 3:

*More people participate in recreation*

Overall status



## What we are seeking to achieve and why

DOC's recreation work is centred on increasing the number of New Zealanders and international visitors who spend their leisure time on conservation land. To do this, DOC continues to focus on providing top-quality destinations at the most attractive locations that meet the needs and expectations of visitors.

Providing quality destinations supports people having great experiences and encourages them to return. Marketing encourages new people to visit DOC destinations for the first time.

Many benefits are gained from increasing people's use of conservation land.

- New Zealanders improve their health and wellbeing from the outdoor experiences offered; and increase their understanding of and support for the protection and enhancement of New Zealand's natural and historic heritage.
- International visitors see some of New Zealand's most beautiful and iconic locations and help increase tourism by promoting New Zealand as a desirable destination to their friends and family.
- Outdoor recreation supports a variety of industries—from transport and accommodation, to equipment supplies and local supermarkets and cafés near conservation land.

## Results: What is the status of our recreation?

The Department uses a population-based survey to gain an understanding of the public's level of awareness of DOC's recreation opportunities, overall

participation rates and levels of satisfaction. This year, the survey compared two different methodologies<sup>25</sup> and its ability to provide accurate trend data was tested. For most measures, the differences between the original and improved methodology were small. There is a high level of confidence with this new methodology.

### Change over time in New Zealanders' awareness of DOC as a recreation provider

For people to visit destinations provided by DOC, potential visitors must first be aware that it provides such opportunities. This level of awareness is measured over time so DOC can understand whether it is reaching its target market with information.

Overall, level of awareness has been high for the past 3 years, and a modest increase has occurred in awareness from 77 percent in 2011/12 to 82 percent in 2012/13. This increase is likely a result of increased promotion carried out by DOC as well as its high media profile in the past year. The benchmark using the new survey methodology is 81 percent awareness.

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

The outcome 'more people participate in recreation' can be measured by looking at what percentage of the population has visited conservation land or waters and how this percentage has changed over time.

Since 2009, the percentage of New Zealanders who have visited conservation land or waters and national parks has increased (from 33 percent in 2009/10 to 50 percent in 2011/12 for conservation areas, and from 21 percent to 25 percent for national parks). As noted above, the changed methodology indicates that the participation rate of New Zealanders visiting conservation areas is probably much higher than previously reported. The provision of prompts for people to respond to appears to account for the higher result.

The percentage of New Zealanders visiting these locations is shown in Figure 11. The data from both survey methods is included for comparative purposes. Further work is needed to understand the reason for trends in use when they do occur.

<sup>25</sup> Telephone survey: Visitor and historic (Colmar Brunton: 2013); online/postal survey: Survey of New Zealanders (The Nielsen Company 2013).

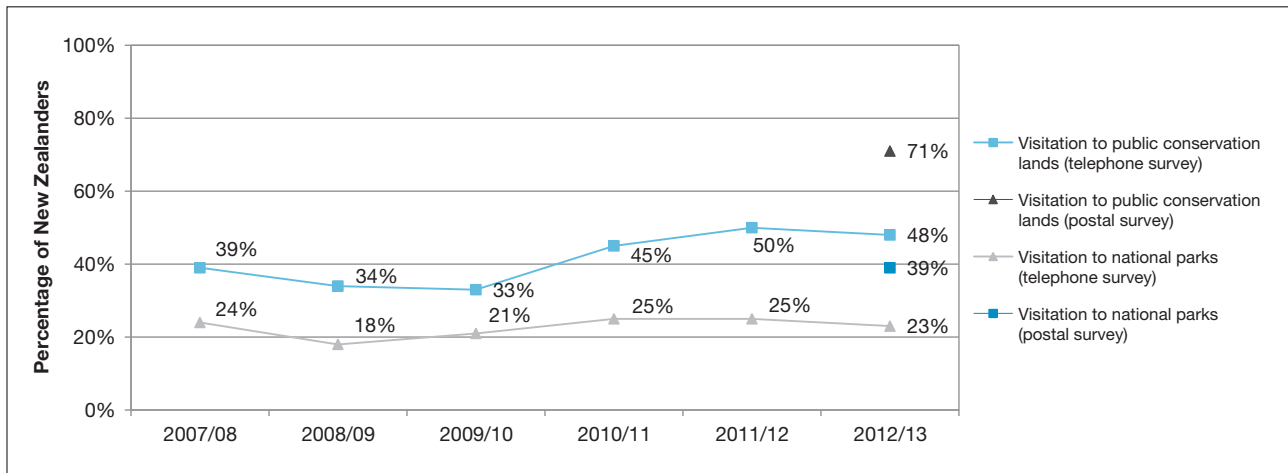


Figure 11: Change over time in New Zealanders' participation in recreation on public conservation lands and waters, 2007-13\*

\*Repeat of Figure 6 in section 1.

Where the trend has increased, it is likely related to the Department's promotional efforts and the economic downturn, which prompted many New Zealanders to choose cheaper holiday options at home. The recent decline may be a result of perceived improving domestic economic conditions, resulting in an increasing number of New Zealanders taking their holidays overseas. A new survey methodology will reset the baseline against which trends will be measured, with more confidence in the results.

### Rates of visitation by activity type

Table 7 provides additional information on New Zealanders' participation in activities in DOC-managed areas. These figures are compared with DOC's

participation targets as published in the Statement of Intent 2013-2017. The measures show how DOC is tracking towards the Statement of Intent targets.

Participation in short walks decreased from 35 to 31 percent, while participation in day walks increased from 10 to 16 percent.

Table 8 summarises the facility types used by New Zealanders in their participation activities in DOC-managed areas. In the future, camping will not be split into campsite types (basic, standard and serviced), because these distinctions were found to hold little meaning for many people.

Participation in most other activities (for example, Great Walks, staying in a hut or lodge) were found to be consistent with previous years.

TABLE 7: MAIN ACTIVITY UNDERTAKEN BY ADULT NEW ZEALANDERS DURING THEIR MOST RECENT VISIT TO PUBLIC CONSERVATION LAND

MAIN ACTIVITY	2010/11	2011/12	2012/13	2015/16 (5-YEAR TARGET)
Short walks	29%	35%	31%	35%
Day walks	12%	10%	16%	15%
Camping	4%	5%	4%	5%
Total adult participation* (18+ years of age)	1,693,000	1,878,000	1,628,000	

\* The formula for calculating total adult participation is: total adult population x percentage of adult participation. The total adult population of New Zealand at the time the survey was conducted can be sourced using the Statistics New Zealand Infoshare service ([www.stats.govt.nz/infoshare](http://www.stats.govt.nz/infoshare)), and selecting the 'Estimated Population for Age/Sex (Annual-Mar)' option. The percentage of adult participation is sourced in the National Survey. (Colmar Brunton 2013: Attitudes, engagement and favourability. Report prepared for the Department of Conservation. Colmar Brunton, Wellington.)



TABLE 8: FACILITIES USED BY ADULT NEW ZEALANDERS DURING THE PAST 3 YEARS

FACILITY TYPE USED	2008–11	2009–12	2010–13	2014–17 (5-YEAR TARGET)
Stayed in a basic campsite	21% (0.7 million people)	20% (0.7 million people)	22% (0.7 million people)	25%
Stayed in a standard campsite	17% (0.6 million people)	16% (0.5 million people)	18% (0.6 million people)	20%
Stayed in a serviced campsite	10% (0.3 million people)	9% (0.3 million people)	11% (0.4 million people)	15%
Stayed in a hut or lodge	13% (0.4 million people)	13% (0.4 million people)	14% (0.5 million people)	15%
Been to a DOC visitor centre	51% (1.7 million people)	49% (1.6 million people)	46% (1.6 million people)	60%

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

Visitors who are satisfied with the quality of the recreation facilities and opportunities that DOC has on offer are more likely to become repeat visitors and to tell positive stories about their experiences. This can lead to increasing visitation at DOC-managed destinations.

Table 9 summarises the level of satisfaction reported (using the existing survey methodology) as well as the results for the percentage of assets to standard from output performance reporting.

Since 2009/10, a small decline has occurred in visitors' reported satisfaction with DOC destinations. The percentage of visitors who were satisfied with their DOC experience has been relatively consistent in the mid-to-high 80 percent level.

TABLE 9: TRENDS IN THE STANDARD OF DOC RECREATION ASSETS INCLUDING SATISFACTION RATING

FINANCIAL YEAR	SATISFACTION WITH LAST VISIT (%)	HUTS TO STANDARD (%)	TRACKS TO STANDARD (%)	STRUCTURES TO STANDARD (%)
2003/04	-	66	46	87
2004/05	-	77	48	94
2005/06	-	72	52	95
2006/07	-	60	35	95
2007/08	84	88	50	93
2008/09	82	76	49	90
2009/10	89	85	55	95
2010/11	88	83	58	94
2011/12	87	87	61	95
2012/13	88	87	58	93

The delivery of visitor facilities to standard through maintenance and replacement has been relatively consistent over the past 6 years and is close to, or exceeding, the targets set<sup>26</sup>, after a period of improvement from 10 years ago.

The rates of visitor satisfaction appear to roughly track the performance achieved in facilities to standard. Interpretation of these results would also benefit from information about the market segments using visitor facilities on public conservation lands, and those not visiting and why.

## **DOC's activities**

### ***Planning***

The Department continues to develop its 'destination management' approach to recreation. This involves focusing on the demand for outdoor recreation, the changing demographics of New Zealanders and international visitors, where people live, and their ability to access and participate in outdoor activities. This customer-focused approach is designed to ensure that the public recreation network evolves to meet the changing recreation needs of New Zealanders and visitors to this country.

To achieve this, DOC is developing an asset management plan that will ensure that:

- DOC is providing an optimal mix of facilities and services that matches demand, supports tourism and enables the widest range of customers to access DOC-managed land and waters
- The asset base managed by DOC is affordable now and in the future
- All recreation assets meet safety and other applicable standards
- Information about DOC's assets is well organised and easily accessible

### ***Destination management***

DOC's capital investment programme continues to focus on those places most likely to attract and retain visitors.

To ensure we are providing the best possible experiences at each location, we are developing 50 Experience Development Plans (EDPs) at Gateway and Icon sites located close to large population centres and tourist routes. An EDP helps ensure the experience offered at a location fits with the current or intended market. It identifies how the site will be managed,

including involvement by community groups and other agencies.

This year, the Hooker Valley Track, an Icon destination in Aoraki/Mt Cook National Park, was extensively upgraded to be safer and more memorable. The Routeburn Track, a Great Walk, was upgraded to improve the visitor experience. New experiences have been developed at destinations that have the potential to become Icons, such as the Central North Island Timber Trail, which is part of the New Zealand Cycle Trail network.

By focusing on such locations, DOC is supporting New Zealand's international and domestic tourism industry, providing destinations that meet tourist expectations and showcasing some of New Zealand's most spectacular scenery.

Gateway destinations offer New Zealanders opportunities to undertake popular activities in relatively accessible locations. The Heaphy Track Great Walk has been upgraded to support winter mountain biking use, and upgraded facilities at Lake Waikareiti in Te Urewera National Park improve a lake visit for many people. With the support of local cycling clubs, new mountain bike tracks have been developed at Rainbow Mountain (near Rotorua). Tracks have also been upgraded near Waitawhata in the Kaimai Range to enable better walking access for families.

### ***Green Flag Award***

DOC has joined the Parks Forum<sup>27</sup> Green Flag Award programme, which has been designed to improve the quality of public parks and green spaces. The internationally renowned assessment system identifies green spaces that offer top-quality visitor experiences with excellent facilities that are sustainably managed. Two locations managed by DOC have so far received Green Flag Awards (Karangahake Gorge and the Timber Trail – Pureora to Ongarue). A further 10 sites are currently going through the application process. DOC also has staff trained as Green Flag assessors who are working alongside recreation professionals from councils and other organisations that are part of the Australasian Green Flag initiative. This provides opportunities for networking, exchanging ideas and discovering innovative ways of working.

### ***Population-based survey***

DOC also continues to collect information from visitors to improve the quality of destinations managed and to track its performance against key outcomes.

<sup>26</sup> The current targets for assets to standard are as follows: huts 90 percent, tracks 40 percent, structures 95 percent. These targets have seen occasional minor adjustment since they were established in 2004.

<sup>27</sup> The Parks Forum is the peak body for parks agencies across Australia and New Zealand (see [www.parksforum.org/cms/pages/Green-Flag-Award.html](http://www.parksforum.org/cms/pages/Green-Flag-Award.html)).



# Engagement: Details of results and management approach

## Intermediate outcome 4:

*More people engage with conservation  
and value its benefits*

Overall status



## What we are seeking to achieve and why

The overall aim is for more people to engage with conservation and understand and value its full range of benefits—for the natural environment as well as social and economic wellbeing.

DOC works with others to provide opportunities for people and organisations to connect with, enjoy and learn about nature and heritage, and to participate in and contribute to conservation in various ways. This includes helping people and organisations to gain the skills and knowledge they need to do conservation work, and working with decision- and policy-makers to embed conservation values in New Zealand's decision-making frameworks.

Our aspiration is that, in the future, all New Zealanders are working alongside the Department to protect, restore and provide opportunities to enjoy the nation's natural, historic and cultural heritage.

In 2012/13, DOC continued to measure progress towards this intermediate outcome using three indicators.

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

DOC has developed a partnership with the Youth Hostels Association (YHA) to share promotion of each other's products. YHA is highlighting the Great Walks in its national publication, which has a print run of 100,000 copies. It has also signed up all 21 YHA-managed hostels across the country to become selling agents of the Great Walks.

Over the 2012–13 summer, DOC ran a 'Discover your inner camper' campaign to encourage use of the 200 campsites it manages around New Zealand. The campaign was designed to encourage families and urban dwellers with little experience in camping to give it a try. The campaign used social media, print and press, as well as 'celebrity campers', to promote camping as a quintessential Kiwi activity.

The impact of DOC's efforts to increase New Zealanders' awareness and understanding of conservation and its benefits is tracked annually 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. The survey methodology was changed in 2012/13<sup>28</sup> to achieve better quality information and increased cost effectiveness. The question that relates to this indicator is similar in both the new and former survey, and the results continue to give a good indication of trend. The desired trend is for an increase in New Zealanders' awareness and understanding of important conservation issues over time. As already reported, there appears to be a slight downward trend since 2010/11, with 81 percent of people saying that conservation is 'very important' or 'important' to them.

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

The quality of DOC's engagement with its main stakeholders is gauged through in-depth surveys that are now 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 2010/11, interviews were carried out with senior staff, most at chief executive or deputy 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 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 has been addressing these issues in its 2011/12 and 2012/13 organisational reviews.

In 2012/13, the research consisted of in-depth interviews with senior staff of 45 key stakeholder organisations (at the chief executive and/or general manager level or their direct reports). The organisations were mixed in terms of having taken part in previous iterations of

<sup>28</sup> Survey of New Zealanders (The Nielsen Company 2013).

this research (in 2008/09 and/or 2010/11) or taking part for the first time. As with the 2010/11 results, the overall state of DOC's relationships has shown a positive trend. DOC has continued to demonstrate a willingness to work collaboratively and openly with stakeholder organisations. It has also taken into consideration the needs and goals of stakeholder organisations that previously may have been considered to be misaligned to the goals of the Department. This includes building relationships with commercial organisations and working more collaboratively with concessionaires.

Several stakeholder organisations felt, however, that there is still considerable opportunity for working together and the sharing of resources. Most stakeholder organisations acknowledged the difficulties DOC has faced, and may continue to face, in particular in the context of resourcing constraints.

Many stakeholders reported good relationships with individuals within the Department and improved relationships with the commercial sector, but noted inconsistency still existed across the organisation. Stakeholders continued to have a high degree of respect for the knowledge and expertise of Department staff, although there was concern expressed that the Department might be losing that expertise as a result of its organisational changes.

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

Until 2010, telephone surveys were carried out to gather feedback, and this was reported annually up to the year ended 30 June 2010. A significant drop in satisfaction levels occurred in 2009/10, which is believed to be a combination of reported survey fatigue, issues with the telephone survey method and an indication of tangata whenua relationships with government as a whole.

This indicator is on hold. A new survey methodology will be developed, based on feedback from tangata whenua that a *kanohi ki te kanohi* (face-to-face) approach is most effective.

### **Explaining the results**

DOC continued to use Conservation Week and other community events and initiatives to increase New Zealanders' appreciation and understanding of conservation and its benefits. Over the past year, DOC has focused on using digital channels and social media to reach larger and new audiences. Anyone who wants to use DOC-managed recreational destinations

and facilities can now visit the DOC website and use a new interactive online map-based tool to find, decide on, plan and—where the option exists—book their trips. This makes it easier for people to plan their visits and is expected to increase recreation in public conservation areas.

In May this year, 14,000 people across the globe used social media to vote for the world's favourite species, and New Zealand's *kākāpō* came out top. In a competition run by a UK-based conservation charity, the *kākāpō* was up against elephants, tigers and polar bears. With the help of DOC, New Zealand's 'Spokesbird for Conservation' Sirocco mobilised his 20,000-plus online followers on Facebook and Twitter. Sirocco's social media efforts in promoting the contest helped secure 9 percent of the total vote for the *kākāpō*, the outstanding favourite.

DOC has also focused on innovative opportunities for people to experience and learn about nature. New initiatives have included the 'Kiwi Ranger' partnership programme<sup>29</sup> with Shades of Green; an outreach initiative with the Chinese business community in Auckland; and the development of conservation camps for young people, the first of which will be piloted next summer.

New online opportunities for New Zealanders to learn more about the 'big picture' of the natural world and conservation will be available in 2013/14. This follows DOC's development work over the past year of an online teachers' planning tool. Teachers will be able to search for and select content according to curriculum levels, themes and suggested learning experiences. The resource has now been widened for use by any New Zealander interested in learning more about conservation. It includes stories, film, activity ideas and interactive content covering broad subject areas, offering multiple opportunities to experience conservation in the real as well as virtual world.

### **Connecting families to conservation places**

The Kiwi Ranger programme is a collection of experiential activities that connect young people and families to a selection of conservation sites around New Zealand, with people collecting badges as they complete each set of site activities. More than 10,000 people have participated in the programme to date, at 10 different locations.

The contribution of iwi, organisations and people to conservation work enables more of New Zealand's natural and cultural heritage to be protected and restored than the Department could ever achieve by

<sup>29</sup> See [www.doc.govt.nz/kiwiranger](http://www.doc.govt.nz/kiwiranger).

working on its own. Over the year, DOC has continued to establish new structures, systems and strategies, and ways of working that will enable agencies, iwi, organisations and individuals to make a much bigger contribution to conservation. This new approach increases the focus on establishing partnerships and relationships—between DOC, iwi, government agencies, landowners, organisations and communities—to deliver greater value for conservation and for partners. The aim is, over time, to more than double the gains for biodiversity and heritage conservation.

Another focus for DOC is on fostering growth in conservation volunteering and providing further opportunities for people, organisations and business to help with or manage conservation work. DOC continues to work in partnership with 595 iwi and community organisations that are involved in conservation management at sites on public conservation and other public and private land throughout New Zealand. Most

of the work undertaken by these partners is unpaid and resourced by multiple funding sources from various government agencies, business and other donors. Over 15,000 individuals have volunteered their time to help with DOC projects, and equivalent numbers of volunteers have worked with other organisations on conservation projects.

DOC has been working with central and local government agencies to further research and gain an understanding of the value of natural capital. It partnered with other Natural Resources Sector agencies, Victoria University of Wellington and the Sustainable Business Council to host a major conference in July 2013—‘Valuing Nature’. The conference brought together the thinking of influential international leaders, such as keynote speaker Pavan Sukdev (study leader of The Economics of Ecosystems and Biodiversity) with that of New Zealand government leaders, economists, policy-makers, academics and community organisations.



# Business opportunities: Details of results and management approach

## Intermediate outcome 5:

*Conservation gains from more  
business partnerships*

Overall status



## What we are seeking to achieve and why

DOC is working to increase conservation gains by forming mutually beneficial partnerships with business. While such partnerships are not new, the focus is now on developing a mutually beneficial exchange. DOC is placing more emphasis on discovering the business aspirations of the prospective partner, and uncovering the benefits or value an association with conservation could offer. This approach creates more sustainable partnerships and, therefore, increases conservation gains over time, because both parties are receiving the benefits they want. This positive engagement with a range of businesses has much wider benefits beyond just revenue into the Department. It practically demonstrates how conservation is good for business.

DOC is gaining more than practical conservation outcomes through these national and regional partnerships. The DOC brand and its campaigns, such as the Great Walks 'Unforgettable Journeys', are being marketed through the partner's communication channels, and this is giving DOC a wide reach as well as independent endorsement. Businesses are also seeing the Department working in a collaborative way, and the commercial sector is benefiting from this new approach. This is helping change people's perceptions about the Department and opening doors for further partnership arrangements with business.

DOC is also beginning to reshape its relationships with key concessionaires operating on public conservation land. It is now working with them to identify new business opportunities that are good for conservation. This will help create new revenue streams for DOC, support business growth in communities and, in the case of tourism and recreation concessionaires, create new experiences that draw people into natural areas. In

tandem with this, DOC is applying business principles to its own retail and tourism enterprises.

## Results: What we did to increase economic prosperity and conservation gain

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

In April 2012, Air New Zealand announced a 3-year commercial partnership with DOC. In addition to promoting the Great Walks, Air New Zealand is providing support for new conservation programmes around the National Parks Great Walks network and helping move endangered species around the country via its domestic airline network. These programmes are making a direct contribution to improving biodiversity around the Great Walks. During 2012, the company promoted the Routeburn Track through an on-board safety video featuring the British survival expert Bear Grylls, and produced passenger refreshment cups showcasing New Zealand Great Walks for its domestic and international flights.

Air New Zealand also sponsored four global adventurers to walk the nine Great Walks and communicate their experience using social media forums. Partnering with Air New Zealand has increased the numbers of those engaging in recreation, one of DOC's core outcomes. Compared with the previous year, 13 percent more people booked a Great Walk in 2012/13. The value of this partnership to Air New Zealand is evident, and it recently won the prestigious Sustainability Award. A core aspect of its submission was its partnership with DOC.

Conservation and biodiversity gains can be achieved beyond public conservation land. A new partnership with Fonterra will deliver biodiversity gains in wetlands across New Zealand. In March 2013, DOC and Fonterra announced they would jointly coordinate a \$20 million community investment over 10 years to improve the natural habitats of important waterways in significant dairying regions around New Zealand. Through this partnership, DOC is working with Fonterra, local communities and farmers to enhance biodiversity through fencing and planting riparian areas and wetlands, and managing pests and weeds. Five sensitive catchments have been identified for this work: Kaipara Harbour, Firth of Thames, Waikato Peat Lakes, Te Waihora-Lake Ellesmere and Awarua-Waituna.

In February 2013, the Department and Dulux New Zealand announced a 3-year partnership to paint and restore DOC huts and other recreation and historic assets. The partnership is called 'Protecting Our Place',

and it encourages public interest in painting huts and promoting DOC's hut experiences. Within 16 days, the campaign achieved its target of connecting 10,000 people to the Protecting Our Place website<sup>30</sup> and arranging for a range of huts to be painted, plus other associated opportunities.

In addition, a new partnership between Trade Me and conservation group BNZ Save the Kiwi Trust hopes to raise more than \$40,000 a year to help save our national icon. The idea is to give Trade Me sellers the option of 'rounding up' their success fee to the nearest dollar and donating the difference to the Trust.

DOC has a longstanding partnership with Mitre 10, and this year a new partnership agreement that runs until 2015 was announced. This involves Mitre 10 more than doubling its financial contribution to the Takahē Recovery Programme.

The Department is continuing to increase the protection of whio across the country through the support of the Genesis Energy Whio Recovery Programme partnership. We now have 6,284 new traps out protecting 378 breeding pairs, which fledged 312 ducklings, an increase of 100 from last year.

DOC also continues to support economic prosperity through enabling commercial activity on public conservation land where this does not materially impact conservation values. This year, we received 626 concession applications.

As well as these national initiatives, DOC continues to focus at a local level. It is doing this by working with

a variety of regional partners to achieve conservation gains for biodiversity and to restore New Zealand's historic heritage.

This year, DOC increased the consistency and efficiency of visitor centres across New Zealand by instigating a 'one network' approach. DOC now has a single retail range that is sourced and priced nationally. Visitor centre staff around the country have received customer service training so that the Department now provides consistent, high-quality service to visitors. The shift to a national retail range for visitor centres appears to have arrested a decline in retail revenue.

DOC has developed an agreement with 'Just New Zealand', an inbound tourism wholesaler, to package and market the Department's Great Walks to their travel agent partners. 'Just New Zealand' works with around 2,500 travel agents in Australia and more than 500 in New Zealand, as well as others in the United Kingdom and the rest of Europe. It is a preferred supplier to the Flight Centre Group.

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

DOC's partners have contributed significant additional resources to conservation over the 2012/13 financial year (see Table 10). Highlights include the Air New Zealand partnership, worth \$1 million annually; the Fonterra partnership, which contributes \$20 million to community investment over 10 years; and the Dulux New Zealand partnership, which is contributing \$1.5 million to conservation over a 3-year period.

TABLE 10: DOC CONCESSION AND PARTNERSHIP REVENUE, 2012/13\*

REVENUE RECEIVED	2011/12 BASELINE (\$M)	2012/13 FULL YEAR RESULT (\$M)	CHANGE (%)
Concessions	13.798	13.36	-3.2
Partnership	3.293	5.238 (in partnership commitments)	59

\* Repeat of Table 3 in section 1.

Although the number of concession applications continues to increase each year, revenue for 2012/13 decreased slightly. This is because of the global economic recession, which changed recreation concession activity for the year. In addition, a backlog in renewing expired concessions is still being cleared, following the organisational restructure during 2012.

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

The impact of DOC's various strategic marketing campaigns in conjunction with its partners has resulted in increased recreation use at targeted opportunities. This has contributed to improved revenue received for

<sup>30</sup> See [www.protectingourplace.co.nz](http://www.protectingourplace.co.nz).

several DOC overnight opportunities (see Table 11). In particular, the summer camping campaign contributed to increasing revenue from conservation campsites by 32%, an additional \$1.026 million. The Great Walks campaign, delivered in conjunction with Air New Zealand, has significantly increased revenue from Great Walks, with a 13 percent increase in bookings, resulting

in an additional \$566,000 in revenue. Retail sales have declined slightly (3 percent), which corresponded with a 14 percent drop in the door count at visitor centres. The smaller decline in retail revenue, compared with the drop in visitor numbers, was a result of changes made to product sourcing and pricing.

TABLE 11: REVENUE RECEIVED FOR MAIN DOC PRODUCTS AND SERVICES, 2012/13

REVENUE RECEIVED	2011/12 ACTUAL (BASELINE) (\$M)	2012/13 FULL YEAR RESULT (\$M)	CHANGE (%)
Backcountry huts	1.525	1.588	4.1
Conservation campsites	3.196	4.222	32.1
Great Walks	4.240	4.806	13.3
Visitor centre network—gross retail	2.114	2.052	-2.9





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

## Policy advice

DOC contributes to government priorities and the intermediate outcomes through effective policy advice on major initiatives. This includes policy advice and practical and scientific expertise to whole-of-government policy processes for natural resources, particularly those relating to fresh water, 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 the Marine and Coastal Area (Takutai Moana) Act 2011. It also provides advice 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

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

## Statutory and ministerially appointed bodies

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

The NZCA's role is to advise the Minister of Conservation and the Director-General of Conservation on issues of national importance for conservation. It is also responsible for approving the General Policy for National Parks, conservation management strategies (CMSs) and national park management plans, which set objectives for DOC's management of public conservation areas. Members are appointed for a 3-year term and may be reappointed. A new member was appointed to the Authority in March 2013, replacing a member who had resigned.

There are 13 conservation boards, each with a defined geographical area and comprising up to 12 members. The boards are involved in conservation planning, and policy and management advice. The Minister deferred making appointments this year as he considered a future review of conservation boards was necessary because of the significant changes in the conservancy boundaries and the new partnerships model within the Department.

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

The goal of the Ngā Whenua Rāhui Fund is to provide incentives for voluntary protection of indigenous ecosystems on Māori-owned land that represent a range of natural diversity originally present in New Zealand. The committee also allocates funds to increase tangata whenua participation in managing biodiversity in ways consistent with mātauranga Māori (customary knowledge).

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

These two ministerial bodies prepare and table their own annual reports 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. A current focus for DOC is supporting the establishment of a 'second generation' of CMSs. DOC drafts these 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 of a CMS rests with the NZCA. The strategies provide guidance to DOC for its management of public conservation lands and waters.


A new approach to the structure and content of CMSs was developed during 2009-11, and guidelines for use

were prepared. During 2011/12 policy approaches to national issues were discussed with the NZCA, and DOC's focus since has been on development of the first six 'second generation' CMSs. For Northland, Auckland and Waikato, the draft CMS has been through a public submission process and revised drafts will be presented to respective conservation boards in August 2013. For Canterbury, Otago and Southland, submissions are

open until September 2013, which will be followed by the hearing process.

One other management planning achievement during 2012/13 was the approval by the NZCA of the Whanganui National Park Management Plan in August 2012. The Westland National Park Management Plan is currently going through a partial review.





# Organisational capability: Details of results and management approach

## Overall status: Capability

### Summary statement on the status of capability

The capability and leadership shown by DOC's managers and staff are critical to the organisation's current and ongoing success. DOC has several areas of focus all aligned with strengthening these aspects. The initiatives include:

- Supporting leadership within the organisation
- Tracking and responding to employee engagement
- Building capability to deliver the organisation's community-focused approach to conservation management
- Improving the organisation's work across the Natural Resources Sector
- Deliberately focusing on a small number of important areas of skill development considered fundamental for the future
- Continuing sound health and safety management
- Continuing to focus on the diversity of the organisation's workforce
- Adopting and using emerging technology

The technology services provided to the public and Department staff are aligned to support delivery of DOC's outcomes, through enabling and developing improved online access to services, enhanced data management and sharing.

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

### Leadership and people

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

- Establish a 'connection culture'
- Develop leaders and leadership capability

- Develop the capability of people
- Improve the effectiveness of organisational systems

### Connection culture and engagement

The work on a connection culture started in 2010 and is an ongoing activity that changes to reflect the demands and circumstances the Department finds itself facing.

DOC runs an annual engagement survey, which is one measure of how staff are relating to, and engaging with, the organisation. However, this is merely a 'snapshot' of a point in time—the main emphasis is that managers work with their teams on a continual basis to build strong relationships and engagement. All managers are encouraged and supported to run workshops and discussions with their teams.

Over the past 5 years, DOC has undergone significant change. During this time, the level of staff engagement has held relatively consistent, suggesting the work done in this area by all managers has had a positive effect.

### Capability development

DOC's capability development initiatives continue to evolve—with multiple strands of activity under way at any one time. Major areas of focus over the past 12 months include an internal capability assessment, a future 'behaviour needs' mapping exercise, development of a departmental workforce strategy and identification of capability needs in each of our intermediate outcome workstreams. This capability mapping work touches all groups within the Department, and plans for strengthening these areas will be developed in the coming year.

Our focus on capability development is twofold. First, we need to ensure our staff have the right skills to do their work in the most effective and efficient manner. Second, we need to ensure we are anticipating future demands and needs in a manner that allows us to develop the appropriate skills and capabilities.

An example of a change in how we offer skills development is the requirement to offer conservation skills development to our partners, iwi, volunteers and other agencies involved in conservation work. To do this, we have developed several blended learning resources, including online courses, that are freely available to external partners, and we are offering an increasing number of learning support materials as mobile 'apps' and YouTube videos. This ensures that learning materials and courses are both cost effective and accessible to everyone. To support this approach, we have changed the design and delivery of many of our technical courses. Courses are now delivered locally in modular form and tailored to meet the specific needs of iwi and community groups.

In recognition of the need to work more closely with our partners and the community in conservation, we have developed and trialled an initiative that seeks to increase capability in volunteer supervision. We have collaborated with regional and local government, volunteer agencies and private community conservation leaders to develop and trial a conservation volunteer supervision pilot programme. Learning resources focused on enabling effective volunteer management skills will be made freely available.

DOC has also produced and released a skills-development catalogue for volunteers, partner organisations and others who work for conservation gains. This 'public catalogue' lists all the conservation skills development DOC has chosen to make available to the public—most of which is offered without charge.

New tools and processes have been developed and trialled with staff to support more effective engagement work including the development of stakeholder relationships and partnerships. A new training programme has also been developed for volunteer supervisors and will be offered to anyone working with volunteers to achieve conservation outcomes.

Over the past few years, areas of capability development that have gained traction and are having positive effects on DOC's work and engagement include systems thinking, strengths-based approaches, handling complexity and design thinking.

### **Developing leaders and leadership capability**

Leadership development in the Department remains a priority. This builds on the strong platform established with the introduction of the Conservation Leadership Development programme, which 165 DOC participants have now completed. A variation on this programme is our Professional Specialists Leadership Programme, which has been designed for those in thought leadership or technical specialist roles. Both programmes have been extended to the wider public sector and are run as Natural Resources Sector programmes—enabling improved cost effectiveness, cross-sector learning and relationship building.

Another Natural Resources Sector-wide programme is the Aspiring Leaders Programme, which was launched in early 2013. This helps participants understand key leadership concepts and skills; their own workplace strengths and areas requiring development; and offers support with thinking about career development and planning.

The primary focus of our leadership development initiatives is to prepare our leaders for the unpredictable and demanding situations they will encounter. DOC's programmes are strongly oriented towards 'vertical development'—increasing each participant's capacity

for dealing with increasing complexity. All programmes have a strong experiential focus, and we will build on this as we plan future leadership development initiatives. DOC's focus is now on more fully integrating these programmes and looking to the next phase of leadership development for its staff.

DOC is also involved in Generate<sup>31</sup>, an initiative with the Parks Forum and New Zealand Recreation Association to bring young professionals together in Wellington for 3 days to increase collaboration between conservation and leisure organisations.

### **Improving effectiveness of organisational systems**

Over the past 5 years, the Department has undergone significant internal change. Our support services were reconfigured and redesigned and moved to a shared-services model in 2012. A supporting 'service management and request' system, named 'assyst', was implemented to support this move. This system went live in July 2012.

Towards the latter phase of the implementation of this shared-service model, an internal review of DOC's delivery-operational model was started (April 2012). This review used key learnings and improvement opportunities gleaned from the shared-service review and system implementation. It adopted a three-phase approach to reviewing the manner in which the Department designed and delivered its core operational activity. This approach included in its first phase cost-saving identification, efficiency investigation and development of a set of future-oriented scenarios. The second phase focused on the identification and high-level design of a new operating model. The new operating model went live in September 2013.

We have done significant work to support the new operating model, including reviewing the range of departmental systems that have been developed over more than 20 years. Plans have been prepared to upgrade, replace, retire or otherwise modify essential systems, and replace unsupported technology.

Our systems work over the past 18 months has been integrated with projects across the public sector and Natural Resources Sector agencies. We are working on several joint projects with partner agencies, such as Land Information New Zealand and the Ministry for Primary Industries. As well, we are contributing to Better Public Services—Result 10 (New Zealanders can complete their transactions with government easily in a digital environment) and the New Zealand Government Cloud Programme. Technology systems work undertaken with other agencies and partners will form a core part of our future approach, taking advantage of the opportunity to share expertise, resources and aiding future integration and compatibility of systems.

<sup>31</sup> See [www.generate.org](http://www.generate.org).

## Equal employment opportunities

Several equal employment opportunity initiatives are 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.

- Analysis was completed as part of the Department's 4-year Workforce Strategy (2013-17). This focused on 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 equal employment opportunity 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 200-plus participants indicates that their appreciation of diverse perspectives has increased after taking part in the programme.
- In 2011, a competency framework for all managerial and non-managerial positions across the organisation was introduced. The framework 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 the basis for our recruitment and secondment processes. 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 the well recognised and respected 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 Tauria Kaitiaki Taiao Māori Conservation Cadetship programme aims to build Māori capability in conservation management.

## Health and safety management

During the year, six serious harm incidents were recorded in the Department, one of which was investigated by the Ministry of Business, Innovation and Employment (MBIE). This resulted in two improvement notices issued on the Department by MBIE, which were satisfactorily addressed.

In last year's Annual Report, reference was made to the then Department of Labour (now MBIE) investigating a fatality on Raoul Island that occurred earlier in the year. The Department was prosecuted in November 2012 for failing to take all practicable steps to protect the volunteer.

### Injury frequency rate

Injury frequency rates are based on the number of injuries per 1 million hours worked on a 12-month rolling average, and this is an internationally accepted formula. Figure 12 covers the frequency rate for total recordable injuries; that is, medical treatment and lost time injuries and serious harm, as well as first-aid-only injuries. The all injuries frequency rate is the total of these.

The injury rates across these classifications are at similar levels to last year.

The Department manages its own Accident Compensation Corporation workplace accident claims, and a small drop occurred (2 percent) in claims from the previous year.

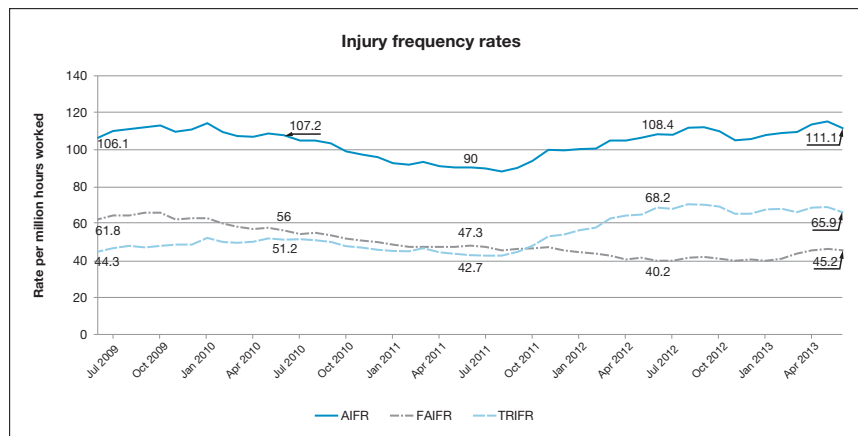


Figure 12: DOC injury frequency rates, 2009-13\*

Note: AIFR = all injuries frequency rate; FAIFR = first aid injuries frequency rate; TRIFR = total recordable injuries frequency rate.

\*Repeat of Figure 10 in section 1.



# Departmental capital and asset management intentions

In terms of government departments, DOC manages more than \$6 billion in capital assets and is classified as ‘Tier 1—Capital Intensive’. Nearly 91 percent of these are Crown-owned assets (predominately public conservation land), and 9 percent are DOC-owned assets (predominately visitor assets, such as tracks, huts and structures).

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

## Asset management capability

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

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. Work is also under way on AMPs for other business-critical assets such as fencing, information and communications technology, fleet and property.

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

## Performance of physical assets

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

## Capital expenditure intentions

The forecast period represented in Tables 12–14 is for the years 2012/13 to 2014/15 (Crown and departmental assets combined). The data is from DOC’s August 2012 annual capital intentions report to the Treasury as part of the ‘Capital Asset Management Capital Intentions Reporting’ process.

TABLE 12: DOC FORECAST CAPITAL EXPENDITURE

	FORECAST (\$M)		
	2012/13	2013/14	2014/15
Computer hardware	1.8	1.4	1.2
Computer software	6.0	7.9	6.7
Furniture and fittings	2.7	0.2	0.2
Infrastructure assets	4.0	2.2	1.9
Land	1.8	1.8	1.8
Motor vehicles	5.7	3.7	3.7
Non-residential buildings	2.0	2.3	2.3
Plant and equipment	1.5	4.0	8.4
Residential buildings	0.2	0.2	0.2
Specified cultural and heritage	28.0	31.0	32.2
Vessels	0.4	0.5	0.3
<b>Total capital intentions</b>	<b>54.1</b>	<b>55.2</b>	<b>58.9</b>

TABLE 13: DOC FORECAST DEPRECIATION EXPENDITURE

	FORECAST (\$M)		
	2012/13	2013/14	2014/15
	33.8	34.0	33.5

TABLE 14: DOC FORECAST ASSET-RELATED OPERATING EXPENDITURE

	FORECAST (\$M)		
	2012/13	2013/14	2014/15
	142.8	142.8	142.8



# 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 2013.



Alastair Morrison  
Director-General  
13 September 2013



Countersigned by  
Christeen Mackenzie  
Deputy Director-General  
Business Performance/Chief Financial Officer  
13 September 2013



## 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 2013

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 71 to 103, 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 2013, and the statement of departmental expenses against appropriations, statement of trust monies for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information;
- the non-financial performance information of the Department that comprises the statement of service performance and the report about outcomes on pages 8 to 66; and
- the schedules of non-departmental activities of the Department on pages 104 to 113 that comprise the schedule of non-departmental income, schedule of non-departmental expenses, schedule of non-departmental expenditure and capital expenditure against appropriations, schedule of non-departmental assets, schedule of non-departmental liabilities, schedule of non-departmental commitments and schedule of non-departmental contingent liabilities and contingent assets as at 30 June 2013, 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 71 to 103:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect the Department's:
    - financial position as at 30 June 2013;
    - 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 2013; and
    - unappropriated expenses and capital expenditure for the year ended 30 June 2013, and
- the non-financial performance information of the Department on pages 8 to 66:
  - 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 2013, 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 104 to 113 fairly reflect, in accordance with the Treasury Instructions:
- the assets, liabilities, contingencies, commitments and trust monies as at 30 June 2013 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 18 September 2013. 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, in our judgement, are likely to influence readers' 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. Also we did not evaluate the security and controls over the electronic publication 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, that fairly reflect those activities managed by the Department on behalf of the Crown.

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

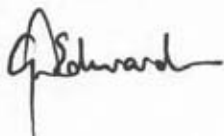
The Director-General's responsibilities arise from the Public Finance Act 1989.

### **Responsibilities of the Auditor**

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

### **Independence**

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. Other than the audit, we have no relationship with or interests in the Department.



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





# Statement of accounting policies

## *for the year ended 30 June 2013*

### **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 2013. The financial statements were authorised for issue by the Director-General of the Department on 13 September 2013.

### **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 IFRS 9 *Financial Instruments* will eventually replace NZ IAS 39 *Financial Instruments: Recognition and Measurement*.

NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and measurement; Phase 2 Impairment Methodology; and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39.

The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus or deficit. The new standard is required to be adopted for the year ending 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Department is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS). These standards are being developed by the XRB based on current international Public Sector Accounting Standards. The effective date for the new standards for public benefit entities is expected to be for reporting periods beginning on or after 1 July 2014. This means the Department expects to transition to the new standards in preparing its 30 June 2015 financial statements. As the PAS are still under development, the Department is unable to assess the implications of the new Accounting Standards Framework at this time.

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

### **Significant accounting policies**

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

## **Budget figures**

The budget figures are those included in the Department's Statement of Intent for the year ended 30 June 2013, 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 2013, direct costs accounted for 59% of the Department's costs (2012: 63%).

### **Indirect costs assigned to outputs**

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

For the year ended 30 June 2013, indirect costs accounted for 41% of the Department's costs (2012: 37%).

## **Financial instruments**

Financial assets and financial liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through surplus or deficit, in which case the transaction costs are recognised in the surplus or deficit.

## **Cash and cash equivalents**

Cash on hand includes petty cash and the amount in the current account bank balance.

## **Trade and other receivables**

Short-term trade and other receivables are recorded at their face value, less any provision for impairment.

Impairment of a receivable is established when there is objective evidence that the Department will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the debtor is impaired.

The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of a provision for impairment account, and the amount of the loss is recognised in the surplus or deficit. Overdue receivables that are renegotiated are reclassified as current (that is, not past due).

## **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.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

## **Non-current assets held for sale**

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

## **Operating leases**

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

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

## **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, whether or not title is eventually transferred.

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, infrastructure, visitor assets, fencing assets, cultural assets, vessels, motor vehicles, furniture and fittings and other plant and equipment.

Property, plant and equipment is measured at cost or valuation, less accumulated depreciation and impairment losses.

## **Revaluations**

The Department's asset portfolio is unique in that it comprises a high number of low value assets that are geographically diverse. In many instances the assets

are not able to be measured against a reliable trading market and seldom, if ever, trade in the open market (due to their nature and/or location). For this reason the depreciated replacement cost approach to value is deemed the appropriate methodology to determine fair value.

The carrying values of revalued assets are assessed annually to ensure that the carrying amount does not differ materially (a threshold of 7.5% is used) from their fair value and at least every 5 years. If there is a material difference, then the off-cycle asset classes are revalued. Additions between valuations are recorded at cost.

The Department accounts for revaluations of property, plant and equipment on a class-of-asset basis. Asset classes measured at valuation include land, buildings, infrastructure, visitor assets, fencing, cultural assets and vessels. From 1 July 2013 vessels will be measured at cost rather than at valuation.

Asset classes, other than land, measured at valuation are done so using an indexation model developed in conjunction with independent valuers Logan Stone Ltd. This model uses the appropriate capital goods index published by Statistics New Zealand to determine the movement in asset values over the intervening period. Where an asset class is revalued, the application of the indexation model and the values produced are reviewed and approved by an independent valuer. Land is valued using assessments conducted in accordance with the Rating Valuation Act 1998.

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

The net revaluation results are credited or debited to other comprehensive income and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive income but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive income.

All other fixed assets (or groups of assets that are material in aggregate and form part of a network) costing more than \$5,000 are capitalised and carried at depreciated historical cost. Any write-down of an item to its recoverable amount is recognised in the surplus or deficit.

### ***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. Work in progress is recognised at cost less impairment and is not depreciated.

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

### ***Disposals***

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals

are included in the surplus or deficit. When a revalued asset is sold, the amount included in the property, plant and equipment revaluation reserve in respect of the disposed asset is transferred to general taxpayer funds.

### ***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 is provided on a straight-line basis on all property, plant and equipment other than land, cultural assets and work in progress, at rates that will write-off the cost (or valuation) of the assets to their estimated residual values over their useful lives (see table).

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

ASSET	ESTIMATED USEFUL LIFE
<b>VISITOR ASSETS</b>	
Campsites and amenity areas	10–50 years
Signs	10 years
Tracks	15 years
Roads (surface only)	25 years
Buildings/huts	35–65 years
Structures	25–100 years
<b>OTHER FIXED ASSETS</b>	
<b>Administrative Buildings</b>	
Buildings	20–40 years
<b>Plant, Field and Radio Equipment</b>	
Plant and field equipment	10 years
Radio equipment	5–10 years
<b>Furniture, Computers, Other Office Equipment</b>	
Furniture, computers, other office equipment	5 years
<b>Motor Vehicles</b>	
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
<b>Vessels</b>	
Engines	10 years
Hulls	15 years
<b>Infrastructure</b>	
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
<b>Fences</b>	
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**

The cost of developing, purchasing and upgrading software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. 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.

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.

Costs associated with maintaining computer software 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 surplus or deficit.

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**

Intangible assets that have an indefinite useful life, or are not yet available for use, are tested annually for impairment.

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

Value in use is depreciated replacement cost for an asset where the future economic benefits or service

potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the Department would, if deprived of the asset, replace its remaining future economic benefits or service potential.

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

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

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

## Statement of cash flows

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

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

Financing activities comprise capital injections by, or repayment of capital to, the Crown, as well as finance lease principal repayments.

## Goods and Services Tax (GST)

All values for items in the financial statements, including appropriation statements, are exclusive of goods and service tax (GST), except for receivables and payables, which are stated on a GST-inclusive basis. Where GST is not recoverable as input tax, then it is recognised as part of the related asset or expense.

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

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



## **Income tax**

Government departments are exempt from income tax as public authorities. Accordingly, no charge for income tax has been provided for.

## **Donation receipts**

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

- Donations that are received without a specific purpose are recognised as revenue in the period of receipt.
- Donations received for specific purposes, where a written agreement specifies the purpose for which the funds must be used, are matched against related expenditure when it has been incurred. Where the expenditure has not been incurred, the unspent balance is treated as revenue in advance.
- Donations received for specified purposes under section 33 of the Conservation Act 1987, section 18 of the New Zealand Walkways Act 1990 or section 78(3) of the Reserves Act 1977 are held in trust accounts established by 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. The latter relate to the revaluation of fixed assets to fair value.

## **Trade and other payables**

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

## **Employee entitlements**

### ***Short-term employee entitlements***

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

These include salaries and wages accrued up to balance date; annual leave earned but not yet taken at balance

date; retiring and long service leave entitlements expected to be settled within 12 months; and sick leave.

A liability for sick leave is recognised 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***

Employee entitlements that are due to be settled beyond 12 months after the end of the reporting period in which the employee renders the related service, such as long service leave and retiring leave, are calculated on an actuarial basis. The calculations are based on:

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

## **Provisions**

The Department recognises a provision for future expenditure of uncertain amount or timing when:

- There is a present obligation (either legal or constructive) as a result of a past event.
- It is probable that an outflow of future economic benefits will be required to settle the obligation.
- A reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation 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 Partnership Programme***

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 estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

### ***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 provides detail in respect of the valuation of property, plant and equipment.

## **Commitments**

Expenses yet to be incurred on non-cancellable contracts that have been entered into on or before balance date are disclosed as commitments to the extent that there are equally unperformed obligations.

Cancellable commitments that have penalty or exit costs explicit in the agreement on exercising that option to cancel are included in the statement of commitments at the lower of the remaining contractual commitment and the value of the penalty or exit cost.

## **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 2013

	NOTES	30/06/13 ACTUAL \$000	30/06/13 MAIN ESTIMATES \$000	30/06/13 SUPP. ESTIMATES \$000	30/06/12 ACTUAL \$000
<b>REVENUE</b>					
Crown		296,534	295,541	300,760	293,856
Other	2	39,334	34,346	41,822	38,829
<b>Total revenue</b>		<b>335,868</b>	<b>329,887</b>	<b>342,582</b>	<b>332,685</b>
<b>EXPENSES</b>					
Personnel costs	3	149,081	145,920	152,185	147,185
Operating costs	4	92,338	103,797	113,215	99,436
Depreciation, amortisation and impairment expense	12,13	33,755	34,410	34,410	31,946
Capital charge	5	44,918	47,539	44,919	44,657
Finance costs	6	154	221	221	144
Loss on disposal of property, plant and equipment		2,278	0	0	2,279
<b>Total expenses</b>		<b>322,524</b>	<b>331,887</b>	<b>344,950</b>	<b>325,647</b>
<b>Net surplus/(deficit) for the year</b>		<b>13,344</b>	<b>(2,000)</b>	<b>(2,368)</b>	<b>7,038</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
Gain on property, plant and equipment revaluations		2,371	0	0	551
<b>Total comprehensive income for the year</b>		<b>15,715</b>	<b>(2,000)</b>	<b>(2,368)</b>	<b>7,589</b>

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 2013

	NOTES	30/06/13 ACTUAL \$000	30/06/13 MAIN ESTIMATES \$000	30/06/13 SUPP. ESTIMATES \$000	30/06/12 ACTUAL \$000
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	8	51,807	41,544	28,297	43,514
Prepayments		1,849	1,248	1,252	1,252
Inventories	9	1,011	1,175	1,063	1,064
Trade and other receivables	10	7,518	5,932	6,656	5,991
Non-current assets held for sale	2	3,371	0	0	0
Debtor Crown	11	28,740	28,806	28,740	32,799
<b>Total current assets</b>		<b>94,296</b>	<b>78,705</b>	<b>66,008</b>	<b>84,620</b>
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	12	545,686	574,059	560,666	535,731
Intangible assets	13	9,798	13,596	14,473	9,752
<b>Total non-current assets</b>		<b>555,484</b>	<b>587,655</b>	<b>575,139</b>	<b>545,483</b>
<b>Total assets</b>		<b>649,780</b>	<b>666,360</b>	<b>641,147</b>	<b>630,103</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	14	13,706	12,889	13,686	18,115
GST payable		3,659	(1,612)	1,282	2,080
Employee entitlements	15	23,774	19,307	15,308	15,308
Finance leases	17	596	530	702	520
Provisions	16	1,287	779	779	2,125
Return of operating surplus	7	6,193	0	0	9,365
Revenue in advance		8,232	5,147	6,818	6,818
<b>Total current liabilities</b>		<b>57,447</b>	<b>37,040</b>	<b>38,575</b>	<b>54,331</b>
<b>NON-CURRENT LIABILITIES</b>					
Employee entitlements	18	14,843	14,880	17,144	17,144
Finance leases	17	1,392	1,651	1,754	1,789
Provisions	16	498	0	0	125
<b>Total non-current liabilities</b>		<b>16,733</b>	<b>16,531</b>	<b>18,898</b>	<b>19,058</b>
<b>Total liabilities</b>		<b>74,180</b>	<b>53,571</b>	<b>57,473</b>	<b>73,389</b>
<b>TAXPAYERS' FUNDS</b>					
General funds	19	457,285	494,420	466,531	439,571
Property, plant and equipment—revaluation reserves	19	118,315	118,369	117,143	117,143
<b>Total taxpayers' funds</b>		<b>575,600</b>	<b>612,789</b>	<b>583,674</b>	<b>556,714</b>
<b>Total liabilities and taxpayers' funds</b>		<b>649,780</b>	<b>666,360</b>	<b>641,147</b>	<b>630,103</b>

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

## STATEMENT OF CHANGES IN TAXPAYERS' FUNDS FOR THE YEAR ENDED 30 JUNE 2013

	NOTES	30/06/13 ACTUAL \$000	30/06/13 MAIN ESTIMATES \$000	30/06/13 SUPP. ESTIMATES \$000	30/06/12 ACTUAL \$000
Balance at 1 July		556,714	567,469	556,714	558,208
Net surplus/(deficit) for the year		13,344	(2,000)	(2,368)	7,038
Property, plant and equipment revaluation gains/(losses)		2,371	0	0	551
Total comprehensive income for the year		15,715	(2,000)	(2,368)	7,589
<b>Distributions to the Crown</b>					
Asset transfers		(484)	0	0	0
Capital repayments		(526)	0	0	0
Return of operating surplus to the Crown	7	(6,193)	0	0	(9,365)
<b>Contributions from the Crown</b>					
Asset transfers		374	5,000	5,000	282
Capital contributions		10,000	42,320	24,328	0
Balance at 30 June	19	575,600	612,789	583,674	556,714

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 2013

	30/06/13 ACTUAL \$000	30/06/13 MAIN ESTIMATES \$000	30/06/13 SUPP. ESTIMATES \$000	30/06/12 ACTUAL \$000
<b>CASH FLOWS—OPERATING ACTIVITIES</b>				
<b>Cash provided from</b>				
Supply of outputs to				
Crown	300,593	299,534	304,819	297,849
Customers	35,268	33,783	41,530	38,634
	335,861	333,317	346,349	336,483
<b>Cash disbursed to</b>				
Produce outputs				
Employees	143,826	145,369	152,835	149,002
Suppliers	95,388	106,657	119,856	96,211
Capital charge	44,918	48,339	44,919	44,657
	284,132	300,365	317,610	289,870
Net cash inflow from operating activities	51,729	32,952	28,739	46,613
<b>CASH FLOWS—INVESTING ACTIVITIES</b>				
<b>Cash provided from</b>				
Sale of property, plant and equipment	1,612	0	0	1,047
<b>Cash disbursed to</b>				
Purchase of property, plant and equipment	39,895	47,787	51,287	35,061
Purchase of intangibles	4,734	8,500	7,000	3,587
	44,629	56,287	58,287	38,648
Net cash outflow from investing activities	(43,017)	(56,287)	(58,287)	(37,601)
<b>CASH FLOWS—FINANCING ACTIVITIES</b>				
<b>Cash provided from</b>				
Capital contributions	10,000	42,320	24,328	0
<b>Cash disbursed to</b>				
Finance lease payments	528	632	632	388
Capital repayments	526	0	0	0
Return of operating surplus to the Crown	9,365	800	9,365	1,214
	10,419	1,432	9,997	1,602
Net cash inflow/(outflow) from financing activities	(419)	40,888	14,331	(1,602)
Net increase/(decrease) in cash and cash equivalents	8,293	17,553	(15,217)	7,410
Add opening cash and bank balances	43,514	23,991	43,514	36,104
Closing cash and cash equivalents	51,807	41,544	28,297	43,514

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 2013

	30/06/13 ACTUAL \$000	30/06/13 MAIN ESTIMATES \$000	30/06/13 SUPP. ESTIMATES \$000	30/06/12 ACTUAL \$000
Net surplus/(deficit) for the year	13,344	(2,000)	(2,368)	7,038
<b>ADD/(LESS) NON-CASH ITEMS</b>				
Depreciation, amortisation and impairment expenses	33,755	34,410	34,410	31,946
Donated assets	(3,954)	0	0	(629)
Total non-cash items	29,801	34,410	34,410	31,317
<b>ADD/(LESS) ITEMS CLASSIFIED AS INVESTING OR FINANCING ACTIVITIES</b>				
Net gain/(loss) on sale of property, plant and equipment	2,278	0	0	2,279
<b>MOVEMENTS IN WORKING CAPITAL</b>				
Prepayments (increase)/decrease	(597)	0	0	(4)
Inventories (increase)/decrease	53	0	1	112
Trade and other receivables (increase)/decrease	(1,527)	(563)	(293)	(1,235)
Debtor Crown (increase)/decrease	4,059	3,993	4,059	3,993
Trade and other payables increase/(decrease)	(4,375)	307	(7,971)	2,988
GST payable increase/(decrease)	1,579	(2,395)	(1,170)	(329)
Employee entitlements increase/(decrease)	6,165	0	0	(1,736)
Other provisions increase/(decrease)	(465)	(800)	2,071	519
Other liabilities increase/(decrease)	1,414	0	0	1,671
Net movement in working capital items	6,306	542	(3,303)	5,979
Net cash inflow from operating activities	51,729	32,952	28,739	46,613

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 2013

	30/06/13 ACTUAL \$000	30/06/12 ACTUAL \$000
<b>COMMITMENTS BY CATEGORY</b>		
<b>Capital commitments</b>		
Property, plant and equipment	11,181	10,643
Intangible assets	544	0
<b>Total capital commitments</b>	<b>11,725</b>	<b>10,643</b>
<b>Operating commitments</b>		
Non-cancellable accommodation leases	24,446	26,570
Other non-cancellable leases	3,280	4,192
<b>Total operating commitments</b>	<b>27,726</b>	<b>30,762</b>
<b>Total commitments</b>	<b>39,451</b>	<b>41,405</b>
<b>COMMITMENTS BY TERM</b>		
Less than 1 year	19,495	18,518
1-2 years	7,142	7,193
2-5 years	9,354	12,276
Greater than 5 years	3,460	3,418
<b>Total commitments</b>	<b>39,451</b>	<b>41,405</b>

**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, motor vehicles and computer hardware and have a non-cancellable leasing period ranging from 3-10 years.

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

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

## STATEMENT OF CONTINGENT LIABILITIES AND CONTINGENT ASSETS AS AT 30 JUNE 2013

	30/06/13 ACTUAL \$000	30/06/12 ACTUAL \$000
Public liability claims	5,258	3,618
<b>Total contingent liabilities</b>	<b>5,258</b>	<b>3,618</b>

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

## COURT AND TRIBUNAL PROCEEDINGS AND OTHER POTENTIAL CLAIMS

	30/06/13 MAXIMUM EXPOSURE \$000	30/06/12 MAXIMUM EXPOSURE \$000
57 proceedings and potential claims of which 14 are quantifiable. The remaining 43 claims cannot be quantified. The contingent liability for the 14 quantifiable claims is shown below.		
Costs to remove asbestos and clean contaminated land	2,300	2,300
Claims for damage caused by events originating from DOC land	943	143
Potential avalanche protection costs	810	0
Claims for compensation due to fencing boundaries	454	450
Other quantifiable proceedings and potential claims	751	725
<b>Total court and tribunal proceedings and other potential claims</b>	<b>5,258</b>	<b>3,618</b>

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

**Indemnities**

The Director-General of Conservation has a delegation from the Minister of Finance under the Public Finance Act 1989 to agree to indemnities in access agreements

over private land. This provides access, for the public and the staff of the Department, to land managed by the Department.

No new indemnities were granted in 2012/2013 for public access.

**Contingent assets**

The Department has no contingent assets (2012: 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 2013

	30/06/13 ACTUAL \$000	30/06/13 SUPP. ESTIMATES \$000	30/06/13 UNDER/ (OVER) \$000	30/06/12 ACTUAL \$000
<b>APPROPRIATION FOR OUTPUT EXPENSES</b>				
<b>Vote: Conservation</b>				
Management of natural heritage	154,354	162,269	7,915	154,775
Management of historic heritage	4,717	6,043	1,326	5,188
Management of recreational opportunities	137,950	148,415	10,465	139,454
Conservation with the community	21,222	21,754	532	16,016
Policy advice and Ministerial servicing	3,818	6,028	2,210	5,184
Crown regional pest management strategy contribution	3,160	3,473	313	2,703
<b>Total appropriations for output expenses</b>	<b>325,221</b>	<b>347,982</b>	<b>22,761</b>	<b>323,320</b>
<b>Appropriations for other expenses</b>				
Canterbury earthquake recovery expenses	0	368	368	0
<b>Total departmental expenses against appropriations</b>	<b>325,221</b>	<b>348,350</b>	<b>23,129</b>	<b>323,320</b>

## RECONCILIATION OF APPROPRIATIONS TO THE STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

	30/06/13 ACTUAL \$000	30/06/13 SUPP. ESTIMATES \$000	30/06/13 UNDER/ (OVER) \$000	30/06/12 ACTUAL \$000
Total departmental expenses against appropriations	325,221	348,350	23,129	323,320
Unrealised remeasurement (gains)/losses	(2,697)	0	2,697	2,327
Difference between appropriations for expenses and forecast expenses	0	(3,400)	(3,400)	0
<b>Total expenses per statement of comprehensive income</b>	<b>322,524</b>	<b>344,950</b>	<b>22,426</b>	<b>325,647</b>

There was no unappropriated expenditure for the year ended 30 June 2013 (2012: nil).

The unrealised remeasurement gain has arisen following the valuation of the retirement leave and long service leave liabilities as at 30 June 2013. In 2012 there was an additional 1% included in the salary growth assumptions compared to 2013.

An appropriation of \$368,000 for the Canterbury earthquake has been transferred to the 2013/14 year.

*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 2013

	AS AT 30/06/12 \$000	CONTRIBUTIONS \$000	DISTRIBUTIONS \$000	NET INTEREST \$000	AS AT 30/06/13 \$000
Conservation Project Trust	824	792	(520)	16	1,112
NZ Walkway Trust	10	0	0	0	10
National Parks Trust	100	49	(60)	1	90
Bonds/Deposits Trust	8,738	214	(1,420)	211	7,743
<b>Total</b>	<b>9,672</b>	<b>1,055</b>	<b>(2,000)</b>	<b>228</b>	<b>8,955</b>

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

There are two sources of receipts:

1. Donations, grants and gifts received for specific purposes under section 33 of the Conservation

Act 1987, section 18 of the Walkways Act 1990 or section 78(3) of the Reserves Act 1977; and specific trust money under the National Parks Act 1980.

2. Bonds and deposits from operators working on the Conservation Estate including those contracted by the Department. These are repaid when the operators have been cleared of all obligations.

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

# Notes to the financial statements

for the year ended 30 June 2013

## Note 1: Major budget variations

### Significant variances between Actual and Supplementary Estimates Budget

#### Statement of Comprehensive Income

Revenue was some \$6.7 million less than the Supplementary Estimate, mainly as a result of a reduced draw-down of Crown revenue to reflect the deferment of expenditure to the 2013/14 financial year.

Actual expenses for the year were some \$22.4 million less than the Supplementary Estimate with reasons for this including:

- A deferral of budgeted restructuring costs of \$10.1 million to the 2013/14 financial year
- A deferral of \$5.5 million of field operation costs to the 2013/14 year
- A reduction in the provision for long service and retirement leave of some \$2.7 million due to lower salary growth rates

#### Statement of financial position

Cash and bank balances were \$23.5 million greater than the balance in the Supplementary Estimates due to lower than forecast cash expenditure on operating expenses (\$23.0 million). Capital expenditure was \$15.3 million less than the Supplementary Estimate, but this was offset by the Department deferring a capital contribution from the Crown of \$14.3 million until 2013/14.

## Note 2: Revenue other

	30/06/13 ACTUAL \$000	30/06/12 ACTUAL \$000
Recreational charges	12,650	11,226
Leases and rents	733	792
Retail sales	2,203	2,312
Resource sales	595	697
Donations and sponsorships	9,714	6,940
Permissions cost recoveries	2,265	2,049
Administration cost recoveries	10,958	9,366
State Services Commission superannuation recovery	0	2,773
Other	216	2,674
<b>Total revenue other</b>	<b>39,334</b>	<b>38,829</b>

Revenue from donations was some \$2.8 million favourable for the year, with the Department recognising in the course of the year the value of the exotic plantation represented by the Waitangi Endowment Forest (\$3,371 million). Pending legislative approval, it is expected that this forest will be transferred to a third party by the Crown in 2013/14. This asset has therefore been classified as an asset held for sale by the Department and recognised at the value approved in the Cabinet Minute.

## Note 3: Personnel costs

	30/06/13 ACTUAL \$000	30/06/12 ACTUAL \$000
Salaries and wages	132,857	131,676
Termination entitlements	7,105	3,874
Annual, long service and retiring leave	(1,119)	1,984
Employer contributions to defined contribution plans	3,914	3,840
Recruitment	234	474
Uniforms	433	385
ACC Partnership Programme (note 16)	824	816
Other	4,833	4,136
<b>Total personnel costs</b>	<b>149,081</b>	<b>147,185</b>

The decrease in the long service leave and retirement leave provisioning costs is mainly as a result of a change to the salary growth assumption used in valuing these liabilities effective as at 30 June 2013. This determination is undertaken by an independent actuary using discount and CPI rates provided by The Treasury. For the year ended 30 June 2013, the remeasurement cost relating to these liabilities was some \$2.7 million favourable. Further details, including a sensitivity analysis, are provided in Note 18.

Termination entitlements include a provision of \$6.3 million to cover expected entitlements resulting from the Delivery Review Project.

## Note 4: Operating costs

	30/06/13 ACTUAL \$000	30/06/12 ACTUAL \$000
Professional fees	11,352	13,689
Contractors	29,251	31,318
Fees paid to auditors:		
Fees for financial statement audit	271	341
Fees for assurance services	0	29
Grants	1,036	648
Communications and computer expenses	7,244	7,693
Travel	6,147	5,286
Motor vehicle and vessel expenses	4,799	5,306
Accommodation	3,812	3,915
Office supplies	1,808	1,944
Field supplies	11,702	12,790
Lease expenses	10,048	9,411
Printing	1,246	1,055
Other	3,622	6,011
<b>Total operating costs</b>	<b>92,338</b>	<b>99,436</b>

## Note 5: Capital charge

The Department pays a capital charge to the Crown twice yearly on the balance of taxpayers' funds, including revaluation reserve, as at 1 July and 1 January. The capital charge rate for the year ended 30 June 2013 was 8.0 % (2012: 8.0%).

## Note 6: Finance costs

	30/06/13 ACTUAL \$000	30/06/12 ACTUAL \$000
Interest on finance leases	154	144
<b>Total finance costs</b>	<b>154</b>	<b>144</b>

## Note 7: Return of operating surplus to the Crown

	30/06/13 ACTUAL \$000	30/06/12 ACTUAL \$000
Net surplus/(deficit) for the year	13,344	7,038
Less: Donated assets	(4,454)	0
Add: Remeasurement (gains)/losses	(2,697)	2,327
<b>Total return of operating surplus</b>	<b>6,193</b>	<b>9,365</b>

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

## Note 8: Cash and cash equivalents

	30/06/13 ACTUAL \$000	30/06/12 ACTUAL \$000
Cash at bank	51,746	43,453
Petty cash floats	61	61
<b>Total cash and cash equivalents</b>	<b>51,807</b>	<b>43,514</b>

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

## Note 9: Inventories

	30/06/13 ACTUAL \$000	30/06/12 ACTUAL \$000
Retail	339	370
Nursery	187	162
Fire control supplies	4	2
Wild animal control supplies	369	421
Publications	76	56
Park maps	36	53
<b>Total inventories</b>	<b>1,011</b>	<b>1,064</b>

## Note 10: Trade and other receivables

	30/06/13 ACTUAL \$000	30/06/12 ACTUAL \$000
Gross trade receivables	6,558	5,752
Less: Provision for impairment	(399)	(653)
Net trade receivables	6,159	5,099
Other receivables	1,359	892
Total receivables	7,518	5,991

MOVEMENTS IN THE PROVISION FOR IMPAIRMENT		
Balance at 1 July	(653)	(365)
(Increase)/Decrease in provision	89	(289)
Receivables written-off during the year	165	1
Balance at 30 June	(399)	(653)

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

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

	30/06/2013 ACTUAL			30/06/12 ACTUAL		
	GROSS \$000	IMPAIRMENT \$000	NET \$000	GROSS \$000	IMPAIRMENT \$000	NET \$000
Not past due	4,660	0	4,660	3,788	0	3,788
Past due 1-30 days	216	0	216	861	0	861
Past due 31-60 days	1,113	0	1,113	113	0	113
Past due 61-90 days	37	0	37	144	0	144
Past due > 90 days	532	(399)	133	846	(653)	193
Total	6,558	(399)	6,159	5,752	(653)	5,099

## 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 \$28.7 million as at 30 June 2013 in accordance with the original Cabinet decision (2012: \$32.8 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
<b>COST OR VALUATION</b>										
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
Balance at 1 July 2012	14,384	142,583	31,851	31,000	81,579	8,424	23,483	12,106	696,523	1,041,933
Additions	0	647	722	1,407	1,840	476	4,307	2,260	29,364	41,023
Revaluation movement	0	0	0	2,191	2,520	(78)	0	0	6,571	11,204
Disposals	0	(175)	(217)	0	(2,103)	(622)	(3,599)	(337)	(7,230)	(14,289)
Balance at 30 June 2013	14,384	143,055	32,356	34,598	83,836	8,200	24,191	14,029	725,228	1,079,877
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES</b>										
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)
Revaluation movement	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
Balance at 1 July 2012	0	80,468	19,736	12,115	20,255	5,038	10,532	6,761	351,297	506,202
Depreciation expense	0	1,911	2,620	640	5,199	553	2,471	1,016	14,693	29,103
Eliminate on disposal	0	(79)	(169)	0	(831)	(483)	(2,496)	(267)	(5,622)	(9,947)
Revaluation movement	0	0	0	973	2,473	(21)	0	0	5,408	8,833
Balance at 30 June 2013	0	82,300	22,187	13,728	27,096	5,087	10,507	7,510	365,776	534,191
<b>CARRYING AMOUNTS</b>										
At 1 July 2011	14,384	63,386	10,456	18,014	65,227	3,647	12,341	6,268	339,117	532,840
At 30 June / 1 July 2012	14,384	62,115	12,115	18,885	61,324	3,386	12,951	5,345	345,226	535,731
At 30 June 2013	14,384	60,755	10,169	20,870	56,740	3,113	13,684	6,519	359,452	545,686

### **a) Land and buildings**

Freehold land and administration buildings were valued at fair value effective as at 30 June 2012.

### **b) Infrastructure**

Infrastructural assets have been valued at fair value effective as at 30 June 2013.

### **c) Visitor assets**

The land formation costs of tracks, car parks and roads (\$113 million as at 30 June 2013) 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.

Tracks have been valued at fair value effective as at 30 June 2013.

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

### **d) Fences**

Fencing assets have been valued at fair value effective as at 30 June 2013.

### **e) Vessels**

Vessels are currently recorded at fair value, but from 1 July 2013 these assets will be recorded by the Department using the cost model.

## **Basis of valuations**

Valuations for assets within asset classes valued at fair value effective as at 30 June 2013 have been determined by applying the indexation model and using the appropriate capital goods index as published by Statistics New Zealand. The asset values determined using this methodology were certified as fair value by an independent registered valuer, F.E. Spencer (FPINZ, FNZIV) of Logan Stone Ltd.

## **Property, plant and equipment under construction**

The total amount of property, plant and equipment in the course of construction is \$10.8 million (2012: \$20.8 million).

## **Asset useful lives**

Following an extensive review of visitor assets, some changes were made to the expected life of a number of asset classes, with the most significant being an increase in the useful life of huts from 50 to 65 years. Where changes were made, this was done after considering past history, engineering assessments and local climatic factors.

## **Finance leases**

The net carrying amount of information systems equipment held under finance leases is \$1.9 million (2012: \$2.2 million).

## Note 13: Intangible assets

	ACQUIRED SOFTWARE \$000	INTERNALLY GENERATED SOFTWARE \$000	TOTAL \$000
<b>COST OR VALUATION</b>			
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
<b>Balance at 1 July 2012</b>			
Balance at 1 July 2012	5,171	16,162	21,333
Additions	3,117	1,617	4,734
Disposals	(90)	0	(90)
Impairment losses	(946)	(1,284)	(2,230)
Balance at 30 June 2013	7,252	16,495	23,747
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES</b>			
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
<b>Balance at 1 July 2012</b>			
Balance at 1 July 2012	1,476	10,105	11,581
Amortisation expense	605	1,817	2,422
Disposals	(54)	0	(54)
Impairment losses	0	0	0
Balance at 30 June 2013	2,027	11,922	13,949
<b>CARRYING AMOUNTS</b>			
At 1 July 2011	1,920	5,824	7,744
At 30 June / 1 July 2012	3,695	6,057	9,752
At 30 June 2013	5,225	4,573	9,798

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

An impairment charge of \$2.230 million has been recognised in the case of software developed as a repository for Crown land transactions. This amount represents abnormal waste or the difference between the likely fair value of the software and the expected actual cost of the project upon completion. Given the absence of a ready market to determine fair value this has been assessed as the amount originally budgeted in order to complete this project.



## Note 14: Trade and other payables

	30/06/13 ACTUAL \$000	30/06/12 ACTUAL \$000
Trade creditors	8,757	10,079
Other payables	4,949	8,036
<b>Total trade and other payables</b>	<b>13,706</b>	<b>18,115</b>

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 portion)

	30/06/13 ACTUAL \$000	30/06/12 ACTUAL \$000
Accrued salaries and wages	4,513	2,903
Current portion of long service and retiring leave	1,796	1,442
Other employee entitlements	17,465	10,963
<b>Total employee entitlements (current portion)</b>	<b>23,774</b>	<b>15,308</b>

Other employee entitlements include accrued annual leave, time-off-in-lieu, vested long service leave and a provision for restructuring costs arising from the Delivery Review Project of some \$6.6 million.

## Note 16: Provisions

	30/06/13 ACTUAL \$000	30/06/12 ACTUAL \$000
<b>CURRENT PORTION</b>		
Environmental	936	1,486
ACC Partnership Programme	209	639
Onerous contracts	142	0
<b>Total current portion</b>	<b>1,287</b>	<b>2,125</b>
<b>NON-CURRENT PORTION</b>		
ACC Partnership Programme	224	125
Onerous contracts	274	0
<b>Total non-current portion</b>	<b>498</b>	<b>125</b>
<b>Total provisions</b>	<b>1,785</b>	<b>2,250</b>
Movements in provisions:		
<b>ENVIRONMENTAL</b>		
Balance at 1 July	1,486	1,731
Provision utilised or reversed during the year	(1,145)	(648)
Provision made during the year	595	403
<b>Balance at 30 June</b>	<b>936</b>	<b>1,486</b>
<b>ACC PARTNERSHIP PROGRAMME</b>		
Balance at 1 July	764	0
Provision utilised or reversed during the year	(431)	764
Provision made during the year	100	0
<b>Balance at 30 June</b>	<b>433</b>	<b>764</b>
<b>ONEROUS CONTRACTS</b>		
Balance at 1 July	0	0
Provision utilised or reversed during the year	0	0
Provision made during the year	416	0
<b>Balance at 30 June</b>	<b>416</b>	<b>0</b>
<b>Total provisions</b>	<b>1,785</b>	<b>2,250</b>

## **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
- 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 2012 and accepts the management and financial responsibility of work-related illnesses and accidents of employees. Under the programme the Department is liable for the cost of all claims for a period of four years from the date of the accident up to a specified maximum. At the end of the four 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. Exposures arising from the programme are managed by promoting a safe and healthy working environment by implementing and monitoring health and safety policies, hazard identification, induction training and the active management of workplace injuries.

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 anticipated future wage and salary levels and experience of employee claims and injuries. A consumer price index of 3% and a discount rate of 2.5% have been used for the year ending 30 June 2013 and for the outlying years. These rates adjust for the expected increase in the cost of treatment and the cash flow benefit of retaining the funds over time. Any change in liability valuation assumptions will not have a material impact on the financial statements.

The Department has chosen a stop loss limit of 105% of the standard levy which means that the Department will carry the total cost of claims arising in any one year up to a limit of \$1.2 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 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 2013 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.

## **Onerous contracts**

The provision for onerous contracts arises from two non-cancellable leases where the unavoidable costs of meeting the lease contract exceed the economic benefits to be received from it. The Department has a non-cancellable lease scheduled to run until March 2020 on a building in Hokitika. Previously this building was used to accommodate Conservancy staff, but the Department has now relocated staff to new premises with a higher seismic rating. The aforementioned building is still being used for storage purposes, and the provision made reflects the difference in economic value arising from this change in usage.

## Note 17: Finance leases

	30/06/13 ACTUAL \$000	30/06/12 ACTUAL \$000
<b>TOTAL MINIMUM LEASE PAYMENTS PAYABLE</b>		
Not later than 1 year	721	673
Later than 1 year and not later than 5 years	1,515	2,004
Later than 5 years	0	0
Future finance charges	(248)	(368)
Present value of minimum lease payments	1,988	2,309
<b>PRESENT VALUE OF MINIMUM LEASE PAYMENTS PAYABLE</b>		
Not later than 1 year	596	520
Later than 1 year and not later than 5 years	1,392	1,789
Later than 5 years	0	0
Total present value of minimum lease payments	1,988	2,309
<b>REPRESENTED BY:</b>		
Current portion	596	520
Non-current portion	1,392	1,789
Total finance leases	1,988	2,309

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 portion)

	30/06/13 ACTUAL \$000	30/06/12 ACTUAL \$000
Retiring leave	13,886	15,533
Long service leave	2,753	3,053
	16,639	18,586
Less: Current portion of long service and retiring leave (as per Note 15)	(1,796)	(1,442)
Total employee entitlements (non-current portion)	14,843	17,144

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

Discount rates and CPI rates used in the actuarial valuation are as specified by The Treasury for valuations of this type and are effective for valuations as at 30 June 2013. Values for the first 5 years are shown in the table below. For the 2012/13 year the CPI rate was deemed by management to be a fair indicator of salary growth in outlying years. An additional 1% on top of the CPI rate was used in the actuarial valuation for the 2011/12 year.

PROJECTION YEAR	DISCOUNT RATE (%)	CPI (%)	SALARY GROWTH (%)
1	2.71	1.90	1.90
2	3.14	2.30	2.30
3	3.58	2.30	2.30
4	4.02	2.40	2.40
5	4.46	2.40	2.40
5+ years	4.5–5.5	2.50	2.50

The table below shows the impact that varying the assumed rate of salary growth and discount rates has on the valuation result if all other assumptions are left unaltered.

CHANGES IN ASSUMPTIONS	INCREASE/(DECREASE) IN SURPLUS/(DEFICIT) \$000
<b>SALARY GROWTH</b>	
1% below assumed	\$1,316
1% above assumed	(\$1,506)
<b>DISCOUNT RATES</b>	
1% above assumed	\$1,281
1% below assumed	(\$1,489)

The demographic assumptions used are based on New Zealand population mortality and the experience of superannuation arrangements in New Zealand and Australia.

## Note 19: Taxpayers' funds

	30/06/13 ACTUAL \$000	30/06/12 ACTUAL \$000
<b>GENERAL FUNDS</b>		
Balance at 1 July	439,571	439,839
Net surplus/(deficit) for the year	13,344	7,038
Transfers from revaluation reserve on disposal	1,199	1,777
Capital repayments to the Crown	(526)	0
Capital contributions from the Crown	10,000	0
Return of operating surplus to the Crown	(6,193)	(9,365)
Asset transfers between Department and the Crown	(110)	282
Balance at 30 June	457,285	439,571
<b>PROPERTY, PLANT AND EQUIPMENT REVALUATION RESERVES</b>		
Balance at 1 July	117,143	118,369
Revaluation gains/(losses)	2,371	551
Transfer to general funds on disposal	(1,199)	(1,777)
Balance at 30 June	118,315	117,143
<b>Total taxpayers' funds at 30 June</b>	<b>575,600</b>	<b>556,714</b>
<b>Revaluation reserves consist of:</b>		
Land revaluation reserve	13,451	13,451
Buildings revaluation reserve	31,571	31,689
Visitor assets revaluation reserves	68,800	69,033
Other revaluation reserves	4,493	2,970
<b>Total revaluation reserves</b>	<b>118,315</b>	<b>117,143</b>

## Note 20: Financial instrument risks

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

### **Credit risk**

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

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

The Department's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and 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
<b>LIQUIDITY RISKS</b>					
<b>2012</b>					
Trade and other payables	14	18,115	0	0	0
Finance leases		336	337	2,004	0
<b>2013</b>					
Trade and other payables	14	13,706	0	0	0
Finance leases	17	361	360	1,515	0

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

	NOTES	30/06/13 ACTUAL \$000	30/06/12 ACTUAL \$000
<b>LOANS AND RECEIVABLES</b>			
Cash and cash equivalents	8	51,807	43,514
Trade and other receivables	10	7,518	5,991
Debtor Crown	11	28,740	32,799
Total loans and receivables		88,065	82,304
<b>FINANCIAL LIABILITIES MEASURED AT AMORTISED COST</b>			
Trade and other payables	14	13,706	18,115
Finance leases	17	1,988	2,309
Total financial liabilities measured at amortised cost		15,694	20,424



## 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 which it is reasonable to expect the Department would have adopted if dealing with that entity at arm's length in the same circumstance, are not disclosed.

The Department has employed a close family member of a member of the Executive Leadership Team. The terms and conditions of this arrangement are no more favourable than the Department would have adopted if there was no relationship to that staff member.

### KEY MANAGEMENT PERSONNEL COMPENSATION

	30/06/13 ACTUAL \$000	30/06/12 ACTUAL \$000
Salaries and other short-term benefits	1,619	1,746
Long-term benefits	45	0
Termination benefits	0	0
Total key management personnel compensation	1,664	1,746

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

## 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 (2012: none).



# Non-departmental schedules

## Statement of accounting policies for the year ended 30 June 2013

### 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 2013, 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

Short-term debtors and other receivables are recorded at their face value, less any provision for impairment.

Impairment of a receivable is established when there is objective evidence that the Department will 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 a provision for impairment account, and the amount of the loss is recognised in the surplus or deficit. Overdue receivables that are renegotiated are reclassified as current (that is, not past due).

### Non-current assets held for sale

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

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

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

### Property, plant and equipment

Land is initially recognised at cost and is revalued annually based on assessments as provided by

Quotable Value Limited. Land not matched to an assessment is valued using an average per hectare rate.

Historic buildings used for rental activities are stated at fair value using optimised depreciated replacement cost as determined by an independent registered valuer. They are valued on an annual basis.

Cultural assets are stated at fair value. These assets are not depreciated and are valued at least every 5 years.

**Depreciation**

Depreciation is provided on a straight-line basis at rates, which will write-off assets, less their estimated residual value, over their remaining useful life.

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

**Impairment**

Intangible assets that have an indefinite useful life, or are not yet available for use, are tested annually for impairment.

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

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

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

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

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

**Creditors and other payables**

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

**Provisions**

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

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

**Commitments**

Expenses yet to be incurred on non-cancellable contracts that have been entered into on or before balance date are disclosed as commitments to the extent that there are equally unperformed obligations.

Cancellable commitments that have a penalty or exit costs explicit in the agreement on exercising that option to cancel are included in the statement of commitments at the lower of the remaining contractual commitment and the value of the penalty or exit cost.

**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 2013

	NOTES	30/06/13 ACTUAL \$000	30/06/13 MAIN ESTIMATES \$000	30/06/13 SUPP. ESTIMATES \$000	30/06/12 ACTUAL \$000
<b>REVENUE</b>					
Concessions, leases and licences	1	13,793	14,464	14,464	14,314
Other operational revenue		2,248	2,947	3,097	2,383
Capital receipts		1,319	0	0	2,805
<b>Total non-departmental income</b>		<b>17,360</b>	<b>17,411</b>	<b>17,561</b>	<b>19,502</b>

Non-departmental income is administered by the Department of Conservation on behalf of the Crown. As this income is not established by the Department nor earned in the production of the Department's outputs, it is not reported in the departmental financial statements.

SCHEDULE OF NON-DEPARTMENTAL EXPENSES FOR THE YEAR ENDED 30 JUNE 2013

	30/06/13 ACTUAL \$000	30/06/13 MAIN ESTIMATES \$000	30/06/13 SUPP. ESTIMATES \$000	30/06/12 ACTUAL \$000
<b>VOTE: CONSERVATION</b>				
Appropriation for non-departmental output classes	12,418	32,861	16,775	12,536
Appropriation for other expenses incurred by the Crown	3,690	4,818	4,875	2,386
GST input expense	1,576	5,724	3,794	2,443
Other	(415)	(12,800)	(3,874)	(150)
<b>Total non-departmental expenses</b>	<b>17,269</b>	<b>30,603</b>	<b>21,570</b>	<b>17,215</b>

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 EXPENSES AND CAPITAL EXPENDITURE AGAINST APPROPRIATIONS FOR THE YEAR ENDED 30 JUNE 2013

	30/06/13 ACTUAL \$000	30/06/13 MAIN ESTIMATES \$000	30/06/13 SUPP. ESTIMATES \$000	30/06/13 UNDER/ (OVER) ACTUAL \$000	30/06/12 ACTUAL \$000
<b>VOTE: CONSERVATION APPROPRIATION FOR NON-DEPARTMENTAL OUTPUT CLASSES</b>					
Identification and implementation of protection for natural and historic places	7,759	19,765	10,992	3,233	7,718
Management services for natural and historic places	1,557	1,972	1,972	415	1,462
Moutoa Gardens/Pakaitore	23	23	23	0	23
NZ biodiversity advice and condition funds	2,939	10,516	3,648	709	3,149
Stewart Island infrastructure	140	585	140	0	184
<b>Total output classes</b>	<b>12,418</b>	<b>32,861</b>	<b>16,775</b>	<b>4,357</b>	<b>12,536</b>
<b>APPROPRIATION FOR OTHER EXPENSES INCURRED BY THE CROWN</b>					
Esplanade reserve compensation	0	60	60	60	0
Matauranga Māori fund	746	939	966	220	552
Subscriptions to international organisations	319	405	405	86	302
Payment of rates on properties for concessionaires	739	839	839	100	633
Waikaremoana lakebed lease	241	241	241	0	241
(Gains)/losses on disposal of property, plant and equipment	0	650	600	600	0
Redress—Foreshore and Seabed Act 2004	80	0	80	0	0
Vesting of reserves	647	650	650	3	0
Depreciation	918	934	934	16	594
Impaired and written-off receivables	0	100	100	100	64
<b>Total other expenses</b>	<b>3,690</b>	<b>4,818</b>	<b>4,875</b>	<b>1,185</b>	<b>2,386</b>
Impairment of public conservation land	10,113	9,561	10,565	452	5,853
<b>Total non-departmental expenses against appropriations</b>	<b>26,221</b>	<b>47,240</b>	<b>32,215</b>	<b>5,994</b>	<b>20,775</b>
<b>CAPITAL INVESTMENT IN ORGANISATIONS OTHER THAN DEPARTMENTS</b>					
Milford flood protection	0	0	0	0	6,186
Purchase and development of reserves	478	1,800	997	519	604
<b>APPROPRIATIONS FOR CAPITAL EXPENDITURE</b>					
Crown land acquisitions	67	1,561	5,511	5,444	11,813
<b>Total non-departmental expenses and capital expenditure against appropriations</b>	<b>26,766</b>	<b>50,601</b>	<b>38,723</b>	<b>11,957</b>	<b>39,378</b>

The Schedule of Expenditure and Appropriations details expenditure and capital payments incurred against appropriations. The Department administers these appropriations on behalf of the Crown. Expenses not requiring appropriation include revaluation of fixed assets and GST input tax on appropriations.

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

SCHEDULE OF NON-DEPARTMENTAL ASSETS AS AT 30 JUNE 2013

	NOTES	30/06/13 ACTUAL \$000	30/06/13 MAIN ESTIMATES \$000	30/06/13 SUPP. ESTIMATES \$000	30/06/12 ACTUAL \$000
<b>CURRENT ASSETS</b>					
Cash and cash equivalents		31,991	46,003	40,024	38,218
Receivables and prepayments	2	4,843	4,106	4,618	4,618
Non-current assets held for sale	3	14,350	0	31,959	10,215
<b>Total current assets</b>		<b>51,184</b>	<b>50,109</b>	<b>76,601</b>	<b>53,051</b>
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	4	5,399,395	5,721,452	5,458,406	5,487,680
<b>Total non-current assets</b>		<b>5,399,395</b>	<b>5,721,452</b>	<b>5,458,406</b>	<b>5,487,680</b>
<b>Total non-departmental assets</b>		<b>5,450,579</b>	<b>5,771,561</b>	<b>5,535,007</b>	<b>5,540,731</b>

SCHEDULE OF NON-DEPARTMENTAL LIABILITIES AS AT 30 JUNE 2013

	NOTES	30/06/13 ACTUAL \$000	30/06/13 MAIN ESTIMATES \$000	30/06/13 SUPP. ESTIMATES \$000	30/06/12 ACTUAL \$000
<b>CURRENT LIABILITIES</b>					
Payables and advances	5	1,418	3,052	2,742	1,679
Provisions	6	1,921	0	0	2,071
<b>Total current liabilities</b>		<b>3,339</b>	<b>3,052</b>	<b>2,742</b>	<b>3,750</b>
<b>Total non-departmental liabilities</b>		<b>3,339</b>	<b>3,052</b>	<b>2,742</b>	<b>3,750</b>

SCHEDULE OF NON-DEPARTMENTAL COMMITMENTS AS AT 30 JUNE 2013

	NOTES	30/06/13 ACTUAL \$000	30/06/12 ACTUAL \$000
<b>CAPITAL COMMITMENTS</b>			
Capital commitments	7	0	0
<b>Total commitments</b>		<b>0</b>	<b>0</b>

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 2013

	30/06/13 ACTUAL \$000	30/06/12 ACTUAL \$000
Quantifiable liabilities	4,146	4,146
Total contingent liabilities	4,146	4,146

There were 11 claims against the Crown, 9 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 (2012: 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

	30/06/13 ACTUAL \$000	30/06/12 ACTUAL \$000
Guiding	2,697	3,003
Telecommunications	1,647	1,744
Grazing	1,374	1,622
Tourism occupations	1,413	1,490
Ski areas	978	1,434
Sporting and special events	50	49
Aircraft landings	1,496	1,141
Residential/recreational	1,034	841
Other occupations	622	640
Vehicle transport	276	234
Boating	710	693
Filming	144	236
Easements	496	434
Extractions fees	40	59
Miscellaneous	383	179
Recovery of rates	433	515
<b>Total concessions, leases and licences</b>	<b>13,793</b>	<b>14,314</b>

## Note 2: Receivables and prepayments

	30/06/13 ACTUAL \$000	30/06/12 ACTUAL \$000
Gross trade receivables	3,115	2,660
Less: Provision for impairment	(181)	(454)
<b>Net trade receivables</b>	<b>2,934</b>	<b>2,206</b>
Accrued revenue	1,748	2,115
Prepayments	161	297
<b>Total receivables and prepayments</b>	<b>4,843</b>	<b>4,618</b>

### MOVEMENTS IN THE PROVISION FOR IMPAIRMENT

Balance at 1 July	(454)	(391)
Additional provisions made during the year	0	(64)
Reversal of prior period provisions	265	0
Receivables written off during the year	8	1
<b>Balance at 30 June</b>	<b>(181)</b>	<b>(454)</b>

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



## Note 3: Non-current assets held for sale

	30/06/13 ACTUAL \$000	30/06/12 ACTUAL \$000
<b>NON-CURRENT ASSETS HELD FOR SALE INCLUDE</b>		
Land	14,350	10,215
Total non-current assets held for sale	14,350	10,215

## Note 4: Property, plant and equipment

	LAND \$000	BUILDINGS \$000	INFRASTRUCTURE \$000	CULTURAL ASSETS \$000	TOTAL \$000
<b>COST OR VALUATION</b>					
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
Balance at 1 July 2012	5,440,358	69,836	13,197	5,100	5,528,491
Additions	4,012	0	0	0	4,012
Revaluation movement	(84,466)	7,858	0	0	(76,608)
Disposals	(1,917)	0	0	0	(1,917)
Assets transferred to current assets	(8,195)	0	0	0	(8,195)
Balance at 30 June 2013	5,349,792	77,694	13,197	5,100	5,445,783
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES</b>					
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
Revaluation movement	0	6,948	0	0	6,948
Balance at 30 June 2012	0	40,811	0	0	40,811
Balance at 1 July 2012	0	40,811	0	0	40,811
Depreciation expense	0	713	205	0	918
Eliminate on disposal	0	0	0	0	0
Revaluation movement	0	4,659	0	0	4,659
Balance at 30 June 2013	0	46,183	205	0	46,388
<b>CARRYING AMOUNTS</b>					
At 1 July 2011	5,676,740	24,748	7,011	5,350	5,713,849
At 30 June / 1 July 2012	5,440,358	29,025	13,197	5,100	5,487,680
At 30 June 2013	5,349,792	31,511	12,992	5,100	5,399,395

A valuation of land was undertaken in accordance with the accounting policy and certified by an independent registered valuer F.E. Spencer (FPINZ, FNZIV) of Logan Stone Ltd as fair value. The valuation is effective as at 30 June 2013.

The use and disposal of Crown land managed by the Department is determined by legislation. The main acts are the Reserves Act 1977, the Conservation Act 1987 and the National Parks Act 1980. These acts impose restrictions on the disposal of surplus areas and the use of reserves, conservation areas and national parks.

Crown land is not subject to mortgages or other charges. Specific areas may be included in Treaty settlements if the Crown decides to offer those areas to claimants.

Historic buildings used for rental activities were valued by an independent registered valuer, F.E. Spencer (FPINZ, FNZIV) of Logan Stone Ltd. The valuation is effective as at 30 June 2013. Given the historic nature of these buildings, fair value has been determined using depreciated replacement cost.

The Department has a number of heritage assets under its care due to the historical significance of these assets to New Zealand. These heritage assets are not able to be reliably measured and therefore cannot be recognised on the balance sheet.

## Note 5: Payables and advances

	30/06/13 ACTUAL \$000	30/06/12 ACTUAL \$000
Payables	1,238	1,499
Revenue in advance	180	180
<b>Total payables and advances</b>	<b>1,418</b>	<b>1,679</b>

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

	30/06/13 ACTUAL \$000	30/06/12 ACTUAL \$000
Balance at 1 July	2,071	2,222
Provision utilised or reversed during the year	(150)	(151)
Provision made during the year	0	0
<b>Balance at 30 June</b>	<b>1,921</b>	<b>2,071</b>
Provisions consist of:		
Environmental provision	1,871	2,021
Designations	50	50
<b>Total provisions</b>	<b>1,921</b>	<b>2,071</b>

## **Environmental provisions**

The environmental provision is the estimated cost of rectifying the environmental damage in the following affected or contaminated sites, which the Crown has an obligation to remedy:

- The tailings and tunnels in the Maratoto Mine may excrete contaminants in the water.
- A number of abandoned coalmines, both underground and open cast, within the Benneydale, Mahoenui, Pirongia, Waitewhenua and Ohura coalfields. The risks of contamination are associated with the treatment ponds, tailing dams and underground drives.

## **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: Commitments**

There were no non-cancellable leases or capital commitments as at 30 June 2013.

## **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 (2012: none).

# Additional financial information

## SUMMARY OF OUTPUT CLASS EXPENDITURE BY OUTPUT FOR THE YEAR ENDED 30 JUNE 2013

	30/06/13 ACTUAL \$000	30/06/12 ACTUAL \$000
<b>VOTE: CONSERVATION</b>		
<b>Management of natural heritage</b>		
Fire control	11,386	8,724
Conservation Services Programme	1,370	2,165
Natural heritage restoration	13,419	12,552
Possum control	10,664	13,811
Deer control	1,324	1,206
Goat control	6,018	5,873
Other terrestrial animal pests	8,689	8,799
Aquatic animal pest control	669	1,221
Island management and restoration	3,479	6,465
Fencing (stock control)	12,493	11,588
Inventory and monitoring	2,322	2,738
Weed control	16,919	18,290
Legal protection of areas and sites	7,443	10,967
RMA advocacy and coastal planning	3,618	4,657
Species conservation programmes	31,742	39,851
Mainland Island sites	1,843	1,997
CITES (Convention on International Trade in Endangered Species)	874	746
Specific pest and disease response	1,473	2,119
Species persistence	6,169	1,006
Ecosystems conservation	12,440	0
<b>Total management of natural heritage</b>	<b>154,354</b>	<b>154,775</b>
<b>Management of historic heritage</b>		
Historic heritage restoration	4,717	5,188
<b>Total management of historic heritage</b>	<b>4,717</b>	<b>5,188</b>

SUMMARY OF OUTPUT CLASS EXPENDITURE BY OUTPUT FOR THE YEAR ENDED 30 JUNE 2013  
CONTINUED

	30/06/13 ACTUAL \$000	30/06/12 ACTUAL \$000
<b>Management of recreational opportunities</b>		
Huts	17,680	18,270
Booked accommodation	1,811	1,717
Campsites	15,237	14,867
Tracks	47,693	46,274
Amenity areas and community services	11,050	10,908
Roads and carparks	4,920	5,438
Visitor centres	12,871	11,677
Visitor information	3,048	3,392
Recreation concessions	4,674	6,539
Recreation planning and impact monitoring	11,038	11,702
Taupo Sports Fisheries	2,833	2,745
Non-recreation concessions	4,808	5,586
Recreational opportunities review	287	339
<b>Total management of recreational opportunities</b>	<b>137,950</b>	<b>139,454</b>
<b>Conservation with the community</b>		
Participation	16,641	10,390
Education and communication	3,695	5,210
International obligations	597	416
Effective implementation of Treaty settlements	289	0
<b>Total conservation with the community</b>	<b>21,222</b>	<b>16,016</b>
<b>Policy advice and Ministerial servicing</b>		
Policy advice	939	1,230
Ministerial services	18	39
Management planning	1,352	2,250
Statutory bodies	1,312	1,657
Biosecurity policy advice	197	8
<b>Total policy advice and Ministerial servicing</b>	<b>3,818</b>	<b>5,184</b>
<b>Crown Regional Pest Management Strategy contribution</b>		
Pests/weeds exacerbator costs	3,160	2,703
<b>Total Crown Regional Pest Management Strategy</b>	<b>3,160</b>	<b>2,703</b>
<b>Total Vote Conservation</b>	<b>325,221</b>	<b>323,320</b>
<b>Total output appropriations</b>	<b>325,221</b>	<b>323,320</b>
Add: Unrealised remeasurement (gains)/losses	(2,697)	2,327
<b>Total expenses per Statement of Financial Performance</b>	<b>322,524</b>	<b>325,647</b>

## EXPENDITURE BY CONSERVANCY/NATIONAL OFFICE GROUP FOR THE YEAR ENDED 30 JUNE 2013

CONSERVANCY/NATIONAL OFFICE GROUP	30/06/13 ACTUAL \$000	30/06/12 ACTUAL \$000
Northland	12,874	14,111
Auckland	10,656	11,892
Waikato	12,630	15,236
East Coast Bay of Plenty	15,143	17,095
Tongariro Whanganui Taranaki	18,659	20,451
Wellington Hawke's Bay	16,766	18,031
Nelson/Malborough	16,899	17,959
West Coast	17,922	20,029
Canterbury	17,252	18,719
Otago	13,993	15,487
Southland	18,771	21,272
Science and Technical Group (S&T)	27,511	23,836
National Office (excluding S&T and National Operations Support)	65,787	54,837
National Operations Support	57,661	56,692
<b>Total expenses per Statement of Financial Performance</b>	<b>322,524</b>	<b>325,647</b>

National Operations Support includes centralised transactions, the capital charge being the biggest. National Office expenditure for the year ending 30 June 2013 was higher than in the preceding year due in part to changes in the organisational structure (the Planning and Permissions team are now accounted for as part of National Office) and also due to an increase in information technology costs.

PERFORMANCE OF RESERVE BOARDS AS AT 30 JUNE 2012

RESERVE BOARD	TYPE	REVENUE \$	EXPENDITURE \$	NET ASSETS \$
<b>RESERVE BOARDS – FINANCIAL INFORMATION AVAILABLE</b>				
<b>Northland</b>				
Oakura	Recreation	3,800	8,100	243,000
Ruakaka Central	Hall	14,150	15,050	72,650
Waipu Cove	Recreation	792,000	720,300	2,332,000
Ruakaka	Recreation	458,790	419,940	826,000
Whatitiri	Recreation	7,580	7,910	148,950
Taurikura	Hall	9,230	6,200	179,570
Coates Memorial Church	Local purpose	810	680	165,500
Waikiekie	Recreation	9,800	20,400	160,800
<b>Auckland</b>				
Glorit*	Hall	27,575	5,468	22,107
<b>Whanganui</b>				
Tiriraukawa	Hall	1,052	661	2,650
Poukiore	Recreation	23,375	15,958	140,490
Moutoa Gardens	Historic	34,163	34,930	254,019
<b>Bay of Plenty</b>				
Awakaponga	Hall	2,534	2,554	134,800
Lake Rotoiti	Scenic	19,011	32,795	39,807
<b>Wellington</b>				
Horowhenua	Recreation	1,316	1,253	38,865
Whitireia Park	Recreation	5,595	14,279	46,508
<b>Nelson/Marlborough</b>				
Homewood	Hall	220	137	63,683
Kaiteriteri	Recreation	4,630,726	4,058,199	7,372,945
<b>RESERVE BOARDS – FINANCIAL INFORMATION NOT AVAILABLE</b>				
<b>Bay of Plenty</b>				
Matata	Recreation			
<b>Whanganui</b>				
Papanui	Hall			
<b>West Coast</b>				
Charleston	Hall			
Millerton	Hall			
Nelson Creek	Recreation			

\*The figures for Glorit board are as at 30 April 2013.

## Notes

The details above are dated to 30 June 2012 because they are based on audited reports that are often not available until after the deadline for the preparation of the Annual Report.

# Appendices

## Appendix 1: DOC's responsibilities

DOC manages about 8.5 million hectares of land, 34 marine reserves (covering almost 1.28 million hectares), and 6 marine mammal sanctuaries (covering nearly 2.4 million hectares).<sup>32</sup> A considerable proportion of the land is, however, snow and ice, and much of DOC's work is focused on relatively small areas of land or water where conservation values are high, whether that is for natural heritage reasons or in support of visitor experiences or community engagement.

DOC is responsible for encouraging recreation on the lands and waters it manages. It provides and manages historic sites and visitor facilities, including walking, biking and 4WD tracks, huts, campsites and visitor centres.

DOC works within the statutory concessions framework with tourism operators and other third party activities on public conservation lands and waters. These include grazing, mining and the use of sites for telecommunication purposes.

DOC supports the Minister of Conservation in exercising responsibilities under the Resource Management Act 1991 for the coastal and marine environment. This includes providing advice to the Minister and input into local government policies,

plans and consent applications regarding the coastal and marine environment.

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

The Government's driving goals in 2012/13 were to responsibly manage the Government's finances, build a more productive and competitive economy, deliver better public services within tight financial constraints, and rebuild Christchurch, our second-biggest city.

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

DOC manages protected species and public conservation lands and waters to deliver economic, social and environmental benefits, which, in combination, are important contributors to New Zealanders' prosperity and wellbeing.

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<sup>32</sup> Marine reserves and marine mammal sanctuaries are listed in the companion report: Department of Conservation biodiversity indicators: 2013 assessment—supplementary material.



## Appendix 2: Organisation structure

The Department's Executive Leadership Team 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, including Treaty of Waitangi settlement negotiations. It provides scientific and technical support and organisational systems, services and support functions, as well as servicing ministerial advisory committees and the New Zealand Conservation Authority.

During 2011/12, the Department completed a review of services and support across the organisation and implemented a new business model that includes a new structure. A follow-on review has been completed of the Department's delivery functions, and a new structure and roles started in September 2013.

The new model had two important aspects: to integrate the organisation to deliver consistent, aligned outcomes; and to focus the organisation externally toward stakeholders and customers. This recognises that the successful achievement of the Department's outcomes requires the support and engagement of many different external parties, and on a far broader scale than the Department has traditionally worked.

The rationale for the new structure is that it is future focused and designed to deliver increased conservation outcomes through greater collaboration and partnerships with iwi, community and business.

From 2 September 2013, a new delivery structure will operate with two parallel work areas reporting to their own Deputy Director-General.

Conservation Services is responsible for doing conservation work—to specifications, on and off public conservation land, independently and in partnership.

Conservation Partnerships is responsible for driving growth in conservation through partnerships. Its goal is to secure beneficial value exchanges with partners such as iwi, business, local authorities, private landowners and communities. Geographic responsibilities are regionally based across New Zealand.

Conservation Services operates from six regions, and Conservation Partnerships from five. Further information about the new structure is available on the DOC website.

As at 30 June 2013, DOC employed 1,616 permanent full-time equivalent staff and 281 temporary full-time equivalent staff.

## Appendix 3: Departmental outputs

The work DOC does (the outputs it delivers) to achieve each of the intermediate outcomes is shown in Table 15.

TABLE 15: 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 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	OUTPUT CLASSES	MAIN OUTPUTS
Intermediate outcome 5: Business opportunities Conservation gains from more business partnerships	Management of natural heritage	Fire control Conservation Services Programme Restoration Pest and weed control Legal protection of areas and marine protection Species management
	Management of historic heritage	Historic and cultural heritage restoration
	Management of recreational opportunities	Asset management Recreation opportunities management Recreation concessions Other resource use concessions
	Conservation with the community	Participation Education and communication
	Policy advice, statutory planning and services to Ministers and statutory bodies	Policy advice Ministerial services

Quality assurance for this work is managed through DOC's development and implementation of best practice and standard operating procedures (SOPs). Where external standards are not available, and/or

DOC is the only agency undertaking work in New Zealand, it uses an internal peer review process to ensure best practice remains up to date. This process is shown in Figure 13.

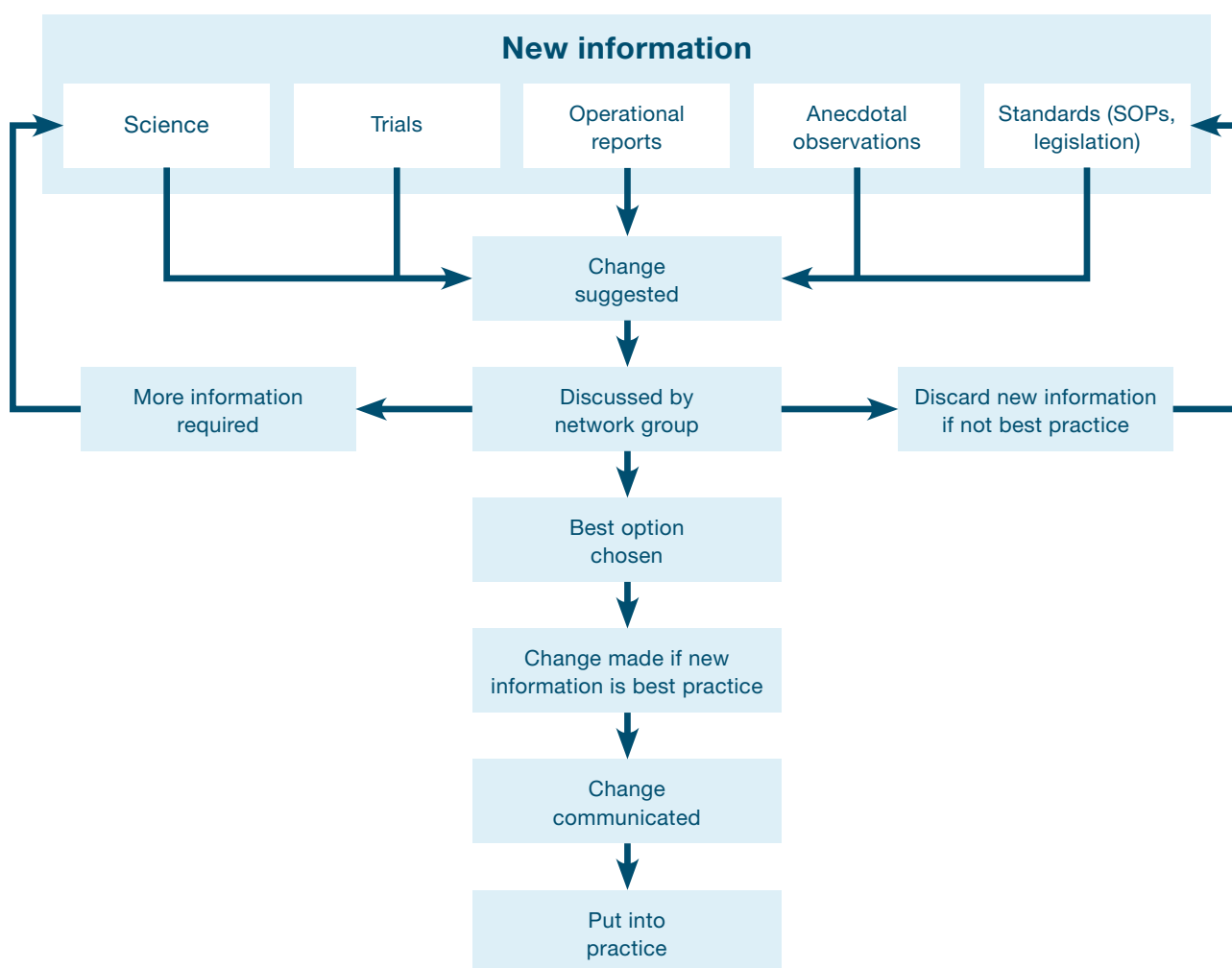


Figure 13: DOC's process for changing current best practice

## Appendix 4: Conservation Services Programme

The Conservation Services Programme undertakes research into the interactions between commercial fishing and marine protected species. In 2012/13, 1,114 days of observer coverage were achieved to monitor protected species interactions in a range of both inshore and offshore fisheries. A programme to formally confirm the identification of observed seabirds captured was run in support of the observer coverage.

Field projects were undertaken as part of population studies into New Zealand sea lions; flesh-footed shearwaters; black petrels; Campbell Island, grey-headed, white-capped, Salvin's and Gibson's albatrosses; and Pitt Island shags. A 2-year population modelling project on New Zealand sea lions was also initiated. Final reports can be found on DOC's website

at [www.doc.govt.nz/csp](http://www.doc.govt.nz/csp). Projects undertaken by the Conservation Services Programme are reviewed by a technical working group before being posted on the website.

Practical mitigation projects in 2012/13 focused on inshore bottom longline and surface longline fisheries, with a review of mitigation techniques for set-net fisheries. Other work areas included increasing awareness of, and implementing measures to reduce, interactions with protected species, including the production of a newsletter for fishers.

The Conservation Services Programme also contributed to the Agreement on the Conservation of Albatrosses and Petrels and several regional fishery management organisations.





