

# Department of Conservation

## Annual Report

FOR THE YEAR ENDED 30 JUNE 2009



Department of Conservation  
*Te Papa Atawhai*



# Department of Conservation

## Annual Report

FOR THE YEAR ENDED 30 JUNE 2009

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

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Cover photo: Tourists on Tasman Lake, Aoraki/Mount Cook. *Photo: Megan Heatt.*

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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 2009.

A handwritten signature in black ink, appearing to read 'A Morrison', is centered on the page. The signature is written in a cursive, slightly slanted style.

Alastair Morrison  
DIRECTOR-GENERAL

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# Director-General's overview

Successive governments have had the foresight to set aside forests, grasslands, freshwater and marine ecosystems for the benefit and enjoyment of all New Zealanders. The Department of Conservation is tasked with the stewardship of these areas and New Zealand's unique biodiversity for the public good.

The public investment in conservation has been motivated by the intrinsic value of nature protection. In essence, that means the value of nature for its own worth, where protection is the mark of a civilised society. This merges with the extrinsic value that comes from people enjoying New Zealand's majestic and largely untouched landscapes, its unique bird, animal and plant life, and our historic and cultural interaction with that.

As New Zealand continues to develop its distinct nationhood, these are the images we reach for to define our national identity and grow our sense of national pride. They are also the things that fuel our point of difference in a competitive world, represented in the 'clean and green' and '100% Pure New Zealand' brand marketing.

The brand has grown around international interest in New Zealand as a desirable destination for nature tourism. Tourism now accounts for about 10% of our economy and 18% of export earnings, and the asset base that underpins tourism is public conservation lands and waters.

So the Department has an additional dimension to its stewardship—as well as protecting nature for its intrinsic value, we seek to enhance the value that taxpayers receive from public conservation lands and waters. While there is always a balance to be struck between intrinsic and beneficial value, the two are not mutually exclusive. Preservation and prosperity are interdependent. The Department must be enabling of business opportunities, and businesses must accept the restraints and responsibilities that go with that, and try to capitalise on the benefits they can receive from being associated with conservation. This is so for the present, and more so if we are to protect the same options for future generations.

Over the last year we have been working with the tourism industry to construct a framework that will help to capitalise on these mutual interests, lifting the benefits to conservation from better engagement with conservation-related businesses. We have also been reassessing where and how we invest in recreation facilities with a view to increasing our responsiveness to domestic and international visitor flows. And we are reviewing the concessions framework to determine how the processes can be streamlined and applied consistently.

While the economic benefits conservation delivers through tourism are the most obvious example of added value, the Department is also looking to capitalise on new ways to achieve preservation and foster prosperity.

Climate change and the need to address the causes of it has been a rallying point for that reality. The emergence of an international carbon market has made us aware that a significant proportion of New Zealand's existing carbon stock is on public conservation lands, and that there is potential to increase the overall

carbon store. Establishing new forests through regeneration and planting does this in a way that contributes to offsetting New Zealand's Kyoto obligations. Pest control to improve forest health and the restoration of carbon-sequestering vegetation such as tussock land has additional potential value.

Carbon markets are a starting point. What is emerging internationally is the broader concept of the value of biodiversity. Protecting and restoring degraded ecosystems has benefit because the health of ecosystems determines the quality and quantity of the services that flow from them. These are services such as freshwater yield, quality and flow; soil regeneration and stability; air quality; carbon storage; the nutrient cycle; pollination; fish stocks; and so on. There is an international focus on how land, water and ocean management can be achieved to protect these life-sustaining benefits through good environmental management to the benefit of those who extract their livelihood from natural resource use. The Department is engaged in this activity internationally.

On the domestic front, the Department, with other natural resource management agencies, was successful in a bid to the Cross Departmental Research Pool for work in this area. The research is focused on developing biodiversity offset mechanisms that will give businesses the opportunity to offset activity that unavoidably reduces biodiversity, similar to carbon-offsetting programmes. The 3-year research programme is expected to increase opportunities for businesses to operate on public conservation land, or to enter into business agreements with the Department, while providing benefits to conservation through off-setting schemes.

As well as working with business, the Department is committed to joining with the broad range of New Zealanders to lift the benefits to conservation. A priority is engaging with iwi to draw on mutual interests in conservation to create gains for both. A real highlight in the past year was the successful launch of the Tauira Kaitiaki Taiao cadetship, which has set 15 cadets on the road to 2 years of work experience and learning towards qualifications in conservation and tikanga Māori. Part of the cadetship's significance is the partnership with Te Puni Kōkiri and Ngā Whenua Rāhui that helped develop it, and the promise it holds both for building Māori capability for conservation management, and for making a step change to the ways the Department and iwi can work together.

The Department's core mandate is to protect New Zealand's special places and unique biodiversity for New Zealanders now and in the future. Understanding the full range of values that conservation delivers, both intrinsic and extrinsic, helps to highlight the interrelationship between preservation and prosperity. At the heart of this is our understanding that the most fundamental benefit that



nature delivers is life-sustaining ecosystem services. A recent World Bank report summed this up aptly:

*Biodiversity is the foundation and mainstay of agriculture, forests, and fisheries. Biological resources provide the raw materials for livelihoods, agriculture, medicines, trade, tourism, and industry. Forests, grasslands, freshwater, and marine and other natural ecosystems provide a range of services, often not recognised in national economic accounts but vital to human welfare: regulating water flows and water quality, flood control, pollination, decontamination, carbon sequestration, soil conservation, and nutrient and hydrological cycling.<sup>1</sup>*

Clean and green is not simply a brand. It is a statement that ultimately the consequences of failing to live in balance with nature lie with us, not nature. Nature's ability to recover from imbalance is well demonstrated; ours is not. Managing for healthy biodiversity leads to healthy ecosystems, and healthy ecosystems provide the life-giving services that we depend on for our very existence and for our prosperity. That is the underlying logic for protecting a significant area of New Zealand's land and waters in their natural state, and the rationale that makes conservation an investment providing a good return for New Zealanders.



Alastair Morrison  
DIRECTOR-GENERAL  
30 September 2009

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<sup>1</sup> The World Bank, Environment Department 2009: Convenient solutions to an inconvenient truth: ecosystem-based approaches to climate change. Report No. 49313. Washington, DC, USA. 91 p.  
<http://go.worldbank.org/CJOR8IOEQ0>



# 1. Introducing the Department of Conservation

## 1.1 THE NATURE AND SCOPE OF THE DEPARTMENT'S FUNCTIONS

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

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

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

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

Much of the Department's work takes place on the more than 8 million hectares of conservation land and 33 marine reserves<sup>2</sup> (covering almost 1.28 million hectares) that it manages. The conservation land makes up about one-third of the country, and includes national parks, high country parks, forest parks, offshore and subantarctic islands, and historic sites.

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

The Department works within the statutory concessions framework to authorise tourism operators and other third-party activities and uses on public conservation lands and waters. These include grazing rights and telecommunications sites.

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

The Department provides policy advice to the Minister of Conservation. This includes advice on the Minister's responsibilities under the Resource Management Act 1991 for the coastal and marine environment.

Through all of this work, the Department delivers environmental, economic, social and cultural benefits to New Zealanders (discussed further in section 3.1).

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<sup>2</sup> As at 30 June 2009.

The Department's structure reflects the geographic spread of its role and functions. Fieldwork and conservation outputs are delivered mainly from the network of 49 area offices. The 49 areas are grouped into conservancies, each with a conservancy office to provide support. Up until 30 June 2009 there were 13 conservancies. A review completed during the year reduced the number of North Island conservancies by one, effective from 1 July 2009. The conservancies are led and managed by two General Managers, Operations; one working from the Northern Regional Office in Hamilton, and the other from the Southern Regional Office in Christchurch.<sup>3</sup>

The National Office in Wellington provides policy advice to the Minister of Conservation and contributes to whole-of-government policy processes, and provides national service and support functions to the Department.

As at 30 June 2009, the Department employed 1826.9 permanent full-time equivalent staff and 255.5 temporary full-time equivalent staff.

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

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

## 1.2 SETTING THE DEPARTMENT'S COMPASS

The Department's efforts to work towards its outcome, the subject of this annual report, are guided by a strategic direction released in 2006, which describes the place of conservation in New Zealand, now and in the future, and the value that the Department's work delivers for New Zealanders.

### **The Department's strategic direction**

New Zealanders want their natural and historical heritage conserved.

In order to foster this commitment to conservation, people must see there is value in it, for itself, and for people's enjoyment and benefit, now and for future generations.

**The overarching purpose of the Department is to increase the value that New Zealanders attribute to conservation.**

**This leads to enhanced care of New Zealand's unique heritage for people to benefit from and enjoy.**

To do this:

- The Department will seek to entrench conservation as an essential part of the sustainable social and economic future of New Zealand.
- The Department will be recognised as an effective manager of the lands, waters, species, historic places and roles entrusted to it.

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<sup>3</sup> Further information on the Department of Conservation can be found on its website: [www.doc.govt.nz](http://www.doc.govt.nz). This includes legislation the Department administers, relevant international conventions, the organisation's structure, location of the offices, etc.

- The Department will lead, guide and facilitate conservation gains throughout New Zealand, wherever conservation is most needed.
- The Department will weigh society's values, nature's inherent qualities and scientific criteria in its decision-making.
- The Department will actively promote outdoor recreation for New Zealanders, especially through fostering recreation, use and enjoyment on conservation land.

The strategic direction provides the compass setting for the Department to deliver on its statutory responsibilities for the next decade and beyond.

### **Strategic approaches**

Four strategic approaches help deliver the strategic direction in the medium term. They express the style and emphasis the Department will apply, and guide capability development.

#### ***Approach 1: Promoting the benefits and value of conservation***

The more people know, understand and experience the full value and benefits of conservation, the more they will support it. The Department will take the opportunity to promote the value and benefits of conservation in its everyday work, and specifically through communications and relationship management.

#### ***Approach 2: Demonstrating that conservation contributes to prosperity***

As with the first approach, this is about increasing awareness, understanding and support, and this will be done through everyday work, and through communications and relationship management.

#### ***Approach 3: Achieving conservation results through collaboration***

Two mutually reinforcing factors make this a priority. First, the 2006 review of the New Zealand Biodiversity Strategy showed that, despite gains made, the task ahead remains immense, and much of New Zealand's threatened biodiversity is outside public conservation lands and waters. Second, New Zealanders are increasingly doing conservation themselves. The Department will be outward-looking and responsive, recognising and valuing different perspectives, and working well with others.

#### ***Approach 4: Demonstrating excellence in conservation knowledge and practice, and sharing it with others***

To continue to make progress in conservation, the Department has to be good at what it does, keep getting better, and work with others to identify mutual interests, and to give, receive and develop knowledge. Testing and applying new tools and techniques are also vital.

## 2. How the Department delivers for New Zealand

### 2.1 DELIVERING THE GOVERNMENT'S PRIORITIES

The Government's driving goal is to grow New Zealand's economy in order to deliver greater prosperity, security and opportunities to all New Zealanders, and ultimately a stronger society for New Zealanders.

The Department of Conservation operates an outcomes-based model working to achieve results for society and communities. These results contribute both directly and indirectly to New Zealand's prosperity. It is increasingly clear that sound management of natural areas produces the life-sustaining ecosystem services which are the base of our economy and determine our prosperity. These are services such as freshwater yield and storage, soil fertility and stability, and carbon storage. Sound management of natural resources also contributes strongly to tourism—New Zealand's largest single foreign exchange earner. The destinations for both domestic and international visitors are primarily around public conservation lands and waters. The businesses that support and complement tourism are major contributors to regional economies and local communities.

In its totality, conservation plays a critical role in validating the '100% Pure New Zealand' brand, and the clean and green brand that is the market advantage on which New Zealand's producers and society rely.

### 2.2 HOW THE DEPARTMENT MEASURES ITS EFFECTIVENESS

The Department works with a broad range of community, business and government interests to grow the economic, social and environmental benefits available from public conservation lands, and its **outcome statement** reflects this (explained in section 3). In 2008–2009, the Department worked towards achieving the outcome through seven **intermediate outcomes**—three relate to natural heritage, one covers historic and cultural heritage, and three deal with participation (through recreation, community engagement and building connections with business).

Each intermediate outcome has a range of **outputs** that relate to delivery in the field—the work that gets done each year to achieve each intermediate outcome. All outputs are aligned to one or more intermediate outcome(s). Working towards these intermediate outcomes is a medium- to long-term programme. While the annual work programme in any one year will often not demonstrate immediate impacts, the interventions made do ensure steady and incremental progress.

Figure 1 shows the outcome and intermediate outcomes, and how they linked with the output classes and output groups in 2008–2009. Figure 2 shows the link between outcomes and outputs more explicitly, using a visitor asset example.

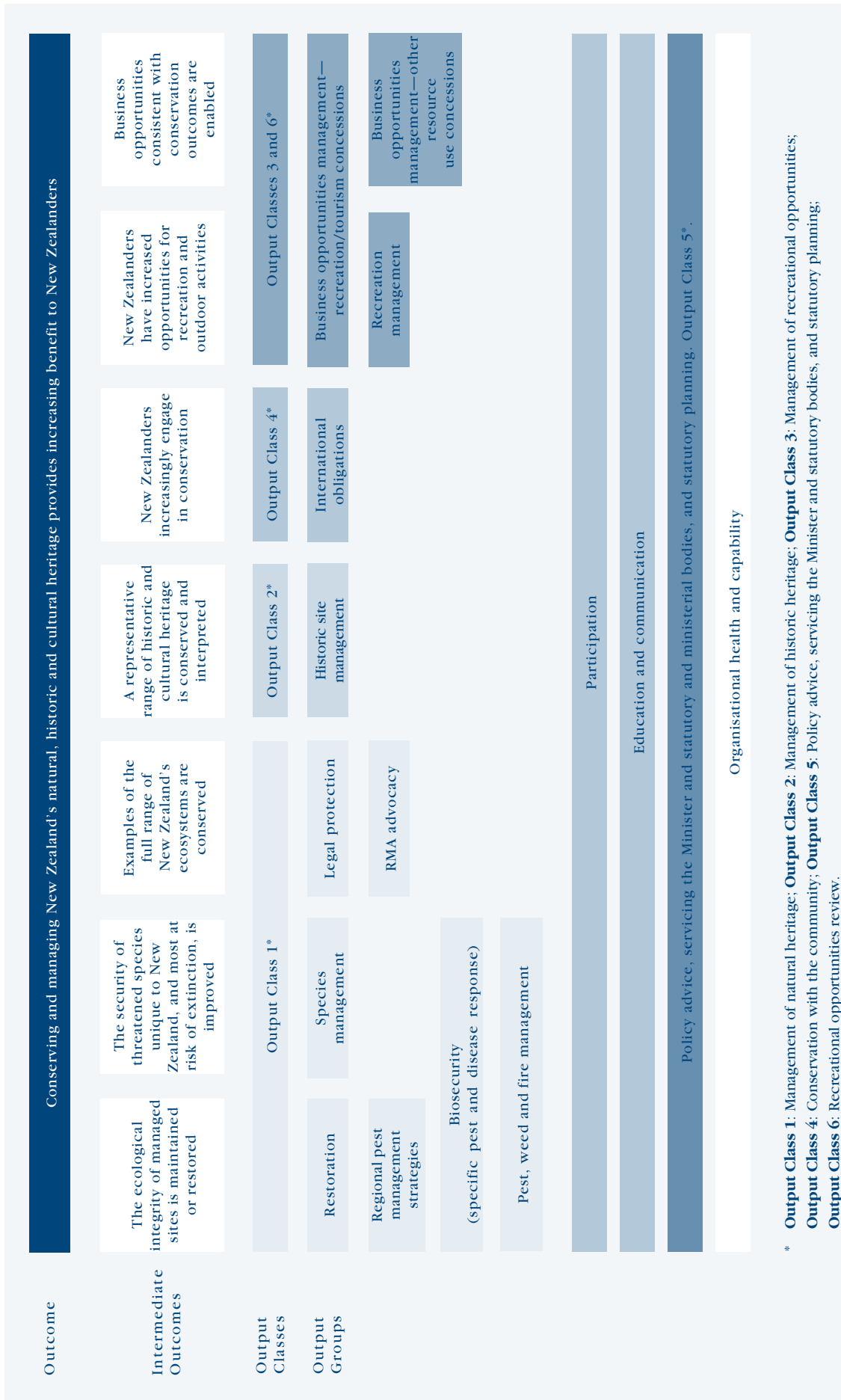


Figure 1. How the Department's work supports its outcome and intermediate outcomes.

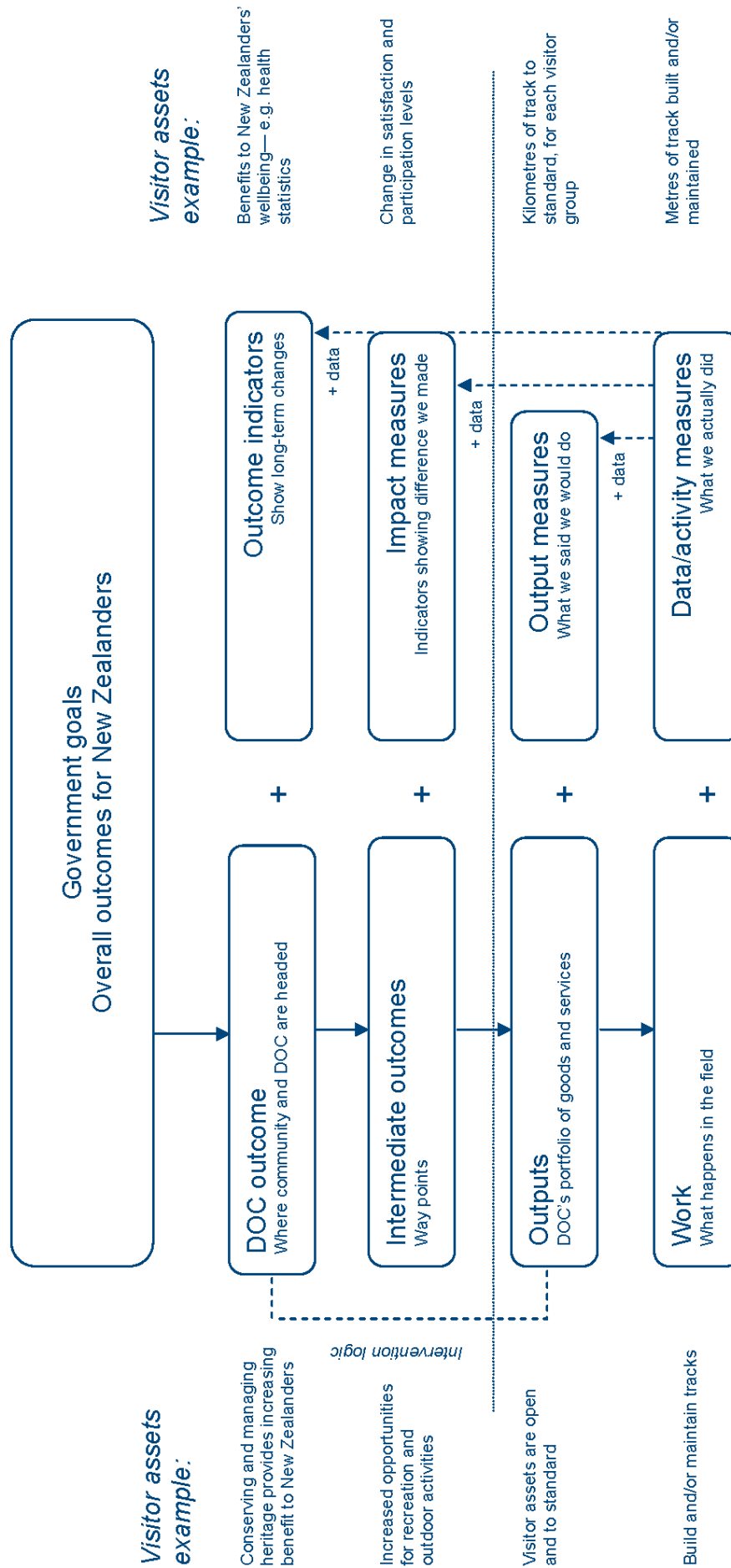


Figure 2. A visitor assets example showing the links between outcomes and outputs in the Department of Conservation.



## **Demonstrating performance and effectiveness**

Each year, when delivering on the Government's priorities and working towards the Department's outcome, the Department strives to deliver value for money and ensure its finite resources are directed to priority work. Because it recognises that getting measurable evidence of improvements takes time, it has embarked on a long-term process to develop and report on cost-effectiveness throughout its operations, and this approach is most advanced in the natural heritage side of the business.

To demonstrate performance and effectiveness, this annual report provides information on the main interventions for each of the three levels—outcome, intermediate outcomes and outputs:

- Multi-year progress towards the outcome is reported using three high-level national indicators—section 4.
- Multi-year progress towards each of the seven intermediate outcomes is reported through indicators specific to each—sections 5-9.
- Delivery of the outputs is reported via annual 'statements of service performance'. These tables are spread throughout the report.

The report also includes some of the initiatives taken during 2008-2009 towards the progress of the intermediate outcomes and in response to the Government's priorities.

## **Taking a long-term view**

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

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

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

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

Wherever possible, and taking into account the varying stages of its measurement systems, this annual report places the work of 2008-2009 into the context of the Department's medium- and long-term priorities for each intermediate outcome to show how annual outputs are helping to achieve the outcome in a cost-effective way.

## **Learning and improving**

During 2008-2009, the Department made some improvements to its outcome and intermediate outcomes for natural heritage, historic heritage and recreation, and these are reflected in the *Statement of Intent 2009-2012*. The changes reflect the Department's commitment to listen to the Government, business and communities, and develop and improve how it tries to achieve the outcome.

The outcome and intermediate outcomes set out in the *Statement of Intent 2008-2011* are reported against in this annual report.

### 3. The outcome statement, intermediate outcomes and outputs

#### 3.1 THE OUTCOME STATEMENT

The outcome statement expresses the value that the Department works to add over the longer term.

Conserving and managing New Zealand's natural, historic and cultural heritage provides increasing benefit to New Zealanders

'Benefit to New Zealanders' encompasses environmental, economic, social and cultural benefits.

Environmental and economic benefits flow from sound management of our natural areas. These include the life-sustaining ecosystem services on which our lifestyle and prosperity depend, and the foundation that public conservation lands and waters provide for domestic and international tourism, and for the businesses that support and complement tourism.

Social benefits are the physical, mental and spiritual benefits people derive from outdoor activities, including doing conservation work, and visiting and/or learning about New Zealand's natural, historic and cultural heritage. Benefits flow from simply knowing that natural, historic and cultural heritage is conserved.

Cultural benefits include the opportunities that the conservation of places, plants and animals provide for Māori, as tangata whenua, to exercise kaitiakitanga with respect to the natural world and cultural sites, and to maintain and revitalise cultural practices. Cultural benefits include the contributions that conservation makes to 'being a New Zealander', including the benefits of connecting to places and to the past.

These combined benefits not only enhance the lives of individual New Zealanders and their families, but also contribute to the viability and resilience of local communities, and to New Zealand's international reputation. Together they determine our prosperity.

'Increasing' benefit signifies a change in state is required. Increasing benefit to New Zealanders includes increasing New Zealanders' recognition of the values attached to conservation. This in turn will result in more support for conservation activities in the future.

## 3.2 THE SEVEN INTERMEDIATE OUTCOMES

In 2008–2009, the Department worked towards achieving the outcome through seven intermediate outcomes (see Figure 1). These are:

1. The ecological integrity of managed sites is maintained or restored.
2. The security of threatened species unique to New Zealand, and most at risk of extinction, is improved.
3. Examples of the full range of New Zealand's ecosystems are conserved.
4. A representative range of historic and cultural heritage is conserved and interpreted.
5. New Zealanders increasingly engage in conservation.
6. New Zealanders have increased opportunities for recreation and outdoor activities.
7. Business opportunities consistent with conservation outcomes are enabled.

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

### Allocations

In broad terms, the direct resources (including staff costs, but excluding overheads) allocated to each intermediate outcome in 2008–2009 are shown in Table 1. Analysing performance reports and assessing trends and progress against these intermediate outcomes, over time, will help the Department to identify if resources are being assigned to provide the most effective value for money.

TABLE 1. BROAD RESOURCE ALLOCATIONS BY INTERMEDIATE OUTCOME, 2008–2009 (EXCLUDING OVERHEAD ALLOCATIONS).

INTERMEDIATE OUTCOMES	APPROXIMATE RESOURCE ALLOCATION 2008–2009
1. The ecological integrity of managed sites is maintained or restored.	\$84 million
2. The security of threatened species unique to New Zealand, and most at risk of extinction, is improved.	\$35 million
3. Examples of the full range of New Zealand's ecosystems are conserved.	\$9 million
4. A representative range of historic and cultural heritage is conserved and interpreted.	\$5 million
5. New Zealanders increasingly engage in conservation.	\$30 million
6. New Zealanders have increased opportunities for recreation and outdoor activities.	\$50 million
7. Business opportunities consistent with conservation outcomes are enabled.	\$25 million

### 3.3 DEPARTMENTAL OUTPUTS

The work the Department does (the outputs it delivers) is described here by the output groups shown in Figure 1:

1. *Pest, weed, and fire management*: This covers managing and responding to threats to species and ecosystems. This includes maintaining an effective fire management capacity; surveying and monitoring the impacts of pests and weeds; and eradicating and controlling pests and weeds, including newly established organisms that pose a threat to indigenous biosecurity.
2. *Biosecurity*: This work covers the Department's biosecurity effort in support of MAF Biosecurity New Zealand<sup>4</sup>, which aims to help prevent the entry and/or establishment of new organisms that pose a threat to New Zealand's native biodiversity; and to reduce the unwanted damage caused by harmful organisms that have established in New Zealand.
3. *Regional pest management strategies*: This involves controlling regional priority pests and weeds<sup>5</sup> that occur on conservation lands, which may cause problems for neighbouring landowners, as outlined in regional pest management strategies developed and implemented by regional councils and unitary authorities under the Biosecurity Act 1993.
4. *Restoration*: This involves restoring ecosystems that have been degraded, damaged or destroyed, both on the mainland and on offshore islands. It includes restoration and maintenance of the six approved 'mainland island' sites.<sup>6</sup>
5. *Species management*: This includes actions to support the survival of populations of targeted threatened species. It also includes working with the fishing industry to mitigate adverse effects of commercial fishing on protected species.
6. *Legal protection: terrestrial and marine protection*: This includes formal legal protection of land, and freshwater and marine places, including protection to benefit species. Tools used are purchases; Crown land allocations such as tenure review; riverbed allocations; covenants; kawenata; and gifts. It includes supporting landowners to protect natural heritage on their land. This work also implements the Marine Protected Areas Policy. Within that policy, the Department establishes and manages marine reserves.
7. *Resource Management Act 1991 advocacy*: This includes encouraging others to protect places and species with natural, recreational, historic or cultural values that lie outside protected areas. In some cases it includes requiring others to protect these values. It includes Resource Management Act 1991 responsibilities relating to the New Zealand Coastal Policy Statement, regional coastal plans, and other plans that cover the coastal marine area.
8. *Historic site management*: This involves actions to improve the overall state of managed historic sites on public conservation lands and waters. It includes actions directed at both threats and opportunities. Where practical, sites are made more accessible to visitors. Not included are sites where the only management activity is fencing.

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<sup>4</sup> MAF Biosecurity New Zealand is the lead agency for all pre-border, border response and most national-scale pest-led work. National-scale work includes work to eradicate or contain pests at a national level.

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<sup>5</sup> As defined in discussions with regional councils and unitary authorities.

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<sup>6</sup> The six mainland islands are: Trounson Kauri Park Restoration Programme; Northern Te Urewera Ecosystem Restoration Project; Boundary Stream Mainland Island; Paengaroa Mainland Island; Hurinui River, South Branch; and Rotoiti Nature Recovery Project.

9. *Participation*: This involves providing people with ways to make a difference for conservation by giving their time, expertise, and/or goods and services. Interventions delivered by the Department include volunteer programmes; collaboration/partnership programmes (with community groups, tangata whenua, business and other organisations); consultation; and supporting others to achieve their own conservation initiatives by sharing skills and knowledge.
10. *Education and communication*: This is about helping people to connect with conservation and its full value and benefits through education and communication, and through this, building understanding of, and support for, conservation. Interventions delivered by the Department include: working with the media; education initiatives; and providing information through the internet, publications and multi-media formats.
11. *International obligations*: This involves contributing to international conservation initiatives and obligations through international committees, agreements and conventions.
12. *Recreation management*: This involves providing information, facilities and access to enable people to do outdoor activities on public conservation lands and waters. The network of managed assets includes huts; tracks; campsites; structures; roads; car parks; and visitor centres. It includes using a planning framework to link different types of recreational opportunities, from urban settings to remote wilderness sites, and different types of information provision with the different needs, expectations and abilities of defined visitor groups.
13. *Business opportunities management—recreation/tourism concessions*: This involves services associated with managing recreation and tourism concessions and concession applications. It includes allowing recreational and tourism concessions to operate where they increase the range of such opportunities and are compatible with the protection of natural, cultural and historic values, and visitors' enjoyment. It includes monitoring and recording any adverse conservation impacts.
14. *Business opportunities management—other resource use concessions*: This involves services associated with managing non-recreation concessions and concession applications. It includes allowing non-recreation concessions to operate where they are compatible with the protection of natural, cultural and historic values, and visitors' enjoyment. It includes monitoring and recording any adverse conservation impacts.
15. *Conservation policy advice*: This covers policy advice, submissions and legislative proposals to the Minister of Conservation, the Director-General, and other government agencies. It includes biosecurity, strategic and policy advice, and Treaty of Waitangi and foreshore and seabed negotiation advice.
16. *Servicing the Minister and statutory and ministerial bodies, and statutory planning*: This work includes providing correspondence reply, coordination and information services to the Minister of Conservation and the Department; and preparing, reviewing and monitoring conservation management strategies and national park management plans. It also includes providing services to conservation-related statutory and ministerial bodies.

## 4. The outcome statement—measuring progress

The outcome towards which the Department works is:

Conserving and managing New Zealand's natural, historic and cultural heritage provides increasing benefit to New Zealanders

### How we measured progress towards the outcome

The Department monitors three indicators to show its progress towards the outcome:

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

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

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

A report on this indicator is due this year, but the third iteration of the LCDB is not yet complete, which means maps are not available. The Ministry for the Environment is developing a business case detailing the process and costs associated with production of LCDB3. As part of this, it is consulting the Department, along with other stakeholders.

If the database is available, this indicator will be reported in the next annual report, and then every 5 years.

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

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

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

The next report is due in 2011.

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

This indicator has been developed from the 2006–2007 values survey and a conservation values monitor trial, reported on in the annual report for the year ended 30 June 2008. The indicator will be further developed as a repeatable survey, to track changes over time.

The results to date suggest that New Zealanders attribute high value to conservation. In both 2006 and 2008, around 80% of those surveyed considered conservation as 'extremely important' or 'very important' to them. The most highly valued outcomes in both surveys were 'preserving natural land and water habitats', 'protecting national parks and nature reserves', and 'protecting native plants and animals'.

The next report is due in 2010.



## 5. Report against operating intentions: Natural heritage

Optimising effort is a primary objective of the Department's medium- to long-term work towards the three natural heritage intermediate outcomes. This forms part of the Department's long-term process to develop and report on cost-effectiveness throughout its operations.

The natural heritage management system (NHMS) is a multi-pronged programme of work to develop tools that will help the Department select the highest priority outputs, and will ensure resources are spent in the most cost-effective way to deliver the greatest long-term conservation benefit.

NHMS is designed to create a nationally consistent, scientifically sound system of natural heritage management, which enables prioritisation and planning, and enables achievement to be monitored. Fundamental to NHMS is:

- Soundly-based outcome measures and accurate and efficient data collection.
- Better integration of data both within the Department and with other agencies (such as regional councils and local authorities).

Development and implementation of NHMS is being done progressively over a number of years, with tools put into operational use as they become available. One of the first tools, 'operational activities', allows staff to spatially define and report on field programmes as part of the geographical information system (GIS) and reporting systems. The prioritisation tool for species security (intermediate outcome 2) has been built and the associated work prescriptions are being validated. The same formula is being used to develop a prioritisation methodology for ecosystems to support the work in intermediate outcomes 1 and 3.

The longer-term aim is to develop NHMS into a system shared with others to contribute towards national planning and reporting on the state of New Zealand's biodiversity across the whole country, not just areas managed by the Department.

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### Intermediate outcome 1

### **The ecological integrity of managed sites is maintained or restored**

#### *What we are seeking to achieve and why*

The aim is to, as far as possible, maintain or restore marine, terrestrial and freshwater sites on public conservation lands and waters to a healthy, natural functioning condition. This condition is described as 'ecological integrity'.

Restoring and maintaining ecological integrity on public conservation lands and waters is a key means of addressing the ongoing depletion of New Zealand's natural heritage. This is a long-term exercise. Sites on public conservation lands and waters provide security for these enduring efforts, along with opportunities to develop and apply knowledge which can then be applied more widely to the conservation efforts of others.

Natural heritage is preserved for its own sake and to help to maintain options for current and future New Zealanders. This work is part of the Department's contribution to the New Zealand Biodiversity Strategy, and delivers economic, social, cultural and environmental benefits.

Where feasible, the Department will encourage others to be involved.

### ***What we did to achieve this—actions in 2008–2009***

A particular contribution to this intermediate outcome is the optimisation model being built to help select which ecosystems to manage in order to deliver optimal outcomes in the most cost-effective way. This includes marine ecosystems.

The model has two main parts:

- Creating an inventory and classifying ecosystems, and ranking them according to biodiversity values. During the year, new classification systems were developed for lakes, rivers, wetlands and threatened environments.
- Identifying and costing the management requirements for these ecosystems.

These factors (biodiversity values, and feasibility and costs of management) are then combined to identify the highest priority sites for ongoing management.

Another critical area is ongoing development of a national monitoring framework to clearly link the interventions made with outcomes achieved. This will enable the Department to report on key biodiversity features and how they are changing nationally, and demonstrate the cost-effectiveness of its work. The framework is described in the *Statement of Intent 2009–2012* (section 3.1.1).

This framework was piloted during the year, and the proposed sampling strategy was tested to determine its feasibility and affordability, and to resolve methodological issues. Three of the 12 measures are included in the Ministry for the Environment's carbon measurement system, to be progressed over the next 5 years. Refinement of site outcome monitoring standards was continued at mainland islands and wetland restoration sites, and work continued on the inventory and monitoring toolbox. The latter supports the framework by establishing national standards for biodiversity inventory and monitoring in terrestrial and freshwater environments.

Further reporting options will come from the findings and recommendations of research projects funded through the cross-departmental research pool, particularly: 'How do trends in "ecosystem composition" along environmental and disturbance gradients reflect changes to whole ecosystems?'

The monitoring and reporting framework includes development of a marine reserve monitoring framework. This will enable the Department to report on the ecological integrity and biological trends in marine reserves at a national level. Work during 2008–2009 included developing and promulgating shallow water monitoring guidelines; trials to identify cost-effective methods for deep water monitoring; and developing guidelines for storing monitoring data.

Along with the NHMS development work, ongoing improvements to general management activities, particularly pest management, are critical to this intermediate outcome. During 2008–2009, a complete inventory of known tools

to control pests and weeds was achieved. Future investigations will focus on their efficacy and acceptability. This work is being undertaken in conjunction with MAF Biosecurity New Zealand, as part of its role in leading the nation's biosecurity activities.

Successful field trials of the humane new stoat and cat toxin, paraaminopropiophenone (PAPP), were undertaken. Dossiers for the chemistry and manufacturing, toxicology, efficacy, ecotoxicology and non-target impacts, and welfare were filed with the New Zealand Food Safety Authority in 2008, and the Environment Risk Management Authority in 2009. The successful registration of PAPP's new active ingredients will be the first registration in the field of vertebrate pest management since brodifacoum and cholecalciferol were developed in the 1970s and 1980s. PAPP represents a quantum leap in humaneness for vertebrate pesticides, as well as improved target specificity.

#### SOME HIGHLIGHTS

- The international Global Restoration Network named five sites or projects managed by the Department among its 25 top ecological restoration projects in Australasia—Mana Island, Tiritiri Matangi Island, the Fiordland Islands, Te Urewera Mainland Island and the Rotoiti Nature Recovery Project. Each has benefited from a spectrum of activities to restore biodiversity to an area.
- In Wellington Conservancy, an integrated planning process was developed and each area office prioritised its actions to optimise conservation across the Conservancy. Once the NHMS prioritisation tool is complete, the Conservancy's actions will be integrated into the national tool.
- In Southland, NHMS developments, improvements to the geographical information system (GIS), and use of the 'operational activities' tool to map pests and activities allowed increased effectiveness and significant savings in field operations. Examples include controlling possums and marram grass on Stewart Island/Rakiura, and eradicating deer from Secretary Island.
- A suite of online and field-based biodiversity training courses are now being delivered to staff and the community through departmental and external providers.

#### ***How we measured progress towards the intermediate outcome***

The Department monitors the following indicators:

Tracking changes in indigenous vegetation cover on conservation land by environment type

This indicator uses the Land Cover Database (LCDB) which was described in section 4 in relation to the outcome indicator. The baseline was developed and first reported on in the year ended 30 June 2006.

Because a report on this indicator depends on completion of LCDB3 (discussed in section 4), maps showing changes in native vegetation cover protected on conservation land by environment type are not available for this annual report.

This indicator will be tracked in the next report, and then every 5 years, subject to a suitable landcover database being available to all stakeholders.

### Tracking changes in the size-class structure of selected indigenous dominants in particular places within forests on conservation land

This indicator measures trends in the structure and composition of forests that can show the influence of pest species, as distinct from other drivers influencing native plant populations. It is due for reporting in June 2011. In the meantime, development work for this indicator and two others ('representation of plant functional species' and 'demography of plant functional types, such as aquatic plants and palatable plants') has been undertaken as part of a 3-year work programme with Landcare Research. This is part of the development of NHMS outlined above.

### Monitoring the status of, and trends in the condition of, the marine reserves managed by the Department

This indicator is part of an ongoing programme of monitoring marine reserves. It is being further developed to improve national consistency through the marine reserve monitoring framework (outlined above).

In 2008–2009, monitoring programmes were undertaken in 15 marine reserves geographically spread across New Zealand. These results, along with previous monitoring, demonstrate that following protection, populations of species within marine reserves continue to recover towards more natural behaviour, population sizes and age structures:

- The size and number of exploited species within marine reserves increase.
- Reproductive output increases within marine reserves due to the greater abundance and spawning biomass, mean age and body size of previously harvested species.
- Primary productivity within marine reserves is increased though more abundant macro-algal communities.
- Habitat, community structure and entire ecosystems recover.

For example, a meta-analysis study showed that blue cod were *bigger* in 9 out of 10 monitored New Zealand marine reserves, and *more abundant* in 8 of 11 monitored reserves; while lobsters were *bigger* inside marine reserves in 12 of 13 studies, and *more abundant* in 11 of 14 studies. The rate of recovery of lobsters within marine reserves has been variable, but it is high in several monitored reserves—e.g. Cape Rodney to Okakari Point, Te Angiangi and Te Tapuwae o Rongokako. At the latter reserve, lobster abundance increased at a rate of more than 30% per year of protection, and after 4 years of protection research catches were up to 50 times higher within the reserve than outside.

Marine reserves may also provide for more resilient populations. For example, lobsters have been demonstrated to be less affected by a handling-related bacterial infection in a marine reserve, in comparison with the surrounding fishery.

Increase in biosecurity and/or pest management responses by Biosecurity New Zealand to incursions/pests adversely affecting conservation values, as a direct response to the Department's biosecurity advice and advocacy

This indicator was reported for the first time in the annual report for the year ended 30 June 2006.

During 2008–2009, Cabinet agreed to transfer most of the Department's biosecurity functions to MAF Biosecurity New Zealand, so this biosecurity indicator is no longer relevant.

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## Intermediate outcome 2

## The security of threatened species unique to New Zealand, and most at risk of extinction, is improved

### *What we are seeking to achieve and why*

#### SECURITY OF THREATENED SPECIES FROM EXTINCTION—FIRST BASE

The aim is to secure the most threatened native species from extinction with available resources. Species included are those that are rapidly declining or have extremely small populations. Work priorities are weighted to value those species that are found only in New Zealand and/or that are taxonomically unique. Cost-effectiveness is also considered in priority setting.

'Security' is distinct from 'recovery'. The first security step is to ensure that at least one population of each priority species is protected such that the Department is confident the species will be present as a viable population in 50 years. Security, once achieved, means options remain open to recover threatened species at further sites in their former range.

The Department is increasingly focusing on achieving security of the greatest number of unique species that have the shortest time to extinction. This approach is necessary given that there are more than 2000 indigenous species of plants, animals and other life forms threatened with extinction<sup>7</sup>. The Department's existing work programme focuses on approximately 10% of these. Excluded from much of the protection work are data deficient species, those for which there is not sufficient information to establish their threat category.

Securing New Zealand species most at risk of extinction is part of the Department's contribution to the New Zealand Biodiversity Strategy, as well as fulfilling its functions under the Wildlife Act 1953 and the Conservation Act 1987. This work prevents extinctions of valued species and keeps open future options for these species, such as preserving their role in indigenous ecosystems, and helping maintain options for current and future New Zealanders. This work delivers economic, social, cultural and environmental benefits across all of New Zealand.

#### LONG-TERM THREATENED SPECIES RECOVERY—SECOND BASE

Securing species from extinction is only the first step; the Department also intends to ensure longer-term recovery of threatened species. Longer-term recovery aims to ensure each priority species is present and viable on a 300-year time frame. Work under this objective buffers against longer-term potential threats, such as climate change and the consequences of narrowing genetic diversity within a species.

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<sup>7</sup> Hitchmough, R.; Bull, L.; Cromarty, P. (Comps) 2007: New Zealand Threat Classification System lists—2005. Department of Conservation, Wellington. 194 p.

Because resources are limited, it may not be possible or desirable to achieve longer-term recovery of species until much of the priority security-from-extinction work is completed.

Where feasible, the Department supports others' involvement in delivering this intermediate outcome. For example, through the Biodiversity Funds (see section 7) and its involvement with BNZ Save the Kiwi Trust, the Department actively supports private landowners and community groups working with species such as kōkako, blue duck/whio, Otago grand skink and kiwi.

### ***What we did to achieve this—actions in 2008–2009***

Three main development projects support optimised delivery within this intermediate outcome:

- An inventory of data deficient species is under way to collect information that will enable threat classification of these species. During the year, progress was made in assessing 1400 data deficient species, which should enable approximately 200 to be threat classified and prioritised. Previously there was insufficient information to classify and rank these species.
- Reassessment of the threat status of marine, terrestrial and freshwater species using the New Zealand Threat Classification System is under way, to update their relative risk of extinction and priority for management regarding risk of loss. The reassessment programme began in 2007, when the New Zealand Threat Classification System methodology was reviewed to improve its usefulness, remove confusing language and create more accurate distinctions between 'threatened' species and 'at risk' species<sup>8</sup>. One taxonomic group is reassessed at a time, and all groups are covered over a 3-year cycle. In the first year, plants, birds and fungi were reassessed. This year, the threat status of frogs, reptiles, bryophytes, freshwater fish, marine mammals, algae and marine invertebrates were reassessed. In 2009–2010, the threat status of bats, lichens, marine fish, and terrestrial and freshwater invertebrates will be reassessed.
- Decision tools are being built that prioritise which population of which species to manage first for a stated resourcing level.

The prioritisation tool to secure threatened species from extinction has been built and its work prescriptions are being validated. Discussions are under way as to the best means to introduce and use the tool, taking account of the nature and scale of the changes that may flow from it.

The tool promotes cost-effectiveness by providing a rank order list of species and their management prescriptions which reflect the best combination of what is most urgent, most unique, most cost-effective, and has the most chance of success. It covers all c. 2100 threatened species, with specific prescriptions produced for approximately 680 at greatest risk of extinction. This is well beyond the 10% of currently listed threatened species that are part of the Department's existing work programme.

During 2008–2009, work began on a second prioritisation tool to maximise the number of species that can be 'recovered' for any stated resource level. This second tool will cover the same suite of threatened species as for the security-from-extinction objective. Data were collected to help define the tool's objectives, definitions and underpinning criteria.

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<sup>8</sup> 'At risk' species are not considered highly threatened. The revised New Zealand Threat Classification System includes three categories under 'threatened' ('nationally critical', 'nationally endangered' and 'nationally vulnerable'), and four categories under 'at risk' ('declining', 'recovering', 'relictual' and 'naturally uncommon').

## ASSESSING EFFECTIVENESS—USING SPECIES AS INDICATORS OF WIDER BIODIVERSITY BENEFIT

The Department is researching whether efforts to intensively manage threatened species deliver wider biodiversity benefits. That is, how much does threatened species work contribute to the natural heritage intermediate outcomes related to ecosystems? The research project will also provide interpretation about which species are the best indicators of such benefits.

The project is funded by the Government's cross-departmental research programme. In 2008–2009, long-term multi-species monitoring datasets were identified for a range of taxonomic groups at intensively managed sites. Statistical analyses are being developed to test which species are the best indicators of population trends under a range of management scenarios; a large forest bird dataset is being used as a test case. In 2009–2010, such analyses will be applied to a greater range of datasets to address this question more fully.

### MARINE SPECIES

To reduce the impacts of commercial fishing on protected marine species, the Department continued to deliver science and educational products and engage with a diversity of stakeholders, including other government agencies. This included the delivery of the Conservation Services Programme, which is funded through levies under the Fisheries Act 1996 to support research into the effects of commercial fishing on protected species and mitigation of those effects. Areas of work included:

- Research on marine protected species interactions with commercial fisheries.
- Identification of management needs and tools for reducing bycatch of marine protected species in commercial fisheries.
- Engaging with, and providing support to, the commercial fishing industry on implementing management measures for bycatch reduction.

### SOME HIGHLIGHTS

While development of the threatened species prioritisation tools progresses, the Department is continuing its ongoing targeted recovery projects and programmes to achieve security and recovery for threatened species:

- Ngā Whenua Rāhui's Ngapukeariki mainland island project, in the East Coast/Hawke's Bay Conservancy, celebrated its most successful kōkako breeding season. Eight chicks fledged, bringing the total number to 19 since the species' release in 2005.
- A successful trial of the 'Sky Ranger' remote monitoring system, in conjunction with new smart transmitters, using fixed-wing aircraft, led to the West Coast *Tai Poutini* Conservancy's best rowi breeding season so far. The rowi is New Zealand's rarest kiwi species. The new monitoring technology, developed in conjunction with Wildtech NZ Ltd, allowed cost-effective monitoring of nesting activity, so that eggs and chicks could be removed to Willowbank Wildlife Reserve as part of BNZ Operation Nest Egg™.

- A new population of *Hebe breviracemosa*, the Kermadec koromiko, was discovered to contain more than 350 individual plants at all life stages. This is one of several wild populations now known and indicates that the species has recovered from being 'critically endangered', most likely due to the removal of goats and rats. In just 26 years, the Kermadec koromiko has gone from being officially listed as 'extinct' to a probable 'recovering' status.
- In the Otago Conservancy, the lowland longjaw galaxias, a freshwater fish species, was successfully bred and raised in captivity for the first time.
- Wanganui Conservancy made a significant contribution to the natural heritage components of the Horizons Regional Council's 'one plan', providing for the protection of endangered species and habitats on private land.
- Tongariro/Taupo Conservancy worked with private managers on the Poronui Station, providing support and training in how to survey and monitor the small-scaled skink (which is in serious decline).
- Monitoring showed 'threatened' populations of scarlet mistletoe (*Peraxilla colensoi*) are being maintained as a result of possum control operations in the Okuru, lower Landsborough, Haast River and Abbey Rocks areas on the West Coast.
- The Department completed the Wildlife Protection Review. It has recommended change to the protection status of 1 frog, 2 reptiles, 21 native terrestrial invertebrate, and 5 marine fish species, 20 bird species or genera, and 2 orders of corals; and updated 47 other entries in the schedules. Final decisions will be released in 2009–2010. Recommendations on Canada geese were finalised by the Department.
- Success with the kākāpō breeding programme added 33 recruits, bringing the population to 124.

### ***How we measured progress towards the intermediate outcome***

The Department monitors four indicators:

- Tracking changes in the number of extinct species or subspecies (both confirmed and assumed extinctions)
- Tracking changes in the threat classification status of managed 'acutely threatened' species or subspecies
- Tracking changes in the threat classification status of managed 'chronically threatened' species or subspecies
- Tracking changes in the threat classification status of 'at risk' species or subspecies

These indicators are due for reporting at 30 June 2011. The reports will show the threat status across all taxonomic groups (plants, animals and other life forms) at a point in time.

In the meantime, work continues on assessing the threat status of species using the New Zealand Threat Classification System as outlined above.



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**Intermediate  
outcome 3****Examples of the full range of New Zealand's ecosystems are  
conserved*****What we are seeking to achieve and why***

The aim is to conserve a network of ecosystems that represent the full range of New Zealand's terrestrial and marine natural heritage. Effort is focused on examples of each ecosystem type not already adequately represented on public conservation lands and waters. This conserves a wide range of species and the natural systems that sustain them. Conserving ecosystems is achieved by legally protecting examples, and by supporting others in their efforts to manage the key threats and restore natural systems. This complements the work being undertaken on public conservation lands and waters in intermediate outcome 1.

Conserving examples of the range of ecosystems is a key means of addressing the ongoing depletion of New Zealand's natural heritage. This work is part of the Department's contribution to the New Zealand Biodiversity Strategy. Ecosystems are preserved for the value of the life-forms they sustain and the value of the systems as a whole, and to help maintain options for current and future New Zealanders. Managing ecosystems will also deliver ecosystem services (such as flood protection, and water and soil quality protection) which are of economic, environmental, social and cultural benefit to the New Zealand public.

The Department will work with and support the efforts of others to conserve ecosystems.

***What we did to achieve this—actions in 2008–2009***

Because some of New Zealand's most rare and threatened ecosystems are now found only on private land, effort focused on protecting examples of each ecosystem or landscape type not already adequately represented on public conservation lands and waters. Protection was achieved by legally protecting examples, and by supporting others in their efforts to manage the key threats and restore natural ecosystems.

This work is supported by the development of ecosystem classifications and an ecosystem optimisation tool, as outlined under intermediate outcome 1.

**ACHIEVING LEGAL PROTECTION AND SUPPORTING OTHERS TO PROTECT  
NATURAL HERITAGE**

The Department provides services for several independent funds, which each play a major role in protecting and maintaining New Zealand's rare ecosystems on lands outside public conservation areas. Their achievements, while independent of the Department, are referenced below as they each contribute to the intermediate outcome of conserving the full range of New Zealand's ecosystems.

Further information on the performance of the Nature Heritage Fund, Ngā Whenua Rāhui, the Biodiversity Condition and Advice Funds, and the Community Conservation Fund is provided in *Vote Conservation: Te Papa Atawhai: Report in relation to selected non-departmental appropriations for the year ended 30 June 2009*, presented to the House of Representatives pursuant to section 32A of the Public Finance Act 1989.

## BIODIVERSITY FUNDS

The Biodiversity Condition and Advice Funds, jointly administered by the Department and the Ministry for the Environment, continued to support private landowners, community groups, companies and local authorities to manage and enhance indigenous biodiversity on private land. Two funding rounds were completed with more than \$3.5 million funding allocated to 187 projects during the year. A further \$4.3 million from landowners and other funders resulted in a total investment of \$7.8 million in biodiversity protection on private land.

## COMMUNITY CONSERVATION FUND

The Community Conservation Fund was for community groups undertaking restoration projects on public land. Two funding rounds were held and \$1.01 million was allocated to 46 projects in the first funding round, which opened at the Fund's launch in September 2008. The second funding round, which closed on 17 June 2009, will allocate the balance of Year One money. This will be the final allocation, due to a budget decision to withdraw funding.

## TERRESTRIAL AND FRESHWATER BIODIVERSITY INFORMATION SYSTEM PROGRAMME

The Terrestrial and Freshwater Biodiversity Information System (TFBIS) supports the conservation of New Zealand's indigenous biodiversity by increasing awareness of, and access to, fundamental data and information about terrestrial and freshwater biota and biodiversity. The TFBIS programme allocated \$1.197 million to 17 biodiversity data and data management system projects. In addition, funding of further work on a multi-agency New Zealand Organisms Register was approved, which will have significance for both biodiversity and biosecurity management.

## NATURE HERITAGE FUND

Four significant purchases were made by the Nature Heritage Fund. All met New Zealand Biodiversity Strategy priorities for the protection of biodiversity on private land. The Nature Heritage Fund has now protected 339 553 hectares, at an average cost of \$452 a hectare:

- **Waituna, Southland:** 241 hectares of wetland next to the Toetoes Conservation Area and Waituna Scientific Reserve.
- **Nancy Tass, West Coast:** 296 hectares of river terrace, forest and wetlands adjoining the Nancy Clearing Ecological Area and Granville Forest Conservation Area in the Ahaura Valley.
- **Shearer Swamp, West Coast:** 65.7 hectares of wetland next to the Waikoriri Conservation Area, near Kakapotahi.
- **Spittle Hill, Canterbury:** 53 hectares of tussock land with rare endangered plants and limestone rock formations, adjoining the Kura Tawhiti Conservation Area.

Another significant purchase was the Government's decision to buy St James Station—78 399 hectares of tussock land and forest near Hanmer, Canterbury. This purchase drew on the Fund in both 2008–2009 and for the next 5 financial years, as well as a contribution from Vote Land Information New Zealand (LINZ). The purchase meets the New Zealand Biodiversity Strategy's priorities for protection.

## NGĀ WHENUA RĀHUI

- Twenty kawenata agreements were formally signed off by the Minister of Conservation, the most in any year—16 native bush areas (7290 hectares) and 4 wetland sites (18 hectares).
- Forty-seven further sites were in the negotiation process, representing 23 439 hectares.
- Pest operations were conducted on 44 000 hectares—10 sites for feral goat control and 2 sites for possums.
- Biodiversity inventory monitoring, using NHMS tools and nationally approved protocols, was conducted on 11 sites covering 47 717 hectares of private land.
- Ecosystem restoration is under way on 4 wetland, 11 wetland/bush and 4 duneland sites. An additional 6 wetland sites are being assessed and are scheduled for active management in 2009-2010.

## COASTAL AND MARINE

### Achievements included:

- Facilitating the release by community forums of consultation reports for marine protection options around the subantarctic islands and on the west coast of the South Island.
- Preparatory work for marine protected areas planning in the Southern Biogeographic Region and in the Northeastern Biogeographic Region.
- Further work towards finalising outstanding marine reserve applications for Tawharanui and Akaroa.
- Developing an inventory and gap analysis with the Ministry of Fisheries, to help identify further areas that meet the Marine Protected Areas Policy protection standard.
- Raising awareness of pressures on the marine environment, and ways in which the public and industry can work to reduce these.
- Comprehensively classifying the Bay of Plenty marine environs according to the Marine Protected Areas policy habitat classifications.
- In Nelson/Marlborough, continuing to work with Te Korowai o Te Tai o Marokura (Kaikoura coastal marine guardians) to develop a marine protection strategy for the Kaikoura Coast.

## SOME HIGHLIGHTS

- The Department worked with the Ministry for the Environment:
  - To respond to enquiries from local government on the National Priorities for the Protection of Biodiversity on Private Land.
  - To develop the national environmental standard on freshwater.
  - To identify water bodies that are nationally important for biodiversity and habitat reasons, as a precursor to considering protection options under the Government's programme to improve water management, 'New Start for Freshwater'.
  - On an improved regulatory regime for managing the environmental effects of activities in New Zealand's exclusive economic zone.

- In Otago, advocacy packages about values on private land were updated and supplied to planning and landscape professionals in the region.
- Northland Conservancy continued its campaign to reduce the deliberate and careless lighting of rural fires, which, if out of control, threaten key ecosystems on public and private land.
- Arawai Kakariki, the national wetland restoration programme, uses a whole-of-catchment approach to protecting the Ramsar-listed Waituna Wetlands from the effects of intensified dairy production. The Department has been working with the Awarua-Waituna Advisory Group and, in the last year, provided grants to help complete 54 kilometres of riparian fencing in the Waituna Lagoon catchment.

### *How we measured progress towards the intermediate outcome*

The Department monitors the following indicators:

Tracking trends in the percentage of the most at risk environment types (freshwater and terrestrial) under legal protection from year to year

This indicator uses the Land Environments of New Zealand (LENZ) database<sup>9</sup>. Monitoring is focused on:

- Percentage of lowland forest areas in protection

This was reported for the first time in the annual report for the year ended 30 June 2006, and is reported annually since.

The Department's definition of lowland forest area includes all forest at or below 500 metres altitude. Lowland indigenous forest on public conservation land covers 2.38 million hectares, which represents about 28% of the total land administered by the Department. About 64% of all lowland forest in New Zealand is protected on public conservation land. Other forms of protection (e.g. Ngā Whenua Rāhui and Queen Elizabeth II covenants) account for an additional 2.4% of lowland forest. There has been little change in the degree of protection provided by public conservation land status for lowland forests through land acquisition initiatives up to 30 June 2009.

- Percentage of wetland areas in protection

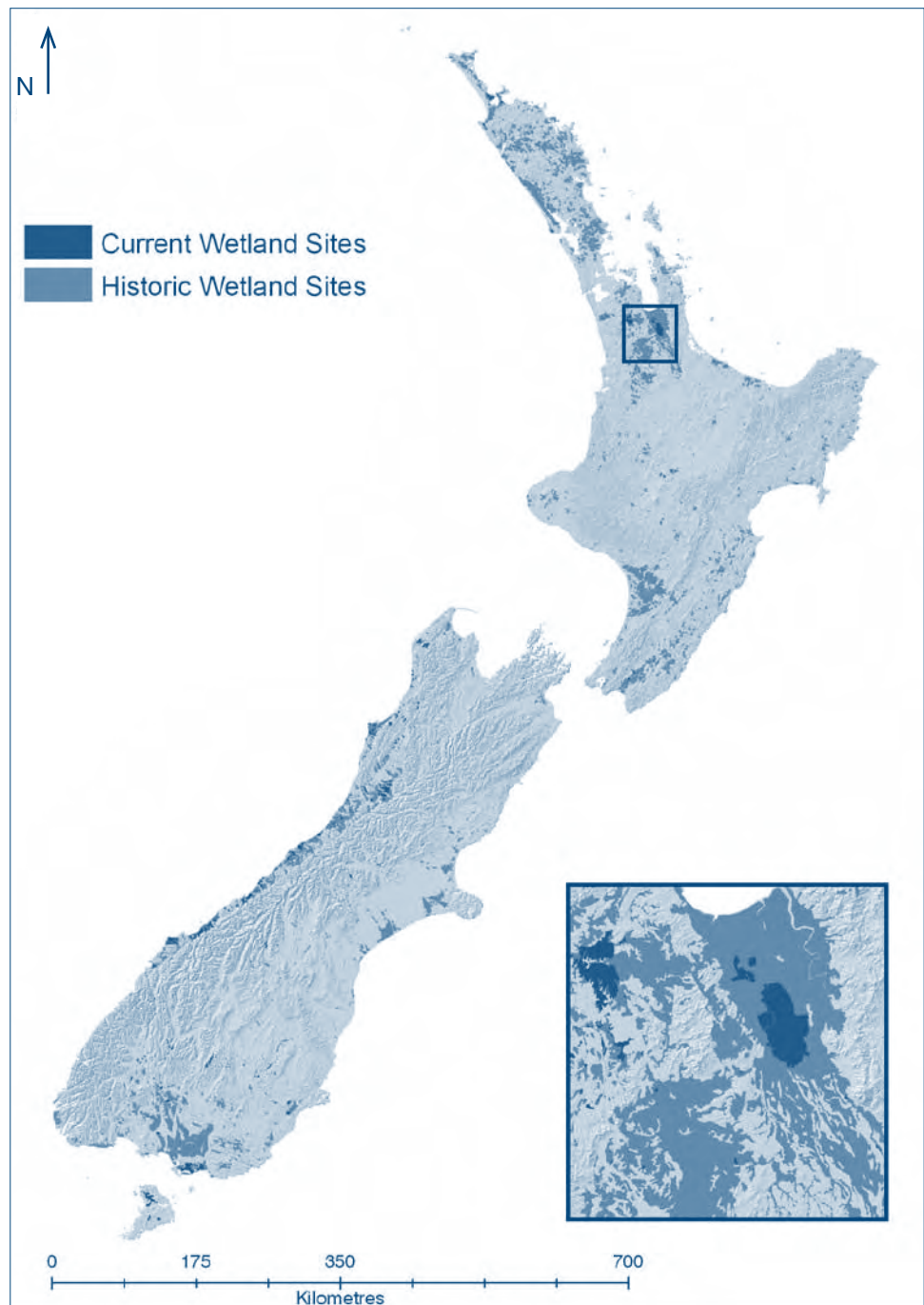
This was first reported in the annual report for the year ended 30 June 2008.

Wetland habitat loss in New Zealand has been dramatic—around 90%. The extent of loss is greatest in the North Island (about 95%), with about 85% loss in the South Island. Most remaining wetlands are degraded in condition, including losses of native plants and animals. Of the total of 7000 wetlands (249 776 hectares) mapped nationally, about 63% (157 000 hectares) are protected on land administered by the Department. Other forms of protection (e.g. Ngā Whenua Rāhui and Queen Elizabeth II covenants) account for an additional 1168 hectares.

Over the past year, the Department has built on the initial mapping of the current and former extent of palustrine (marshy, swampy) and inland saline wetlands (where these are larger than 0.5 hectares for each type), by refining the information and the associated priority rankings. This will make the information suitable for distribution to other stakeholders. See Figure 3.

<sup>9</sup> The LENZ database is described earlier in this report.

Figure 3. Extent of freshwater wetlands in New Zealand.



Progress of regional planning forums to implement the Marine Protected Areas Policy to establish a network of marine protected areas that is comprehensive and representative of New Zealand's marine habitats and ecosystems

<sup>10</sup> Ministry of Fisheries; Department of Conservation 2008: Marine protected areas: classification, protection standard and implementation guidelines. Wellington, New Zealand. 54 p.

This indicator is reported for the first time in this annual report.

This indicator tracks the progress of community-based marine protection planning forums in accordance with the *Marine protected areas: classification, protection standards and implementation guidelines*<sup>10</sup>. The forums are the key approach to planning for protection in the coastal marine environment, and are

to be implemented independently in the 14 biogeographic regions that form the basis of protected area planning in the coastal marine environment.

In 2008–2009, the Department worked closely with the Ministry of Fisheries to support two community-based marine protection planning forums:

- The Subantarctic Marine Protection Planning Forum agreed to consult on two options for marine protection, which include new marine reserves for each island group (i.e. Antipodes, Campbell and Bounty Islands). The consultation report was publicly released in June 2009, with 8 weeks for comment.
- The West Coast Marine Protection Forum has refined a list of potential sites as candidates for protected area status, and began public consultation on a package of marine protected areas in June 2009.

This indicator will not be reported on again, as monitoring progress towards comprehensive and representative marine protection has been incorporated into the new natural heritage reporting system outlined in the *Statement of Intent 2009–2012*, where it is incorporated under objective 5: Improving ecosystem representation.

#### STATEMENT OF SERVICE PERFORMANCE 2008–2009: NATURAL HERITAGE

2008–2009 PERFORMANCE MEASURES AND TARGETS	NATIONAL COMMENTARY <sup>11</sup>
Fire control	
11 conservancies will operate within a fire response/action plan published in accordance with the National Departmental Fire Plan.	10 conservancies operated within a fire response/action plan published in accordance with the National Departmental Fire Plan.  This is lower than the target due to the disestablishment of East Coast/Hawke's Bay Conservancy and amalgamation of constituent parts with Bay of Plenty Conservancy and Wellington Conservancy (in effect 3 conservancies have become 2).  While the restructuring was not officially implemented until 1 July 2009, to maintain fire coverage the new East Coast Bay of Plenty Conservancy assumed responsibility for the new fire jurisdictional boundaries in the latter half of the 2008–2009 financial year.
2 conservancies will operate within the Fire Plan of a Rural Fire District.	2 conservancies operated within the Fire Plan of a Rural Fire District.  While a number of conservancies had partial coverage under a Rural Fire District plan, only Southland and West Coast <i>Tai Poutini</i> Conservancies operated fully under a Rural Fire District plan.  Conservancies with only partial Rural Fire District coverage were excluded from this measure.

*Continued on next page*

<sup>11</sup> The Department considers that target performance has been achieved when the output is within a tolerance level acceptable for the nature of the operation. For field operations, this is generally within plus or minus 5% of the projected performance target.

2008–2009 PERFORMANCE MEASURES AND TARGETS	NATIONAL COMMENTARY
<b>Pest and weed control—possums</b>	
244 400 hectares of land will receive treatment this year for possums.	<p>187 562 hectares of land received treatment this year for possums.</p> <p>Discussions with external authorities have resulted in a medium-sized operation (10 500 hectares) in Wellington Conservancy being reconfigured and planned for 2009–2010.</p> <p>Weather delayed operations in Tongariro/Taupo Conservancy (5800 hectares) and will extend the operation into 2009–2010.</p> <p>Operations in West Coast <i>Tai Poutini</i> Conservancy targeted at both possums and rats have been delayed to coincide with beech masting (when beech trees seed). This amounts to approximately 20 000 hectares.</p> <p>A further reduction in treatment came from reducing two operations in size to avoid known kea territories (Southland Conservancy), redirecting resources to higher priority, more resource-intensive possum operations (Nelson/Marlborough and Waikato Conservancies).</p>
1 078 100 hectares of land will be under sustained control for possums.	1 099 627 hectares of land was under sustained control for possums.
114 possum control operations will be undertaken with 90% of operations meeting their targets for operational success.	<p>101 possum control operations were undertaken this year.</p> <p>92 of the 101 operations undertaken (91%) met their targets for operational success.</p> <p>The number of operations overall was down due to the postponement and re-evaluation of operations as covered under 'hectares treated' above.</p>
<b>Pest and weed control—deer</b>	
339 900 hectares of land will receive treatment this year for deer.	<p>409 294 hectares of land received treatment this year for deer.</p> <p>An area of approximately 70 000 hectares had been omitted from the performance target in East Coast/Hawke's Bay Conservancy at planning time. While this area had been budgeted for at planning time, the treatment undertaken during the year has resulted in an apparent over-achievement in performance.</p>
681 900 hectares of land will be under sustained control for deer.	769 111 hectares of land was under sustained control for deer. This includes an area of approximately 70 000 hectares that had been omitted in East Coast/Hawke's Bay Conservancy at planning time, which was subsequently treated and is under sustained control for deer.
<b>Pest and weed control—goats</b>	
1 489 000 hectares of land will receive treatment this year for goats.	1 466 340 hectares of land received treatment this year for goats.
2 381 500 hectares of land will be under sustained control for goats.	2 388 567 hectares of land was under sustained control for goats.
<b>Pest and weed control—other terrestrial animal pests</b>	
<p>44 pest control operations will be undertaken against other terrestrial pests.</p> <p>The number that met the criteria for success set out in their programme plan will be reported at year-end.</p>	<p>42 pest control operations covering a range of animals (e.g. rats, mustelids, cats, rabbits and invertebrates) were undertaken.</p> <p>36 of those 42 operations met their targets for operational success. In the remaining operations covering a number of pest species, detection of survivors (and therefore results of the operation) will not be known within this reporting year.</p>

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2008–2009 PERFORMANCE MEASURES AND TARGETS	NATIONAL COMMENTARY
<b>Pest and weed control—aquatic animal pests</b>	
<p>7 aquatic animal pest eradication operations will be undertaken in treatable sites.</p> <p>The number that met the criteria for success set out in their programme plan will be reported at year-end.</p>	<p>5 aquatic animal pest eradication operations were undertaken in treatable sites this year.</p> <p>Nationally, very few aquatic operations are undertaken each year. Once targets are set, feasibility of undertaking operations may change due to a range of circumstances, e.g. change in land ownership, consent processes, wider distribution of the pest than first thought, and technical difficulties of undertaking the operation. These combine to limit the number of operations that actually take place—this year only 5 operations were completed.</p> <p>1 of the 5 operations undertaken met the criteria for operational success. Because of the scale of remaining operations, the Department's ability to detect residual populations is limited, and monitoring checks over the next 2 years will indicate operational success or failure.</p>
<b>Pest and weed control—weeds (including aquatic weeds)</b>	
<p>103 weed control work plans will be completed using a weed-led approach.</p> <p>The number that met the criteria for success set out in their programme plan will be reported at year-end.</p>	<p>99 weed control work plans were completed using a weed-led approach.</p> <p>52 met the criteria for success set out in their programme plans. For a number of weed species, success cannot be measured immediately as it takes into account reinfestation over subsequent seasons.</p>
<p>481 000 hectares of land will receive treatment this year for weeds using a site-led approach.</p>	<p>482 193 hectares of land received treatment this year for weeds using a site-led approach.</p>
<p>1 474 240 hectares of land will be under sustained weed control using a site-led approach.</p>	<p>1 496 788 hectares of land was under sustained weed control using a site-led approach.</p>
<b>Natural heritage restoration</b>	
<p>52 restoration programmes will be undertaken. 90% will meet the criteria for success set out in their programme plan.</p>	<p>53 restoration programmes were undertaken. 49 programmes (92%) met the criteria for success set out in their programme plan.</p>
<p>84 island biosecurity programmes will maintain a pest-free status.</p>	<p>86 island biosecurity programmes were in place, and 85 of these maintained a pest-free status.</p> <p>The pest-free status of the Hen and Chicken Islands (Northland Conservancy) was breached by a rat incursion and was managed by mounting an immediate extermination programme.</p>
<b>Species management</b>	
<p>164 'acutely threatened' species or subspecies will have improved security for one or more populations as a result of active species conservation programmes.</p>	<p>158 'acutely threatened' species or subspecies had improved security for one or more populations as a result of active species conservation programmes.</p> <p>Field or species conditions influenced progress across the remaining operations—e.g. a major wind fall on one site meant planned ground control was postponed until next year when aerial control will be used.</p> <p>In another operation, the target plants were destroyed by disease and new plants of the right size were not immediately available.</p>
<p>60 'chronically threatened' species or subspecies will have improved security for one or more populations as a result of active species conservation programmes.</p>	<p>57 'chronically threatened' species or subspecies had improved security for one or more populations as a result of active species conservation programmes.</p>

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2008–2009 PERFORMANCE MEASURES AND TARGETS	NATIONAL COMMENTARY
<p>24 'at risk' species or subspecies will have improved security for one or more populations as a result of active species conservation programmes.</p>	<p>22 'at risk' species or subspecies had improved security for one or more populations as a result of active species conservation programmes.</p>
<p>The Department will have achieved improved understanding of status and threats for 195 'acutely threatened' species or subspecies through survey monitoring and research.</p>	<p>The Department gained improved understanding of status and threats for 191 'acutely threatened' species or subspecies through survey monitoring and research. In one conservancy (Northland) resources were refocused on assisting the regional council with kauri dieback work. Poor field conditions contributed to postponement of work at a remote island site in Nelson/Marlborough Conservancy. The specialised nature of species work was also a factor in postponement of 2 programmes due to lack of skilled staff.</p>
<p>The Department will have achieved improved understanding of status and threats for 68 'chronically threatened' species or subspecies through survey monitoring and research.</p>	<p>The Department gained improved understanding of status and threats for 65 'chronically threatened' species or subspecies through survey monitoring and research. Delays in 3 programmes were due to lack of skilled staff, access issues with one landowner, and higher priority work (kauri dieback assistance to regional council).</p>
<p>The Department will have achieved improved understanding of status and threats for 26 'at risk' species or subspecies through survey monitoring and research.</p>	<p>The Department gained improved understanding of status and threats for 29 'at risk' species or subspecies through survey monitoring and research.</p>
<p>The Conservation Services Programme will meet its agreed performance criteria and milestones. Achievement will be reported at year-end.</p>	<p>The Conservation Services Observer Programme delivered 1133 days of coverage in 14 fisheries to monitor protected species interactions. Field projects were undertaken as part of population studies into New Zealand sea lions, white-capped albatrosses and black petrels, and results are being presented to stakeholders. New work included investigating ways to increase protected species monitoring coverage using electronic monitoring on inshore trawl vessels. Various protected species bycatch reduction projects were coordinated through a multi-stakeholder Technical Advisory Group, including the revision of the National Plan of Action—Seabirds, the Agreement on the Conservation of Albatrosses and Petrels, and other international agreements.</p>
<p>Legal protection of areas and sites</p>	
<p><b>Concurrence sought:</b> from the Ministry of Fisheries for the following approved marine reserve applications: <b>Aotea</b> (Gt. Barrier Island) 49 500 hectares</p>	<p>The <b>Aotea</b> (Gt. Barrier Island) marine reserve application concurrence was declined.</p>
<p><b>Applications with the Department of Conservation:</b> for further marine protection proposals at: <b>Akaroa Harbour</b> 530 hectares <b>Tawharanui</b> 400 hectares</p>	<p>Draft reports on both applications have been prepared and shared with the Ministry of Fisheries. Final amendments are in preparation and planned to be submitted to the Minister of Conservation before the end of the calendar year (2009).</p>
<p>1 278 774 hectares of marine areas will be gazetted and under sustained management during the year.</p>	<p>1 279 175 hectares of marine area were gazetted and under sustained management at year-end (33 marine reserves).</p>

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2008–2009 PERFORMANCE MEASURES AND TARGETS	NATIONAL COMMENTARY
37544 hectares of terrestrial environment legally protected during the year.	<p>20818 hectares of terrestrial environment were legally protected during the year.</p> <p>A number of purchase proposals around the country have been held up due to protracted negotiations and delays to surveys because of field conditions.</p> <p>Otago Conservancy reported that 4 tenure review properties (covering approximately 9000 hectares) expected to be completed were still under negotiation.</p> <p>NOTE: This excludes the St James purchase funded by the Nature Heritage Fund (78399 hectares).</p>

OUTPUT CLASS OPERATING STATEMENT 2008–2009: MANAGEMENT OF NATURAL HERITAGE

	ACTUAL 30/06/09 \$000	MAIN ESTIMATES 30/06/09 \$000	SUPP. ESTIMATES 30/06/09 \$000	ACTUAL 30/06/08 \$000
<b>Revenue</b>				
—Crown	151,023	145,399	153,787	133,716
—Other	9,872	12,282	12,384	10,576
<b>Total Revenue</b>	<b>160,895</b>	<b>157,681</b>	<b>166,171</b>	<b>144,292</b>
<b>Expenses</b>	<b>158,690</b>	<b>157,681</b>	<b>166,171</b>	<b>143,695</b>
<b>Surplus/(deficit)</b>	<b>2,205</b>	<b>0</b>	<b>0</b>	<b>597</b>

STATEMENT OF SERVICE PERFORMANCE 2008–2009: REGIONAL PEST MANAGEMENT STRATEGIES

2008–2009 PERFORMANCE MEASURES AND TARGETS	NATIONAL COMMENTARY
Crown pest/weed exacerbator costs	
16 regional pest management strategies with completed Crown exacerbator weed and pest programmes.	No variance against the Crown exacerbator weed and pest programmes were reported during the year.

OUTPUT CLASS OPERATING STATEMENT 2008–2009: REGIONAL PEST MANAGEMENT STRATEGIES

	ACTUAL 30/06/09 \$000	MAIN ESTIMATES 30/06/09 \$000	SUPP. ESTIMATES 30/06/09 \$000	ACTUAL 30/06/08 \$000
<b>Revenue</b>				
—Crown	3,064	3,049	3,064	2,059
—Other	7	0	0	3
<b>Total Revenue</b>	<b>3,071</b>	<b>3,049</b>	<b>3,064</b>	<b>2,062</b>
<b>Expenses</b>	<b>2,553</b>	<b>3,049</b>	<b>3,064</b>	<b>1,982</b>
<b>Surplus/(deficit)</b>	<b>518</b>	<b>0</b>	<b>0</b>	<b>80</b>

## 6. Report against operating intentions: Historic and cultural heritage

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

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

In keeping with this focus, the Department is working to integrate the systems that support its management of both recreation and historic assets. Its asset management information system (AMIS) will help achieve this. Over time, tools and information to categorise historic assets and identify the number in each category will become part of the system.

In the meantime, while tools do exist to prioritise historic assets, there are no 'live' datasets with which to report against the current indicators. The Department is developing new indicators and these will be reported against in the next annual report.

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### Intermediate outcome 4

### **A representative range of historic and cultural heritage is conserved and interpreted**

#### *What we are seeking to achieve and why*

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

Conserving and interpreting a representative range of historic and cultural heritage places will benefit New Zealanders by contributing to their knowledge of this country's diverse past, and through this, increase their sense of place, pride and national identity. The presence and use of historic and cultural heritage offers economic benefits through tourism, provides New Zealanders with opportunities to learn about and enjoy the nation's past, and provides Māori with opportunities to exercise kaitiakitanga and to maintain and revitalise cultural practices and identity.

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

### ***What we did to achieve this—actions in 2008–2009***

Working towards this intermediate outcome involves conserving both the stories (history) and the physical elements of human activity on public conservation lands and waters. Outside these areas, the Department has a role to advocate for historic conservation generally, and this also contributes to this intermediate outcome.

The Department manages a representative range of places with historic and cultural values, with priority given to 20 heritage sites identified as Icon sites. These tell a strong story about the 'Kiwi identity' to allow New Zealanders to connect with some of the great stories that contribute to their identity and trigger a greater interest and involvement in heritage.

Work towards this intermediate outcome is supported by capability building:

- Eight Historic Heritage Basic Principles training courses were delivered to 144 staff around the country. These build staff understanding of why conserving historic and cultural heritage is important, and explain the heritage management system and how to apply it.
- New easy-to-follow intranet pages were developed with basic information about managing historic heritage. This improved staff access to technical information and supports the training.
- An historic heritage incident register was piloted to help track how well the Department protects archaeological and historic sites from inadvertent damage caused by work programmes on land managed by the Department.

Part of the work is to make the public more aware of historic and cultural heritage sites and the experiences they offer. Because the internet is one of the most cost-effective ways to do this, the Department is working to increase information on its website about sites on conservation land.

#### **SOME HIGHLIGHTS**

- Development of eight Icon sites was progressed, including remedial work at Auckland's North Head Historic Reserve, publication of a comprehensive history of the Cape Brett Lighthouse, and upgrades and maintenance at Ruapekapeka Pa, Cape Reinga and the Cape Brett Lighthouse.
- The New Zealand Rail Heritage Trust presented the Department with a national award for its work restoring and developing the internationally acclaimed historic Denniston site, an Icon site. Work continues with the Buller District Council, Historic Places Trust, Friends of the Hill and the Denniston Heritage Trust. The focus was on technical planning and legal consents required to develop the underground mine experience. The site is an important visitor destination in the Buller region.
- The repatriation of 50 burials from Canterbury Museum to the Wairau Bar moa hunter site, an Icon site, was a significant milestone for Rangitāne o Wairau. The Nelson/Marlborough Conservancy conducted preliminary archaeological investigations, and provided strong support for the repatriation.

- In Waikato Conservancy, historic research and planning was done for a 60-kilometre Central North Island rail trail, using the former Ongarue and Piropiro tramways. This is an Icon site. The trail will contribute to the region's recreation and tourism sectors.
- Southland Conservancy has given priority to working with others to deliver on this intermediate outcome, and its role differs greatly depending on the circumstances of each project. Examples include working with iwi to draft a conservation plan for Hakapureirei (Sandhill Point), and working with Environment Southland, iwi and the Historic Places Trust on a coastal heritage inventory project.
- Archaeological surveys and assessments were conducted at Northland's Mahinepua Peninsula, the southern end of Urupukapuka Island and Smugglers Bay.
- Glory Cottage on Pitt Island, the oldest wooden building on the Chatham Islands and originally a shearers' hut, has been restored to its original state by volunteers.
- Further work has been carried out to protect the historic fabric of the military fortifications at Godley Head, in Canterbury. Asbestos roofing and guttering was replaced on the officers', sergeants' and warrant officers' messes, and the dry store and regimental headquarters, at a cost of \$700,000. Staff are currently working with the New Zealand Defence Cadets and the Godley Head Heritage Trust to restore and use the buildings.

### ***How we measured progress towards the intermediate outcome***

The Department monitors three indicators which cover the 12 000 known heritage sites on the lands and waters it manages. Of these, 656 are actively managed sites.

Change in the percentage of historic sites in 'improving', 'stable' and 'degrading' categories

This indicator is due for reporting in 2008–2009, but the Department is unable to provide this report. It requires changes to be made to AMIS and, due to other priorities, these were not able to be made. In addition, a decision was made to revise this indicator for 2009–2010 and beyond. The revised indicator, used in the *Statement of Intent 2009–2012*, is: 'Change in the percentage of key heritage sites that are classified as stable or deteriorating'. Work is currently under way on AMIS to enable reporting on the revised indicator, which will be reported in the annual report to 30 June 2010.

Change in the number of historic sites that meet ICOMOS standards

This indicator is due for reporting in 2008–2009 but the Department is unable to provide this report. The report requires changes to be made to AMIS and, as before, due to other priorities these were not able to be made. This indicator is discontinued for 2009–2010 and beyond.

### Change in number of sites for which key history has been safeguarded

This indicator is reported annually. As an indicator of this measure, the Department counts the number of heritage assessment reports completed to standard for the 656 sites that are actively managed. These reports preserve the stories, identify the values and make information available.

The intention is to safeguard key history at all 656 sites and, with current progress, it is expected the assessment reports for all key sites will take a further 3 years. Adding information to the internet is a new approach and, to date, 19 reports have been made available.

TABLE 2. THE NUMBER OF HISTORIC SITES WHERE HISTORY HAS BEEN SAFEGUARDED.

	2006-2007	2007-2008	2008-2009
Total key sites where heritage inventories have been completed	222	299	385

This indicator has been revised for 2009-2010 and beyond to include the publicly available internet reports. The revised indicator is: 'Increase in the number of key heritage sites at which core history is safeguarded, the values are identified and these values are communicated'. This will be reported on in the annual report to 30 June 2010.

In addition to the two revised indicators noted above, two new indicators were included in the *Statement of Intent 2009-2012*: 'Change in visitor numbers at Icon sites in the context of departmental and whole-of-New Zealand visitor numbers' (to be reported on annually), and 'Increase in New Zealanders' aspiration to visit Icon sites' (to be reported 5-yearly, beginning in 2013).

## STATEMENT OF SERVICE PERFORMANCE 2008–2009: HISTORIC HERITAGE

2008–2009 PERFORMANCE MEASURES AND TARGETS	NATIONAL COMMENTARY <sup>12</sup>
Historic heritage restoration	
40 historic or cultural heritage assets for which remedial work is completed to standard.	Remedial work was completed to standard for 41 historic or cultural heritage assets.
706 historic or cultural heritage assets for which regular maintenance work is on track to standard.	Regular maintenance work was completed to standard for 751 historic or cultural heritage assets.
124 historic or cultural heritage assessment reports completed to standard.	<p>86 historic or cultural heritage assessment reports were completed to standard.</p> <p>Canterbury Conservancy reported 12 cultural heritage assessment reports were not completed due to re-prioritisation of resources to higher priority work.</p> <p>Auckland Conservancy reported delays due to hold-ups in replacing key staff.</p> <p>Nelson Conservancy reported a reduction in the number of assessments completed due to re-directing resources to enable it to lead the nationally significant repatriation of kōiwi to the Wairau Bar archaeological site.</p> <p>East Coast/Hawke's Bay Conservancy reported a reduction in assessment reports due to re-directing resources to higher priority work—e.g. the Onepoto Conservation Plan.</p>

## OUTPUT CLASS OPERATING STATEMENT 2008–2009: MANAGEMENT OF HISTORIC HERITAGE

	ACTUAL 30/06/09 \$000	MAIN ESTIMATES 30/06/09 \$000	SUPP. ESTIMATES 30/06/09 \$000	ACTUAL 30/06/08 \$000
<b>Revenue</b>				
—Crown	5,554	5,554	5,554	5,899
—Other	153	477	477	172
<b>Total Revenue</b>	<b>5,707</b>	<b>6,031</b>	<b>6,031</b>	<b>6,071</b>
<b>Expenses</b>	<b>5,536</b>	<b>6,031</b>	<b>6,031</b>	<b>6,005</b>
<b>Surplus/(deficit)</b>	<b>171</b>	<b>0</b>	<b>0</b>	<b>66</b>

<sup>12</sup> The Department considers that target performance has been achieved when the output is within a tolerance level acceptable for the nature of the operation. For field operations, this is generally within plus or minus 5% of the projected performance target.

## 7. Report against operating intentions: Engagement

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

This work is supported by ongoing development of the organisation's marketing, communications and relationships systems, and its capability in this area (outlined in section 12.5).

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

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### Intermediate outcome 5

#### **New Zealanders increasingly engage in conservation**

##### *What we are seeking to achieve and why*

The aim is to deepen New Zealanders' awareness and understanding of the benefits and value of conservation, and their support for it including, but not limited to, the work of the Department. This will help build a national view of conservation as essential to New Zealand's future wellbeing, rather than simply 'nice to have'. As a result, the decisions and actions of New Zealanders, collectively and individually, will clearly reflect the significance of conservation to the nation's economic, social, cultural and environmental future.

The Department will work alongside others in the common cause of conservation. Synergies will be sought, information and expertise shared, and learning will be two-way. Others will see the Department as an open and enabling organisation that works collaboratively in the best interests of conservation.

The overall result is enhanced protection of New Zealand's natural, historic and cultural heritage, so that people can enjoy and benefit from it.

As New Zealanders develop greater awareness of conservation, they will gain a deeper understanding of the fundamental benefits and value it provides to New Zealand as a whole, including its economy. This will, in turn, enhance support for the ongoing protection of New Zealand's natural, historic and cultural heritage, allowing future generations to also enjoy those benefits and values.

Promoting awareness and understanding of, and support for, conservation contributes to the New Zealand Biodiversity Strategy.



## *What we did to achieve this—actions in 2008–2009*

### OPPORTUNITIES TO LEARN ABOUT CONSERVATION

- To raise awareness of conservation and New Zealand's special conservation places the Department ran, led or substantially contributed to more than 200 events and other activities during Conservation Week 2008. There were more than 20 000 participants in these events, and community groups led an additional 20 events.
- The Department ran, led or substantially contributed to 35 events of the 113 events organised in Seaweek 2009.
- The Department continues to work with the Real Theatre Company in Auckland to take *Perils of the Deep Blue Sea* and other interactive conservation theatre performances to large audiences of families and children, in association with education activities for schools and communities.
- The partnership with Television New Zealand's digital channel TVNZ6 to create the series *Meet the Locals* has been expanded from the original 150 to more than 200 four-minute mini-documentaries, showcasing every aspect of conservation in New Zealand. As well as showing on TVNZ6 and SKY Television, the series is on the TVNZ and Department of Conservation websites, and copies are held by all of the Department's visitor centres. An additional half-hour episode, to play during Conservation Week 2009, has been funded by TVNZ6.

### OPPORTUNITIES TO BE INVOLVED IN CONSERVATION

- The Department continued to work in partnership with more than 480 community groups, tangata whenua and associates, and more than 7000 individual volunteers, carrying out conservation work on public land and in support of its conservation programmes. An increasing number of young people, new immigrants and businesses were involved in conservation volunteering.
- In partnership with the BNZ Save the Kiwi Trust, the Department is supporting community efforts to protect kiwi. More than 70 community-based groups help protect kiwi on more than 50 000 hectares of private and public land.
- Inferences about the extent of public engagement in conservation can also be drawn from the continued high level of interest in conservation shown by private landowners. This is evidenced by the oversubscription of each funding round of the Biodiversity Condition and Advice Funds and the Ngā Whenua Rāhui Fund.

## EDUCATION PROGRAMMES FOR YOUNG PEOPLE

- In association with the Ministry of Education, teachers and educational specialists, the Department has begun developing a new conservation education framework and associated online learning activities for schools, aligned with the themes of the new school curriculum.
- The Department has been involved in several youth leadership programmes, providing emerging young leaders with conservation experiences and knowledge and then supporting them to take a leadership role as conservation advocates in their schools and wider community. One example is the Auckland Conservancy and Auckland Regional Council pilot project *Make a Difference (MAD) about Marine*. This involved 22 young leaders from 12 schools, who then initiated sustainability and conservation projects in their communities and schools. These reached more than 11 000 people in the area between Warkworth and Mangere, Botany Downs and Green Bay.
- In partnership with Heurisko Limited, the first LEARNZ virtual field trip was conducted in te reo Māori. *Whakamaakuu ou waewae - Wet your feet!* was delivered to more than 100 classes in May. Locals and freshwater experts shared knowledge about Northland's wetlands, streams and lakes in te reo Māori and English, stimulating learning and action by schools. Each year the Department funds six week-long interactive web-based LEARNZ field trips, reaching more than 20 000 students through the virtual classroom.
- A schools' wetland project was established in Rongokaupo Wetland, near Ohakune, in conjunction with Atihau Whanganui Incorporation, the Tongariro Natural History Society, Ohakune 2000 and local schools.

## INTERNATIONAL REPRESENTATION AND ADVOCACY

As the lead Government agency and/or technical advisor for a number of international conventions, the Department engages internationally and domestically in negotiating convention decisions, and ensuring their appropriate domestic implementation.

Staff use international meetings to showcase New Zealand's conservation expertise and contribute to best practice guidelines and science and technology transfer as it relates to conservation management.

The Department consulted with stakeholders to get input into the development of government positions for decision-making meetings on the following:

- Tenth Conference of Parties meeting for the Ramsar Convention on Wetlands, October–November 2008.
- IUCN (World Conservation Union) Congress, October 2008.
- Ninth Conference of Parties meeting for the Convention on Migratory Species, December 2008.

## SOME HIGHLIGHTS

- West Coast *Tai Poutini* Conservancy has worked with Westland Milk Products, the West Coast Regional Council, DairyNZ, West Coast Dairy Action Team and the Landcare Trust to improve riparian management and water quality around Franz Josef and Hokitika. Farmers are being encouraged to apply to the Biodiversity Condition Fund for support in whole-of-catchment protection, and there has been considerable interest in riparian protection.
- Otago Conservancy used sponsorship monies to coordinate and empower community leadership of jewelled gecko conservation on the Otago Peninsula.
- Abel Tasman National Park tourist operators and the community established the Abel Tasman Birdsong Trust to enhance native biodiversity in the area, including restoring South Island robins to Adele Island.
- The Minister of Conservation officially opened the upgraded Pukaha Mt Bruce National Wildlife Centre in March, marking the occasion by releasing a young brown kiwi into the forest. Improvements to the visitor centre have been funded by community grants and donations raised by the Pukaha Board, and are expected to boost visitor numbers by around 10%, to more than 40 000 people a year.

### *How we measured progress towards the intermediate outcome*

During 2008–2009, as part of its review of intermediate outcomes, the Department carried out initial scoping of future indicators. This work will be further developed in 2009–2010.

In the meantime, the following indicators were monitored:

Change in New Zealanders' understanding of important conservation issues

This indicator was reported for the first time in the annual report for the year ended 30 June 2006. It uses quantitative surveys, and is reported annually. Baseline data were established in 2006, and the Department now tracks trends in New Zealanders' understanding from year to year.

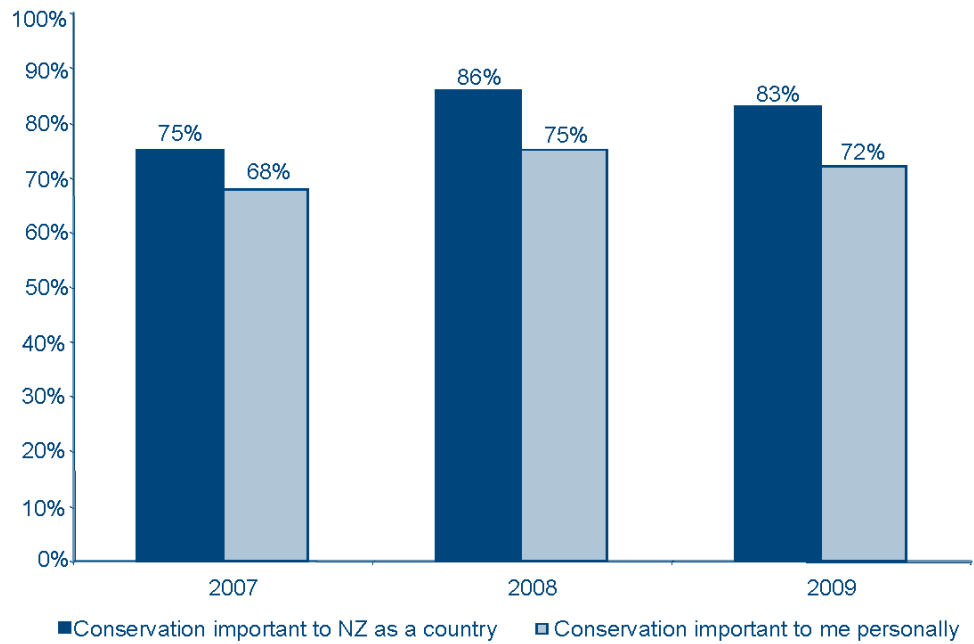
In mid-2009, 83% of New Zealanders surveyed stated that conservation as an activity is 'very important' or 'important' to New Zealand as a country. This is a similar result to 2008 (a statistically non-significant decrease of 3%). The proportion of people who stated that conservation is 'very unimportant' or 'unimportant' to the country also remained stable, at around 3% of people surveyed (see Figure 4).

Speaking from an individual perspective, 72% of people stated that conservation is 'very important' or 'important' to them—again a similar result to 2008.

Interestingly, more people stated that conservation is 'very important' to them in 2009 than in 2008 (a statistically significant 11% increase to 45%), and more stated that it is 'very unimportant' or 'unimportant' to them (a statistically significant 5% increase to 10%).

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

Figure 4. Percentage of people who believe conservation is 'important' or 'very important'.



Three of the same four conservation issues were identified by the public as being the most important in 2009 as in 2008. The two issues most mentioned in 2009 were 'pollution', up a statistically significant 4% to 41%, and 'the protection of native flora and fauna' (37%). 'Recycling' was identified as an issue by 32% of respondents, while 'the protection of waterways and wider marine areas' increased a statistically significant 9% to 30%—closer to its 2007 score of 37%. People first mentioned 'energy/fuel efficiency' as an issue in 2008 (28%). In 2009, this fell a statistically significant 7% to 21%.

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

Surveys of key associates provide feedback on the health of these relationships and the overall performance of the Department from the stakeholders' perspective. This indicator was reported for the first time in the annual report for the year ended 30 June 2006. It uses a telephone survey or interviews, and is reported annually.

In 2009, the research consisted of in-depth interviews with senior staff of 36 key stakeholder organisations—chief executive level or his or her direct reports.

Most stakeholders interviewed believe that the Department has significantly improved the quality of its engagement over the last 3–5 years. It is seen to be more willing to listen to and talk with stakeholders, and more willing to understand their needs and interests. Stakeholders believe that the Department has made a significant strategic shift from a pure protectionist conservation stance to a more participatory one, although they see a significant opportunity to further improve the level and quality of this engagement. Many stakeholders believe that improvements must continue to be made for the organisation to be aligned with its strategic direction.

Most stakeholders are optimistic about the future of their relationships with the Department, while expressing caution in terms of the constraints, both resourcing and legislative, that it faces.

Other initial findings are:

- Stakeholders have great relationships with the Director-General.
- Stakeholders have good one-on-one relationships with individuals in the Department.
- Stakeholders expect relationships will continue to improve—a result of what senior departmental managers are saying about the strategic direction, and because of processes such as the survey itself.
- Stakeholders question whether the Department has the will and/or ability to deliver on these new and raised expectations in the medium-to-long term.
- There are significant opportunities for the Department to bridge gaps and further improve the quality of its engagement with stakeholders.

The major relationship issues are:

- A lack of consistency in relationships and dealings with the Department.
- A lack of understanding of (and lack of willingness to understand) the context in which the stakeholder organisation is operating. Stakeholders believe the Department does not understand them and does not make any effort to do so, unless it is in its own interests.
- A lack of proactiveness by the Department in its interactions with key stakeholders.
- Issues to do with process, communications and responsiveness.

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

Surveys of tangata whenua provide feedback on the overall performance of the Department from the stakeholders' perspective. This indicator was reported for the first time in the annual report for the year ended 30 June 2006. It uses a telephone survey, and is reported annually.

In a mid-2009 telephone survey, Māori associates were asked: 'How satisfied are tangata whenua with the Department of Conservation's activities to assist them with their cultural relationships with taonga?'. Similar results to 2008 were recorded—31% stated that they are 'very satisfied', 42% stated that they are 'satisfied' and 23% stated that they are 'neither satisfied nor dissatisfied'.

Some see room for improvement, indicating a desire for more involvement in conservation. This includes opportunities for training and employment, co-management, and greater inclusion in the development of new policies. They would also like issues to be resolved more quickly.

A majority of respondents (65%) stated that the Department is performing 'very well' or 'well', while 23% said it is performing 'neither well nor poorly', and 12% said it performs 'poorly'.

Results indicate general satisfaction with the Department's performance and that it continues to make positive shifts in its work with Māori, but opportunity remains for further improvement.

## STATEMENT OF SERVICE PERFORMANCE 2008–2009: ENGAGEMENT

2008–2009 PERFORMANCE MEASURES AND TARGETS	NATIONAL COMMENTARY <sup>13</sup>
<b>Education and communication</b>	
233 education initiatives will be provided during the year, with greater than 70% of participants surveyed rating the initiatives as 'effective' or 'partly effective' at meeting their objectives.	342 education initiatives were provided during the year, with 644 out of 735 participants (88%) surveyed rating the initiatives as 'effective' or 'partly effective' at meeting their objectives.  Many conservancies have increased their efforts across the educational sector in line with the Department's strategy to increase awareness and engagement in conservation.
20602 work day equivalents will be contributed by people volunteering.	26 256 work day equivalents were contributed by people volunteering.  The Department's volunteer programmes continue to attract high numbers through initiatives that appeal to the public—e.g. pest control and species management work on islands, and hut warden work.
<b>Participation</b>	
442 partnerships will be run during the year, with greater than 80% of partners surveyed rating their contribution to conservation as 'moderate' or 'significant'.	515 partnerships were run during the year, with 249 out of 262 partners (95%) surveyed rating their contribution to conservation as 'moderate' or 'significant'.  Wanganui Conservancy reported a concerted effort on partnerships, reflected in its achievement of 93 partnerships—20 were targeted.
30% of the 442 partnerships involve tangata whenua.	27% (141 of 515) of partnerships involved tangata whenua.  Performance in this area was driven by achievements in Wanganui Conservancy, which reported a large increase in all types of partnerships (73 more than targeted). Although those involving tangata whenua also increased (26 partnerships, with 8 originally targeted), they could not match the increase in overall numbers of new partnerships.

## OUTPUT CLASS OPERATING STATEMENT 2008–2009: CONSERVATION WITH THE COMMUNITY (ENGAGEMENT)

	ACTUAL 30/06/09 \$000	MAIN ESTIMATES 30/06/09 \$000	SUPP. ESTIMATES 30/06/09 \$000	ACTUAL 30/06/08 \$000
<b>Revenue</b>				
—Crown	13,251	13,057	13,251	13,415
—Other	1,020	1,303	1,303	993
<b>Total Revenue</b>	<b>14,271</b>	<b>14,360</b>	<b>14,554</b>	<b>14,408</b>
<b>Expenses</b>	<b>13,784</b>	<b>14,360</b>	<b>14,554</b>	<b>13,748</b>
<b>Surplus/(deficit)</b>	<b>487</b>	<b>0</b>	<b>0</b>	<b>660</b>

<sup>13</sup> The Department considers that target performance has been achieved when the output is within a tolerance level acceptable for the nature of the operation. This is generally within plus or minus 5% of the projected performance target.

## 8. Report against operating intentions: Recreation and outdoor activities

The Department is moving from a focus on life-cycle management for visitor assets, to looking at how to build up and manage a portfolio of recreation assets and services that will deliver intermediate outcome 6 and the Government's goals for tourism and economic growth.

By looking at various economic and tourism scenarios, the Department has identified opportunities around the main international and domestic tourism flows and population centres. The destination management plan is reprioritising where recreation assets should be, based on financial modelling and tourism flows, and resources will increasingly be prioritised to increase the Department's responsiveness to domestic and international visitor flows.

At the same time, the Department is putting in place a national visitor monitoring implementation plan to assess the effectiveness and efficiency of current, unstructured monitoring programmes. Effective monitoring is vital to enable the effectiveness of programmes to be understood, and to inform good decision-making in the future.

The challenge for the future is to ensure we meet customers' needs and expectations in priority locations, resulting in more people participating in outdoor activities on public conservation land.

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### **Intermediate outcome 6**

### **New Zealanders have increased opportunities for recreation and outdoor activities**

#### ***What we are seeking to achieve and why***

The aim is to provide a range of outdoor opportunities to meet the needs and preferences of New Zealand's various communities, within the Department's capabilities. This includes recognising the particular relationship tangata whenua have with the outdoors and places. Recreation and outdoor activities cover the spectrum, from active participation (such as hunting, walking, tramping and motorised recreation), to passive enjoyment.

Recreation and other outdoor activities help maintain New Zealanders' mental, spiritual and physical wellbeing. By enabling others to become involved in using and/or providing recreation and outdoor opportunities on public conservation lands and waters, the Department will increase New Zealanders' support for enhanced protection of natural, historic and cultural heritage. This will, in turn, generate greater understanding and appreciation of the social, cultural and economic benefits and value this heritage brings to New Zealanders.

### *What we did to achieve this—actions in 2008–2009*

The Department continued to focus on maintaining a range of recreation and outdoor opportunities to enable diverse experiences on public conservation lands and waters, including coastal marine areas. This includes providing information about recreation and outdoor opportunities.

The Department continued to work with others to develop and maintain recreation and outdoor opportunities, consistent with its purpose and conservation values, and to share skills and information:

- A change to the Building Code and a new 'Means of Compliance' with the New Zealand Building Code for backcountry huts was agreed with the Department of Building and Housing. These changes will help ensure New Zealand's backcountry huts continue to be built and maintained at a standard that reflects the basic needs of the people using them.
- Sport and Recreation New Zealand (SPARC) has undertaken a review of outdoor recreation and developed a draft 'New Zealand Outdoor Recreation' strategy. The Department has supported this work, which aims to integrate the actions of the many organisations involved in providing outdoor recreation opportunities in New Zealand. The strategy has also informed the Department's own strategic planning for tourism and recreation opportunities, and the policy and drivers for the Department's investment in tourism and historic management. This Department planning work is still under way.
- Completing the National Visitor Monitoring Implementation Plan. This establishes clear priorities for monitoring activity, and describes the work under way from 2008–2010 to improve the effectiveness and efficiency of the Department's visitor monitoring effort.
- Developing policy to guide the Department's approach to managing risks visitors face when using public conservation lands and waters. Further, the Department developed a standard approach to identifying and recording hazards to visitors, and assessing the level of risk and whether a response is required.
- The Online Booking System (for recreation facilities and services) was substantively upgraded to include additional bookable facilities and enhance the booking process for existing facilities. This has proved successful with external agencies and the tourism industry, with revenue and visitor numbers increasing because of the extra publicity and ease of booking. A number of additional campgrounds and lodges will be available on the system before the 2009 summer season.
- The mobile in-field computing component of the Department's asset management information system (AMIS) went live in August 2008. The Department has been using in-field mobile computing for 10 years and is considered to be a world leader in the use of this technology for protected areas management. The implementation of this particular system (SAP Mobile Asset Management) as part of the AMIS project is the first in Australasia. This system enables 300+ staff to record work undertaken and the condition of facilities and assets while in the field, helping to ensure that managers have accurate and up-to-date data. The Department is now a reference site for other government agencies investigating mobile asset management solutions, and there is also private sector interest in its implementation.



## SOME HIGHLIGHTS

- Two new high country parks were established—Te Kahui Kaupeka and Oteake Conservation Parks. Both have been developed to provide visitor information, car parking and marked tracks. Existing musterers' huts have been inspected and will be brought up to standard. Oteake also provides four-wheel-drive opportunities.
- Tongariro/Taupo Conservancy worked with the Taupo Tramping Club to open two new tracks in the Kaimanawa Ranges.
- In the Bay of Plenty, the Department is encouraging a new range of recreational opportunities throughout the Whirinaki and Kaimai-Mamaku areas, to enhance the visitor experience and work on new initiatives, including mountain bike and four-wheel-drive tracks, and horse trekking.
- The purchase of more than 78 000 hectares of the St James pastoral lease opened this area for a host of recreational uses, including mountain biking, horse riding, rafting, kayaking, fishing and hunting. Of particular significance is access through the Waiiau Pass, between Nelson Lakes National Park and the St James Conservation Area. This is part of Te Araroa, and will be further extended by an additional track linking the St James Walkway to the Harper Pass route, effectively connecting the east and west coasts.

### ***How we measured progress towards the intermediate outcome***

The Department monitors one indicator:

Change over time in New Zealanders' participation in recreation on public conservation land and their satisfaction with the quality and range of recreational opportunities provided

This indicator is not due for reporting in 2008–2009.

For the years 2004–2005 and 2005–2006, the equivalent indicator tracked changes over time in visitor *satisfaction* with the range of recreation opportunities provided. That measure showed very high and stable levels of satisfaction, with 95% of people either 'very' or 'moderately' satisfied with their visit.

In 2007–2008, satisfaction with the range of recreation opportunities was not measured, but the indicator was extended to track New Zealanders' *participation* in recreation on public conservation land, and their satisfaction with the *quality* of recreational opportunities. Both participation and satisfaction levels were measured by a national telephone poll.

The change was driven by a need to measure the intermediate outcome more accurately—that is, participation is a better first-line indicator of 'access' than the satisfaction levels of people already on site.

In the *Statement of Intent 2009–2010* this indicator was discontinued and replaced by an indicator of participation, another of satisfaction, and a new indicator of awareness, all of which will be reported annually. The *participation* and *satisfaction* indicators will enable continuation of the trend information above, while the *awareness* indicator picks up another aspect of the Department's work to create opportunities.

2008–2009 PERFORMANCE MEASURES AND TARGETS	NATIONAL COMMENTARY <sup>14</sup>
Recreation opportunities management	
90% of 375 visitor recreation and interpretation publications will meet publication standard.	<p>82% (274 of 335) of visitor recreation and interpretation publications met publication standard.</p> <p>The Department continues to make steady improvement in the overall percentage of publications meeting the standard (30% were to standard in 2006–2007). The total number has reduced as publications are combined as stock numbers allow.</p> <p>Southland, West Coast <i>Tai Poutini</i>, and East Coast/Hawke's Bay Conservancies reported delays in recruiting/contracting and training staff to the level required.</p>
Asset management	
90% of 944 huts will meet the required service standard.	<p>954 huts were managed during the year. At year-end, 726 (76%) met the required service standard.</p> <p>All visitor asset programmes were behind this year due to work resolving issues arising from implementing AMIS. Implementation effects are also likely to have some impact in the 2009–2010 year.</p> <p>West Coast <i>Tai Poutini</i> and Tongariro/Taupo Conservancies reported that work continued with community groups managing several huts to ensure they comply with the Department's standards.</p> <p>Other conservancies reported that minor tasks to meet some huts' service standards (based on their category) had yet to be completed at year end—e.g. lack of signs due to difficulties in gaining access during the winter.</p> <p>Availability of trained inspectors was an issue raised nationally throughout the year, resulting in delays to inspections. This is being addressed as a priority in the 2009–2010 year.</p>
40% of 12 850 kilometres of tracks will meet the required service standard.	<p>12 993 kilometres of track were being managed at year-end, with 6 346 kilometres (49%) meeting the required service standard.</p> <p>A number of conservancies reported a concern that AMIS reports indicated their tracks were not to standard. This resulted in greater emphasis being placed on increasing field programmes and data checking across their track network. Later work on the criteria within AMIS corrected reporting anomalies and reduced the length of track to standard—nevertheless the effort conservancies had put in resulted in the Department exceeding the planned target.</p>
98% of 13 398 structures will meet the required service standard.	<p>The Department managed 13 604 structures at year-end, of which 12 293 (90%) met the service standard.</p> <p>Implementation issues arising from AMIS rollout have impacted on the progress of structure inspection programmes throughout the Department. There may be flow-on impacts for the 2009–2010 programme, but the Department continues to use operating reviews to ensure structures do not pose a risk to the public and staff. 86 structures remain closed.</p>
Business opportunities management—recreation concessions	
575 active one-off recreation concessions will be managed.	<p>471 active one-off recreation concessions were managed.</p> <p>Performance in this area is strongly influenced by external factors.</p> <p>Otago Conservancy reported a decrease due to poor economic conditions in the Lakes District.</p> <p>Southland Conservancy reported a reduction due to the implementation of the Fiordland National Park Management Plan, approved this year.</p> <p>West Coast <i>Tai Poutini</i> was the only conservancy that reported an increase in concession activity due to a strong local economy with relatively low unemployment and tourism growth.</p>

Continued on next page

<sup>14</sup> The Department considers that target performance has been achieved when the output is within a tolerance level acceptable for the nature of the operation. For field operations, this is generally within plus or minus 5% of the projected performance target.

2008–2009 PERFORMANCE MEASURES AND TARGETS	NATIONAL COMMENTARY
A target of 15% of active longer-term recreation concessions will be monitored annually.	The Department monitored 26% (270 of 1037) of longer-term recreation concessions.
1039 active longer-term recreation concession permits, licences, leases and easements managed.	1037 longer-term recreation concession permits, licences, leases and easements were managed.
<b>Business opportunities management—other resource use concessions</b>	
163 active one-off other resource use concessions will be managed.	133 one-off other resource use concessions were managed. Performance in this area is strongly influenced by external factors such as the economic recession, which tends to reduce other resource use activities. While most conservancies reported a decline in activities due to the tough economic conditions, West Coast <i>Tai Poutini</i> again reported an increase due to a strong local economy and a higher than expected number of one-off permits for activities associated with mining, gravel extraction and the Solid Energy New Zealand Carbon Sequestration Project in Buller.
A target of 15% of active longer-term other resource use concessions will be monitored annually.	The Department monitored 15% (414 of 2787) of longer-term other resource use concessions.
2670 active longer-term other resource use concession permits, licences, leases and easements managed.	2787 longer-term other resource use concession permits, licences, leases and easements were managed.

OUTPUT CLASS OPERATING STATEMENT 2008–2009: MANAGEMENT OF RECREATION OPPORTUNITIES

	ACTUAL 30/06/09 \$000	MAIN ESTIMATES 30/06/09 \$000	SUPP. ESTIMATES 30/06/09 \$000	ACTUAL 30/06/08 \$000
<b>Revenue</b>				
—Crown	101,340	107,449	101,340	101,710
—Other	20,669	20,557	23,572	18,777
<b>Total Revenue</b>	122,009	128,006	124,912	120,487
<b>Expenses</b>	121,048	128,006	123,112	119,200
<b>Surplus/(deficit)</b>	961	0	1,800	1,287

OUTPUT CLASS OPERATING STATEMENT 2008–2009: RECREATIONAL OPPORTUNITY REVIEW

	ACTUAL 30/06/09 \$000	MAIN ESTIMATES 30/06/09 \$000	SUPP. ESTIMATES 30/06/09 \$000	ACTUAL 30/06/08 \$000
<b>Revenue</b>				
—Crown	0	0	0	0
—Other	0	0	0	0
<b>Total Revenue</b>	0	0	0	0
<b>Expenses</b>	334	600	600	516
<b>Surplus/(deficit)</b>	(334)	(600)	(600)	(516)

## 9. Report against operating intentions: Business opportunities

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

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

The Department of Conservation is already moving in this direction—its strategic direction focuses on increasing the value that New Zealanders attribute to conservation, and the *Statement of Intent 2009-2012* promotes a culture in the organisation that enables this to happen.

One way to maximise the return on investment is to enable commercial activities on, or associated with, public conservation lands. The Department is moving to put in place a commercial framework to guide how it will engage with business and commercial activities.

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### Intermediate outcome 7

### **Business opportunities consistent with conservation outcomes are enabled**

#### *What we are seeking to achieve and why*

The aim is to achieve enhanced relationships with the business sector and to lift the benefits to conservation-related businesses, to the benefit of conservation.

Enhanced relationships will mean that concessionaires and businesses will see the Department as working constructively within the legislative framework, and being clear about the reasons for its decisions.

There will be increasing commitment from businesses, and in particular concessionaires, to minimise impacts on the natural environment, and to put effort back into conserving the environment on which they rely. The Department will work to support these efforts.

Businesses and industry groups will recognise that conservation is essential in providing substance to the '100% Pure New Zealand' brand, and in helping to provide the carbon offsets and healthy natural environments on which their international and domestic marketing will increasingly rely. This will be reflected in the actions and decisions of businesses.

New Zealanders will see conservation and prosperity as mutually supporting. There will be greater awareness of the employment and revenue that flows into communities from public conservation lands and waters, both directly from concessionaires and indirectly from associated service industries outside public conservation lands and waters. New Zealanders will value the contribution public conservation lands make towards the country's 'natural infrastructure'

by helping maintain and enhance water quality and quantity, soil structures and flood control, and by providing carbon offset opportunities.

By enabling concessions and business agreements, the Department contributes to the wider social and economic future of New Zealand and local communities.

Recreation concessions expand the available range of recreation and outdoor opportunities to accommodate a wider cross-section of New Zealanders.

By enabling non-recreation concessions such as grazing, telecommunications, and commercial filming, the Department demonstrates that it is administering public conservation lands and waters within its statutory functions, for the wider public good.

As New Zealanders become more aware of the economic dimension of conservation, and enjoy the wider range of outdoor opportunities that is enabled by concessions, New Zealanders will support enhanced protection of natural and historic heritage, and benefit further.

### ***What we did to achieve this—actions in 2008–2009***

Business opportunities are enabled through concessions and through business agreements:

- Concessions are granted under the Conservation Act 1987, Part 3B, which allows someone to carry out a trade, occupation or business on areas managed by the Department, or in relation to protected species (e.g. marine mammals). Statutory criteria apply, including provisions in statutory planning documents, and the purpose for which the area is held.
- Business agreements are partnerships, sponsorships and arrangements made for conservation purposes. They could relate to activities such as pest control, reforestation, recreational opportunities or communication initiatives.

The Department seeks effective relationships with concessionaires and those with whom it has business agreements.

Development work to support this intermediate outcome included the following:

- The Department began work on a commercial framework to provide strategic and tactical approaches to enable it to achieve intermediate outcome 7. In particular, this framework aims to provide a clear objective—to achieve more conservation by enabling business—and to describe the organisational style and culture required to do so. The framework will recommend a programme of work to realise the conservation benefits of better enabling business, and also drive the style and culture changes. The framework will be complete in early 2009–2010 and implementation will begin in that financial year.
- The Department continued to work proactively within the concessions legislative framework to reduce cost and uncertainty for concessionaires, while ensuring that conservation values are protected. A major aspect is development of the conforming non-notified process under which publicly available schedules provide details of acceptable activities and relevant conditions at specific locations. This approach will significantly improve the efficiency and effectiveness of low-impact concession processing—

delivering fewer costs for applicants, faster decision-making and greater certainty of outcome. During 2008–2009, conservancies worked to create ‘conforming activity schedules’ covering guided walking and tramping activities, and these will progressively go onto the website.

- The Department began a review of its regulatory processes, including concessions, to determine ways of making them more effective and efficient.
- The Department led a successful cross-departmental research pool bid to fund new research on biodiversity offsetting. Biodiversity offsets refer to conservation actions that compensate for unavoidable harm to biodiversity caused by economic development projects. Offsets result in no net loss and preferably a demonstrable net gain in biodiversity. The Department is working with the Ministry of Economic Development, Ministry of Agriculture and Forestry, Ministry for the Environment, and Land Information New Zealand. The project is intended to devise robust ways to measure impacts and offsets, and to develop ways to enable commercial conservation through offsetting schemes. Valued at \$1.68 million over 3 years, the research will unlock economic value to the commercial sector by increasing opportunities to operate on public conservation land or enter into business agreements with the Department, providing these are consistent with wider conservation outcomes.

#### SOME HIGHLIGHTS

- Visitor impacts were monitored on Auckland and Campbell Islands, with a view to increasing concession limits.
- The Department’s involvement with the Northland Tourism Development Group has highlighted the profile of concessions in the wider tourism sector and identified mutually beneficial opportunities for growth.
- Canterbury Conservancy is leading a nationwide process to review national concessions for the recovery of wild animals for food processing. The issue deals with the conflicting interests of helicopter operators, processing plants and recreational hunters. The first round of consultation is complete.
- Waikato Conservancy is working with Tourism Holdings Limited on sustainable tourism planning, and approved developments for its facilities at the Glowworm and Aranui caves.

#### ***How we measured progress towards the intermediate outcome***

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

Indicators will be developed as part of the implementation of the commercial framework in 2009–2010.

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

# 10. Report against operating intentions: Policy and planning, and ministerial and statutory body servicing

## 10.1 POLICY ADVICE

The Policy Group focuses on strategic policy with a 3-year or longer time frame, and contributes to the Treaty of Waitangi settlements process led by the Office of Treaty Settlements, and the foreshore and seabed agreements process led by the Ministry of Justice.

Advice is provided to ministers on major policy initiatives, Treaty of Waitangi and foreshore and seabed negotiations, and on proposals for amending legislation and regulations.

The Department's contribution to the settlement of historical claims under the Treaty of Waitangi is focused on recognising an iwi's traditional cultural association with public conservation land through cultural redress. Ongoing departmental relationships with iwi at the local level are a key feature of any settlement.

Sections of this report discussing the intermediate outcomes include specific policy contributions. Policy advice with a more general application across the natural heritage outcomes included the following contributions to whole-of-government processes:

- Resource Management Act call-in proposals, national policy statements and national environmental standards, aquaculture reform, and three Crown submissions at council hearings.
- Domestic and international climate change policies and measures, including providing a report on progress with forest carbon sink projects.
- The review of the bovine tuberculosis national pest management strategy (by evaluating the potential biodiversity benefits); and improving the system for managing established pests in New Zealand.
- Resolving outstanding jurisdictional issues in relation to freshwater fisheries management.

The Department provided advice to the Minister of Conservation to support his function of sustainable coastal management, including:

- Completing the review of the New Zealand Coastal Policy Statement. The Board of Inquiry submitted a report and a proposed Statement to the Minister of Conservation.
- Developing an offshore islands regional coastal plan covering the coastal marine area around the subantarctic islands and the Kermadec Islands.

## 10.2 MINISTERIAL SERVICES

The Department's Ministerial Services Unit operates from the National Office and the Minister's office. Annual reporting of this activity has traditionally been based on the work of the national office unit. However, growing public use of email communication has led to a significant volume of correspondence (most of it processed within the Minister's office). The numbers of email and mail transactions processed in this way are reported in Table 3.

TABLE 3. MINISTERIAL SERVICING.

	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
Ministerial correspondence*	1366	1682	1203	1678	991
Ministerial requests for information	317	394	456	526	580
Departmental submissions	455	365	338	355	336
Official Information Act requests to the Minister	78	81	72	87	49
Official Information Act requests to the Department	100	111	71	54	113
Parliamentary Questions for written answer	220	271	261	211	120
Email correspondence	-	10056	11 435	10 297	11 311
Mail correspondence	-	490	550	418	434

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

## 10.3 STATUTORY AND MINISTERIAL BODIES SERVICED BY THE DEPARTMENT

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

The New Zealand Conservation Authority'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 and national park management plans which set objectives for the Department's management of public conservation areas. This is discussed further in the next section. Members are appointed for a 3-year term and may be re-appointed. The current term of the Authority is 1 June 2008 to 31 May 2011.

There are 14 conservation boards, each with a defined geographical area and up to 12 members. The boards are involved in conservation planning, policy and management advice.<sup>15</sup>

The Department 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. Applications are assessed against the Fund's ecological criteria of representativeness, sustainability and landscape integrity. Also taken into account is the Statement of National Priorities

<sup>15</sup> A review completed at the end of the financial year reduced the number of North Island conservancies by one and as a result the number of conservation boards will reduce by one in 2009-2010.



for Protecting Rare and Threatened Biodiversity on Private Land (2007), as well as the spiritual and cultural values Māori associate with their lands. The Committee also allocates funds to increase tangata whenua participation in managing biodiversity in ways consistent with mātauranga Māori (customary knowledge).

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

Further information on the achievements of the Nature Heritage and Ngā Whenua Rāhui Funds is provided in section 5, in relation to intermediate outcome 3.

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

#### 10.4 STATUTORY MANAGEMENT PLANNING

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

A series of conservation management strategies identify the places the Department manages on behalf of New Zealanders, and establish 'outcomes at places' and high-level management objectives. These strategies are drafted by the Department in consultation with the relevant conservation boards, and others such as local authorities. Public consultation is also a critical part of this process. The conservation boards then send the drafts to the New Zealand Conservation Authority, which is responsible for approving conservation management strategies. Once approved, the conservation management strategies provide guidance to the Department for its management of public conservation lands and waters.

During the year, the New Zealand Conservation Authority was asked to approve the revised Bay of Plenty and West Coast Conservation Management Strategies. There was considerable debate between the Department and the New Zealand Conservation Authority over the degree of detail which should be included in a document with a 10-year lifespan.

The public was also engaged on the review of the Conservation Management Strategies for Waikato, Canterbury, Southland, Auckland and Northland Conservancies.

The New Zealand Conservation Authority approved the Abel Tasman National Park Management Plan. A draft national park plan for Rakiura, and reviews of the Mt Aspiring and Kahurangi National Park plans, are in the process of public engagement.

Conservation management plans for Te Tāpui Tokotoru (Bay Of Plenty) and Te Waikoropupū Springs (Nelson/Marlborough) have been approved.

## STATEMENT OF SERVICE PERFORMANCE 2008-2009: POLICY ADVICE AND SERVICES

2008-2009 PERFORMANCE MEASURES AND TARGETS	NATIONAL COMMENTARY <sup>16</sup>
Policy advice	
Policy advice will be provided in accordance with the work programme and to the quality standards agreed with the Minister.	The Department provided a range of policy advice to the Minister of Conservation. This was in accordance with the agreed work programme set by the Director-General, and the policy provided met the Minister's requirements. This year's primary focus has been on freshwater, coastal policy, climate change and natural resources sector development.
Ministerial servicing	
It is expected the Department will send 350-400 submissions to the Minister.	336 submissions were sent to the Minister.
It is expected the Department will receive 60-70 ministerial Official Information Act requests.	113 ministerial Official Information Act requests were received.
It is expected the Department will receive 300-350 Parliamentary Questions, with 100% meeting the ministerial deadline.	120 Parliamentary Questions were received with 100% meeting the ministerial deadline.

## OUTPUT CLASS OPERATING STATEMENT 2008-2009: POLICY ADVICE AND SERVICES

	ACTUAL 30/06/09 \$000	MAIN ESTIMATES 30/06/09 \$000	SUPP. ESTIMATES 30/06/09 \$000	ACTUAL 30/06/08 \$000
<b>Revenue</b>				
—Crown	6,397	6,219	6,397	7,151
—Other	121	530	530	458
<b>Total Revenue</b>	<b>6,518</b>	<b>6,749</b>	<b>6,927</b>	<b>7,609</b>
<b>Expenses</b>	<b>6,289</b>	<b>6,749</b>	<b>6,927</b>	<b>6,011</b>
<b>Surplus/(deficit)</b>	<b>229</b>	<b>0</b>	<b>0</b>	<b>1,598</b>

<sup>16</sup> The Department considers that target performance has been achieved when the output is within a tolerance level acceptable for the nature of the operation. This is generally within plus or minus 5% of the projected performance target.

# 11. Managing in a changeable operating environment

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

The Department's response is to work more effectively with what it has, and to be proactive in collaborating with others. This includes building on the increasing public interest in conservation and willingness to do conservation work, and building on the markets that are emerging around the 'clean and green' brand and carbon offsets.

The significance of the world economic downturn for the Department's work is yet to be fully realised. It is likely to put pressure on some concessionaires and associated tourism businesses. It may result in a decrease in sponsorships and other private sector contributions to conservation, and may put greater pressures on the natural environment from short-term extractive industries. There are, however, significant opportunities for the Department to contribute to New Zealand's economic prosperity, particularly as outlined in section 9.

Treaty of Waitangi settlement negotiations are changing the governance and management of some conservation areas. The practical implications of those agreements will be worked through as settlements are implemented. The Department sees both risks and opportunities in the settlement process.

Demographic forecasts indicate challenges and opportunities, both for staff recruitment and retention and for the ways the Department interacts with New Zealanders, who are becoming increasingly diverse and urban.

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

## 11.1 CORPORATE GOVERNANCE

The Department's corporate governance structure provides the direction, oversight and checks and balances necessary to retain high performance, manage risks and maximise opportunities, taking account of external factors such as those outlined above. Key aspects of the governance structure are outlined below:

- The Executive Leadership Team is made up of the Director-General and all eight general managers. The team meets each month for one day, and three times each year the meeting is extended by two additional high-level planning days. The team's purpose is to set strategy and culture, and provide cohesive leadership for the Department.

- The Risk and Assurance Committee is an independent committee of two external experts which meets quarterly. It receives reports from the Department's Chief Internal Auditor, and provides advice to the Director-General to help him exercise oversight of the integrity of the financial, operational, internal control, risk management and legislative compliance systems.
- The Finance Committee is chaired by the General Manager Corporate Services and includes four other general managers. The Committee is supported by the Chief Financial Officer. The Committee provides advice to the Executive Leadership Team on financial and business issues such as the Department's expenditure, long-term financial plans and strategy, and reporting against performance.
- The Information and Technology Business Committee is chaired by the General Manager Corporate Services and includes the Director-General, five other general managers, the Chief Information Officer, the Chief Financial Officer, the Chief Internal Auditor, and an external information technology expert. The primary objective is to ensure that information and technology governance is addressed in a structured manner, and to provide the advice necessary for the Executive Leadership Team to make informed decisions on information and technology issues.

## 11.2 THE DEPARTMENT'S RISK MANAGEMENT FRAMEWORK

Risk management is part of the accountability of all managers and staff, and is embedded in departmental systems through a risk management framework. This framework is reviewed regularly.

Each general manager runs a risk register for their own functional areas, and any critical risks are brought to the monthly meeting of the Executive Leadership Team (the Director-General and the eight general managers) and, if appropriate, placed on the Executive Leadership Team risk register.

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

Executive Leadership Team meetings include a joint environmental scan. This focuses both on key issues relating to each general manager's functional area, and on issues relevant, or potentially relevant, to the Department overall. Three times each year, the Executive Leadership Team meets for two high-level planning days. These include a more comprehensive environmental scan.

### ***Risk management in annual work planning***

The risk management system built into business planning specifies categories of risk specific to the Department's operating environment. Managers are required to identify potential risks and assess both the likelihood of the risk materialising and the possible consequences if it does. Risks are managed by selecting the best option, considering the potential cost of the risks involved and the aim of achieving work plan outcomes. Identifying and measuring risks, and developing mitigation options, are also part of the life cycle of any work plan, particularly when there is a major change in circumstances that will affect the work. The monthly operating reviews held between staff and managers regularly cover results achieved and risks encountered and mitigated in programme delivery—these reviews are an established management practice and well supported by both staff and managers.

### ***Health and safety***

The nature of the Department's work is inherently hazardous, both in the tasks undertaken and in the locations. To manage and mitigate these risks, accountability for health and safety is placed with line management. This allows line managers to exercise personal judgement, within a system of consistent procedures and guidelines. Health and safety management is further assisted by monitoring work units against management standards.

The Department pursues continuous improvement in the application of the risk management framework and is currently considering integrating its standard risk management practices with the health and safety management system.

## 12. Organisational health and capability

Efforts to develop the Department's organisational health and capability contribute to the Department's continued pursuit of excellence in conservation. These efforts are fully congruent with the six Development Goals for the State Services<sup>17</sup>, and support the four strategic approaches that the Department has identified to help deliver its strategic direction as outlined in section 1 of this annual report.

This section outlines the key capability initiatives the Department is taking.

### 12.1 LEADERSHIP CAPABILITY

#### ***What we are seeking to achieve and why***

The Department's *People Plan 2012* set the following organisational development goal:

- Grow leaders who motivate and support staff to move in an agreed direction with competence and full commitment.

During the year the *People Plan* was updated and the relevant goal is now:

- We develop passionate leaders who inspire, motivate, and develop others.

#### ***What we did to achieve this—actions in 2008–2009***

The *Statement of Intent 2008–2011* set out two areas of focus for leadership development, and the achievements for 2008–2009 are reported below.

#### THE LEADERSHIP DEVELOPMENT FRAMEWORK

A leadership development framework is being created to enhance support for the growth of existing leaders and the emergence of new leaders. The framework includes a range of learning options designed to increase the leadership capability of all levels of managers.

A significant part of the framework is the leadership development programme, which aims to develop each participant's ability to lead within the complex and changing context of the Department's work, and to support the required culture shifts. Early- to mid-career leaders from across the Department are invited to apply for the programme, and the first group of 20 are due to complete the programme in August 2009. Elements of this first programme were treated as a pilot, meaning they were assessed along the way and the results applied to achieve continuous improvement. An overall evaluation will be completed after the August finish. Applicants have been selected for the second programme, which begins early in the 2009–2010 financial year.

The framework also supports the organisational development and culture work outlined below.

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<sup>17</sup> Goal 1: Employer of Choice. Goal 2: Networked State Services. Goal 3: Value-for-money State Services. Goal 4: Coordinated State Agencies. Goal 5: Accessible State Services. Goal 6: Trusted State Services.

## SUCCESSION PLANNING

To support and integrate the existing succession and contingency planning being undertaken by business groups across the Department, a new whole-of-department approach to talent management has been trialled by the Executive Leadership Team, through the leadership development programme participant selection process. This approach is also being piloted in the Research and Development Group by linking conversations regarding employee aspirations, ability and engagement with development opportunities and the future departmental needs. The intent of this approach is to develop a pool of skilled talent ready and able to take up new and different opportunities as and where they emerge.

## 1 2 . 2 ORGANISATIONAL DEVELOPMENT AND CULTURE

### *What we are seeking to achieve and why*

The Department's *People Plan 2012* set the following organisational development and culture goals:

- Building organisational systems that align to realise a workforce with the capability to perform in a complex environment and to adapt to change.
- Developing a culture of people who recognise and value different perspectives, work together well and engage with others to create desired outcomes.

During the year, the *People Plan* was updated and the relevant goals are now:

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

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

### ***What we did to achieve this—actions in 2008–2009***

The *Statement of Intent 2008–2011* set out seven areas of focus for organisational development and culture, and the achievements for 2008–2009 are reported below:

- A key component of the organisational workforce planning is the talent management and succession planning initiatives outlined above. This work will continue in 2009–2010.
- A new recruitment, selection and appointment policy was completed. The recruitment strategy has been reduced in importance given the current economic climate and a corresponding reduction in staff turnover.
- The learning and development strategy and framework were finalised, and a pilot of supporting information technology began in December 2008. The finalised system is expected to go live during 2010. The primary purpose of the framework is to support staff in taking responsibility for their own career development and create personalised pathways through the Department's development options.
- Work continued on aligning planning, performance reporting, capability and roles. The new remuneration system was fully implemented.
- The Department and the Amalgamated Workers Union of New Zealand (AWUNZ) settled a 2-year collective agreement. The Department began bargaining for a new collective agreement with the Public Service Association (PSA). The collective agreements (current and expired) enable the Department to meet most of its workforce's changing needs. However, further work with the PSA will be required in 2009–2010 to achieve the goal of focusing on total rewards that support both the Department and individual values.
- A new induction process and training module was designed and developed, and is now in use.
- A review of the standard operating procedures system was completed. The process of developing and updating standard operating procedures was improved and a number of templates provided to assist with this. This financial year has seen improved access to, and navigation of, both the standard operating procedures system and individual procedures. This was achieved through the revamped intranet. The number of standard operating procedures continues to be rationalised and reduced. The ability for managers to exercise judgement was improved by providing them with a mechanism to vary requirements. This work will continue as part of ongoing system development.



### 12.3 EQUAL EMPLOYMENT OPPORTUNITIES

Work began on a Māori capability framework, and planning began for a study of women's experience in the Department. These will help the Department to understand the factors that inhibit improved participation of staff from equal employment opportunity target groups, and to foster improvements. In addition, initiatives such as leadership development, succession management, and the learning and development framework (described above in section 12) will all help to develop the talents of these target group members.

Table 4 provides a breakdown of the Department's equal employment opportunity target groups at 30 June 2009.

TABLE 4. TARGET GROUP STATISTICS, AT 30 JUNE 2009.

	2002	2003	2004	2005	2006	2007	2008	2009
Women	31.9%	33.1%	33.0%	34.1%	34.7%	35.6%	36.3%	36.5%
Māori	10.1%	10.7%	10.6%	10.6%	10.4%	10.3%	10.3%	10.4%
Pacific peoples	0.6%	0.6%	0.4%	0.4%	0.3%	0.4%	0.4%	0.3%
People with disabilities	6.0%	5.5%	5.0%	4.8%	4.4%	3.9%	3.6%	3.3%

### 12.4 STRATEGY SYSTEM

#### *What we are seeking to achieve and why*

The Department's recent efforts have been to further refine its strategic direction and drive its implementation through the statement of intent as the key departmental planning document. This is supported by the four strategic approaches, as outlined in section 1.

This continuous improvement will help ensure the Department remains aligned with the State Services' managing for outcomes framework, and is better able to both demonstrate the difference it is making and drive ongoing performance improvements.

#### *What we did to achieve this—actions in 2008–2009*

The *Statement of Intent 2008–2011* set out one area of focus for the strategy system, and the achievements for 2008–2009 are reported below:

- Further work was done on the expression of the outcome and intermediate outcomes, and on the desired future states, work priorities, and indicators of progress that are associated with these. The results are reflected in the *Statement of Intent 2009–2012*. The ideas in the outcome developed for 2007–2008 were expanded to create a clearer statement: 'New Zealanders gain environmental, social and economic benefits from healthy functioning ecosystems, from recreation opportunities, and from living our history'. Changes to the set of intermediate outcomes sharpen the focus on the difference the Department seeks to make.

## 12.5 RELATIONSHIP MANAGEMENT AND COMMUNICATIONS CAPABILITY

### *What we are seeking to achieve and why*

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

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

### *What we did to achieve this—actions in 2008–2009*

The *Statement of Intent 2008–2011* set out areas of focus for capability building for relationship management, marketing and communications. Achievements are reported below:

- The Department, with Te Puni Kōkiri and Ngā Whenua Rāhui, successfully launched a Māori conservation cadetship known as the Tauira Kaitiaki Taiao cadetship. It aims to build Māori capability for conservation management roles, either with the Department, Ngā Whenua Rāhui or local government, or with an iwi entity. Fifteen cadets were selected from Bay of Plenty, Northland and Tongariro/Taupo—regions targeted because of Treaty settlement activity and work already under way through the Ngā Whenua Rāhui work programme. The cadets will graduate with a national level 3 certificate in conservation and tikanga Māori, as well as gaining work experience over the pilot's 2-year duration.
- Work began on developing a marketing strategy. As part of this, work continues to better define the Department's vision and identify target audiences to enable more focused and effective community relations activity. This will enable the Department to develop targeted marketing strategies and communication systems, identify and focus on priority relationships that can deliver the greatest conservation contribution and influence, and grow conservation engagement and collaboration. Social science and market research has been refocused to better meet management decision-making needs. Existing research is being re-evaluated to inform the marketing strategy.

- Current stakeholder engagement was assessed to improve strategic relationships. A stocktake of relationships led by the Director-General and each general manager also identified that future relationships needed to achieve the strategic direction and its greater priority on working with others. Relationships were reviewed and prioritised into six sectors, and general managers are leading the development of a strategy for each. A series of workshops with national office and operational groups helped develop relationship guidelines for managers and staff, and enable a more proactive and consistent approach to relationships.

## 12.6 GENERATING AND SHARING CONSERVATION KNOWLEDGE AND PRACTICE

### *What we are seeking to achieve and why*

To keep achieving conservation gains, the Department must continue to grow its knowledge base, and keep developing tools and techniques and applying these in the field. The Department is already known in New Zealand and internationally for its science and technical excellence. Increased knowledge of the scale of the conservation challenge, exacerbated by climate change, means the Department must continue to improve in these areas.

As in all other areas of conservation, the Department is far from the only contributor to conservation knowledge and technique development. Shared knowledge and effort between key players will lead to better results for conservation overall.

#### SCIENCE

The Department continues to develop and maintain strong strategic alliances with other science providers, and with the international science and conservation community. A key means to optimise its science investment has been through participating in the Outcome-Based Investment (OBI) programmes funded through the Foundation for Research, Science and Technology. These programmes have the potential to deliver many more science results than would be possible for the Department on its own. The Department seeks to maximise the benefits from this investment, in particular by working with others to develop systems to promote timely translation of research results to operational applications.

#### NATURAL HERITAGE MANAGEMENT SYSTEM

The aims of NHMS are discussed above in section 5, which describes the natural heritage intermediate outcomes.

### *What we did to achieve this—actions in 2008–2009*

#### SCIENCE

The *Statement of Intent 2008–2011* set out two areas of focus for science, and the achievements for 2008–2009 are reported below:

- Work continued on the science model and system to meet the Department's future research and science-based needs. This is addressing the purpose, functions and value of science and research in the Department. As part of this, further consideration is being given to how best to transfer science results into practice to realise the value of that research and achieve efficiency gains.

- As part of ongoing work on the implications of climate change for places and species, a new decision support tool is being developed entitled 'Adapting to climate change: an approach for assessing and managing impacts on native terrestrial biodiversity in New Zealand'. This work will be completed and available online by the end of 2009. The work integrates adaptation to climate change into the monitoring, review and planning systems currently under development for biodiversity management. Measures of change in species populations and natural systems will be used not only to better understand the interaction between climate warming and biological response, but also to help predict natural variability. This development is part of the wider natural heritage management system (NHMS).

#### NATURAL HERITAGE MANAGEMENT SYSTEM

The progress made during the year is discussed above in section 5, which describes the natural heritage intermediate outcomes.

### 12.7 INFORMATION TECHNOLOGY

#### *What we are seeking to achieve and why*

Information technology is critical to the storage, gathering, using and sharing of information. It is also a major tool for communication, both internally and externally, and will play an increasing role in achieving the Government's commitment to greater efficiency, by enabling electronic communication that reduces the need to travel, and by improved process efficiencies that help reduce costs.

#### *What we did to achieve this—actions in 2008–2009*

The *Statement of Intent 2008–2011* set out three areas of focus for information technology, and the achievements for 2008–2009 are reported below:

- Solid progress has been made towards developing an organisation-wide view of the Department's information and systems architecture and standards. A framework to enable robust decision-making has been put in place for information and communications technology, technical planning, and project prioritisation. Governance in the above areas has also been strengthened considerably. The update of the information and technology strategic plan has deliberately been delayed while further work is done on the Department's overall business strategy. This will ensure that the updated business strategy drives the use of technology, rather than the reverse.
- The intranet has been updated and is now more efficient to use and maintain, resulting in improved internal communications.
- Work continues to increase the use of field data collection devices, and staff competency in their use. Some work has been done, but more is required, to improve standards for data collection, data sharing tools and competencies, and staff competency to integrate geographic information systems (GIS) with natural heritage systems and asset management systems.

Other initiatives undertaken during the year were:

- A blueprint for geospatial information systems has been developed and will be rolled out in 2009–2010. It has been drawn up to enable other agencies to use the resulting infrastructure, should they wish to. The infrastructure will also be in place in 2009–2010.
- A business case for buying and adapting a database for NHMS was developed. However, after further work on associated risks, costs and potential benefits was conducted, purchase was put on hold pending further work within the NHMS programme.

## 12.8 CAPITAL ASSET MANAGEMENT

### *What we are seeking to achieve and why*

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

Strong capital asset management is therefore imperative to the Department's long-term success.

### *What we did to achieve this—actions in 2008–2009*

The *Statement of Intent 2008–2011* set out three areas of focus for capital asset management:

- Achieving compliance with the new capital asset management framework developed by the Treasury.
- Improving the long-term financial operational planning for assets.
- Encouraging efficient use of capital and related asset management practice.

All three are being addressed on two fronts. The first is the asset management information system (AMIS); the second is an increased focus on, and further development of, the capital asset management methodology led by the Treasury.

AMIS went live in July 2008. The system facilitates improved monitoring, control, reporting and planning for asset management. It is still being bedded in, but in time it is envisaged that it will be used to manage all departmental and Crown assets to maximise the benefits it provides.

The first year of the Treasury's capital asset management methodology was completed in 2008–2009. It highlighted the benefits of continuous improvement in capital asset management, from high-level asset strategy through to tactical implementation. The Department will continue to develop its capability in this area to realise the benefits of enhanced asset management practice.

## 12.9 BUSINESS MANAGEMENT

### *What we are seeking to achieve and why*

The Department continues to improve its management systems, such as financial management and control systems, AMIS and NHMS, including improving the ability of these systems to support identifying conservation priorities, and to monitor and report on them.

### *What we did to achieve this—actions in 2008–2009*

The *Statement of Intent 2008–2011* set out four areas of focus for business management, and the achievements for 2008–2009 are reported below:

- The Department is building on its strategy budget alignment review completed in 2007–2008, with its ‘Prioritising for the Future’ project. This responds to the Government’s priority for better value-for-money public services. Its purpose is: ‘to form a set of options and recommendations which would allow the Executive Leadership Team to consider how to increase outputs to achieve outcomes over the next five years, from a reducing baseline’.
- Further progress was made in integrating the intermediate outcomes framework into the budgeting and performance reporting system. This allows the Department to view the budget on the basis of the Appropriations as set out in the Estimates, or through the seven intermediate outcomes that support the Government’s priorities for economic growth. The budget split by intermediate outcomes can be seen in Table 1.
- The Department continued to learn about and refine the activity-based approach by using it as the basis of the species optimisation programme. Work also began on using the approach for the development of sites optimisation (section 5 discusses both species and sites optimisation). Experience suggests that, while the activity-based approach may be a useful management tool, it is relatively resource intensive and may not be suitable for the full suite of the Department’s work. Initial implementation will be limited to the vital few output areas, mainly in natural heritage management.
- The implementation of AMIS, in July 2008, enabled the fixed-asset register to be seamlessly integrated into the financial management information system. This removes a cumbersome reconciliation process, improves visibility and accountability for expenditure, and enables better alignment of financial management of visitor assets with the accounting processes used to manage other asset classes within the Department.

## 12.10 EFFICIENCY THROUGH SUSTAINABILITY

### *What we are seeking to achieve and why*

The Department continues to take economically sound practical actions to reduce the cost of energy in its operations and its impact on the environment. Its Efficient Business Practice Plan aims to reduce costs and improve operational efficiency through initiatives such as improving the energy efficiency of buildings, encouraging the use of technology instead of travel, replacing vehicles with models that use less fuel, and adopting more efficient practices in field operations.

The Department is also required to report to the Ministry of Economic Development (MED) on progress with implementing the public sector sustainable procurement mandates, and to the New Zealand Energy Efficiency and Conservation Authority (EECA) on progress with reducing energy use per full-time staff equivalent, workplace travel planning and reducing aggregate kilometres travelled. Reporting on these two external requirements requires changes to our current reporting processes. This is undertaken separately from this annual report, and information is given directly to the agencies concerned.

### *What we did to achieve this—actions in 2008–2009*

#### ENERGY

Actions to reduce the Department's energy use (electricity, diesel and gas) included the following initiatives:

- Installing solar panels for departmental buildings on the Chatham Islands, Stewart Island/Rakiura, Mana Island and Tiritiri Matangi Island.
- Installing solar panels and using a trailer instead of helicopters for gas bottle delivery to the Tongariro Northern Circuit Great Walk Huts.
- Installing 17 solar water heaters (10 on islands), 100 low-flow shower heads, and 155 cylinder wraps.
- Replacing 30 fridge/freezers with energy efficient models.
- Installing 2500 energy-saving light bulbs, 1100 eco-lamps, 332 plug-in timers and 61 future switches.
- Weather sealing/draught-proofing 60 staff houses.
- Developing a standard operating procedure for Environmentally Sustainable Buildings.
- Energy audits of 40 departmental buildings.
- Feasibility studies of renewable energy and energy efficiency measures on Great Barrier Island (Aotea Island), and Kapiti, Matiu/Somes and Raoul Islands.

## TRAVEL

Measures taken in 2008–2009 include:

- Development of workplace travel plans for Christchurch-, Dunedin- and Wellington-based staff.
- A vehicle replacement programme, which replaced 70 old vehicles (27 passenger and 43 utes) with fuel-efficient models.
- Distributing 260 webcams for one-on-one meetings.
- Providing Snapper bus tickets for Wellington-based staff.

## PROCUREMENT

The Department continued to ensure that it adheres to the MED mandates in relation to procurement. These include:

- Purchasing either New Zealand plantation timber or overseas timber with Forest Stewardship Council or equivalent certification.
- Purchasing, leasing or hiring vehicles with a minimum emission standard of at least Euro IV (or equivalent) and four stars in the Australian new car assessment programme.
- Progressively upgrading lighting with new generation replacements to improve performance and increase efficiency—this includes new buildings, refits of existing buildings and when moving into new premises.
- Purchasing recycled copier paper.
- Purchasing a range of eco-friendly office supplies.

### *Measuring efficient business practices*

The Department monitored a number of indicators to assess the overall operational efficiency and environmental impact of its conservation management activities, as shown in Table 5. Explanations for various components of the table are provided below.

#### NOTES ON SAVINGS AND INCREASES

The Department continues to find efficiencies in its electricity and helicopter use, which were two areas of focus during the year. The widespread and decentralised nature of its business means that initiatives introduced by area staff and managers are key to reducing energy usage in these areas:

- Electricity use dropped from the 2005–2006 baseline of 6.79 million kWh to 4.05 million kWh in 2008–2009 (a saving of 40% in 3 years).
- Helicopter fuel use dropped considerably, from 821 583 litres in 2007–2008, to 645 883 litres in 2008–2009. Helicopters remained an integral part of field operations, but large reductions in fuel use were made possible by improving load practices and the timing of operations.<sup>18</sup>

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<sup>18</sup> In 2005–2006 and 2006–2007, the Department's helicopter fuel reporting did not include helicopters hired by contractors completing contracts on its behalf. Since 2007–2008, all helicopter use has been included in its figures.



TABLE 5. EFFICIENCY INDICATORS MONITORED BY THE DEPARTMENT OF CONSERVATION.

ENERGY SOURCE	METRIC	2005-2006	2006-2007	2007-2008	2008-2009
Staff numbers (includes temps as at 30 June 2009)	fte	2 000	2 116	2 003	2 082
Electricity	kWh	6 794 028	4 453 920	4 357 873	4 054 480
Domestic air	km	6 048 011	5 176 920	4 635 705	4 012 923
International (long haul >3700 km)*	km	1 964 054	1 788 730	1 700 374	1 538 153
International (short haul <3700 km)*	km			200 516	545 556
Diesel-vehicles, boat and plant	L	1 068 610	1 049 267	1 296 235	1 472 656
Petrol-vehicles, boats and plant	L	509 404	567 270	562 539	500 214
Jet A1 Helicopter <sup>†</sup>	L	694 230	621 290	821 583	645 883
Aviation gas/fixed wing <sup>†</sup>	L			39 003	46 840
Taxi	km	106 221	145 373	85 989	85 992
Coal	kg	0	18 530	18 000	16 765
Fuel oil (heating)	L	0	51 315	27 328	15 403
LPG (bottled)	kg	0	2 849	4 167	3 635
Rental cars <sup>‡</sup>	km	322 964	439 249		
Biomass/wood use <sup>§</sup>	kg	0	24 400		

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

<sup>†</sup> Jet A1 and aviation gas/fixed wing have been separated out since 2007-2008.

<sup>‡</sup> Rental cars were integrated into the petrol and diesel dataset from 2007-2008.

<sup>§</sup> Biomass/wood use was classified as insignificant in 2007-2008 and is no longer reported.

The increase in diesel usage in the diesel and petrol energy programmes was largely attributable to a switch to diesel vehicles as part of the vehicle replacement programme, and to an increase in vehicle travel as staff are encouraged to reduce their air travel.

Reducing the overall amount of air travel has been difficult this year, with a number of international conferences held overseas requiring staff attendance. However, an overall reduction has been achieved, with further initiatives to be introduced in the 2009-2010 financial year.

## 13. 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 2009.



Alastair Morrison  
DIRECTOR-GENERAL  
30 September 2009



*Countersigned by*  
Christeen Mackenzie  
CHIEF FINANCIAL OFFICER  
30 September 2009

## AUDIT REPORT

### **To the readers of the Department of Conservation's financial statements and statement of service performance for the year ended 30 June 2009**

The Auditor-General is the auditor of the Department of Conservation (the Department). The Auditor-General has appointed me, Andrew Dinsdale, using the staff and resources of KPMG, to carry out the audit of the financial statements and performance information of the Department, for the year ended 30 June 2009.

### **Unqualified Opinion**

In our opinion:

- The financial statements of the Department on pages 84 to 114:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the Department's financial position as at 30 June 2009;
    - the results of its operations and cash flows for the year ended on that date;
    - its expenses and capital expenditure incurred against each appropriation administered by the Department and each class of outputs included in each output expense appropriation for the year ended 30 June 2009; and
    - its unappropriated expenses and capital expenditure for the year ended 30 June 2009.
- The schedules of non-departmental activities on pages 115 to 124 fairly reflect the assets, liabilities, revenues, expenses, contingencies, commitments and trust monies managed by the Department on behalf of the Crown for the year ended 30 June 2009.
- The statement of service performance of the Department on pages 36 to 40, 45, 52, 56 to 57 and 64:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects for each class of outputs:
    - its standards of delivery performance achieved, as compared with the forecast standards outlined in the statement of forecast service performance adopted at the start of the financial year; and
    - its actual revenue earned and output expenses incurred, as compared with the forecast revenues and output expenses outlined in the statement of forecast service performance adopted at the start of the financial year.

The audit was completed on 30 September 2009, and is the date at which our opinion is expressed.

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

## **Basis of Opinion**

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

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

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

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

Audit procedures generally include:

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

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

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

## **Responsibilities of the Director-General and the Auditor**

The Director-General is responsible for preparing the financial statements and statement of service performance in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Department as at 30 June 2009 and the results of its operations and cash flows for the year ended on that date.

The financial statements must fairly reflect the expenses and capital expenditure incurred against each appropriation administered by the Department and each class of outputs included in each output expense appropriation for the year ended 30 June 2009. The financial statements must also fairly reflect the Department's unappropriated expenses and capital expenditure for the year ended on that date.



In addition, the Director-General is responsible for preparing schedules of non-departmental activities, in accordance with the Treasury Instructions 2008 that must fairly reflect the assets, liabilities, revenues, expenses, contingencies, commitments and trust monies managed by the Department on behalf of the Crown for the year ended 30 June 2009.

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

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

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

### **Independence**

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand. In addition to the audit we have carried out audit-related and general advisory assignments, which are compatible with those independence requirements. Partners and employees of our firm may also deal with the Department on normal terms within the ordinary course of its activities. These matters have not impaired our independence as auditor of the Department. We have no other relationship with or interests in the Department.

Andrew Dinsdale  
KPMG  
On behalf of the Auditor-General  
Wellington, New Zealand

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

This audit report relates to the financial statements and the statement of service performance of the Department of Conservation for the year ended 30 June 2009 included on the Department of Conservation's web site. The Director-General is responsible for the maintenance and integrity of the Department of Conservation's web site. We have not been engaged to report on the integrity of the Department of Conservation's web site. We accept no responsibility for any changes that may have occurred to the financial statements and the statement of service performance since they were initially presented on the web site.

The audit report refers only to the financial statements and the statement of service performance named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements and the statement of service performance. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and statement of service performance and related audit report dated 30 September 2009 to confirm the information included in the audited financial statements and statement of service performance presented on this web site.

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

# Statement of accounting policies for the year ended 30 June 2009

## Reporting entity

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

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

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

The financial statements of the Department are for the year ended 30 June 2009. The financial statements were authorised for issue by the Director-General of the Department on 30 September 2009.

## Basis of preparation

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

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

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000). The functional

currency of the Department is New Zealand dollars.

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

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

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

NZIAS1 *Presentation of Financial Statements (revised 2007)* replaces NZIAS1 *Presentation of Financial Statements (issued 2004)* and is effective for reporting periods beginning on or after 1 January 2009. The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. This will enable readers to analyse changes in equity resulting from transactions with the Crown in its capacity as 'owner' separately from 'non-owner' changes. The revised standard gives the Department the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). The Department expects it will apply the revised standard for the first time

for the year ended 30 June 2010, and is yet to decide whether it will prepare a single statement of comprehensive income or a separate income statement followed by a statement of comprehensive income.

### **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 2009, 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 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 2009, direct costs accounted for 61% of the Department's costs (2008: 62%).

### ***Indirect and corporate costs assigned to outputs***

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

For the year ended 30 June 2009, indirect costs accounted for 39% of the Department's costs (2008: 38%).

## **Financial instruments**

Financial assets and financial liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through profit or loss in which case the transaction costs are recognised in the statement of financial performance.

## **Cash and cash equivalents**

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

## **Debtors and other receivables**

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

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

## **Inventories**

Inventories are valued at the lower of cost or net realisable value on a first-in-first-out basis. Standard costs that

include production overheads are used for valuing nursery stocks.

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

## **Operating leases**

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

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

## **Property, plant and equipment**

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

- Freehold land and administrative buildings are stated at fair value as determined by an independent registered valuer. Fair value is determined using market-based evidence where available, or depreciated replacement cost. Land and buildings are revalued at least every five years.
- Infrastructure assets are valued by independent valuers and are stated at fair value. Infrastructure assets are revalued at least every five years.
- Vessels are recognised at fair value. Fair value is determined using market-based evidence where available, or depreciated



replacement cost. Vessels are revalued at least every five years.

- Visitor assets are stated at fair value using optimised depreciated replacement cost as determined by an independent registered valuer at least every five years.
- Cultural assets are not depreciated and are shown at estimated replacement cost.
- Fencing assets are stated at fair value using optimised depreciated replacement cost as determined by an independent registered valuer at least every five years.
- The cost of developing, purchasing and upgrading software is capitalised. Where the software is an integral part of the hardware (i.e. computer cannot operate without that specific software) it is treated as part of the equipment.

All other fixed assets, or groups of assets forming part of a network which are material in aggregate, costing more than \$5,000 are capitalised and recorded at historical cost. Any write-down of an item to its recoverable amount is recognised in the Statement of Financial Performance.

Any increase in value of a class of revalued assets is recognised directly in the revaluation reserve unless it offsets a previous decrease in value recognised in the statement of financial performance, in which case it is recognised in the statement of financial performance. A decrease in value relating to a class of revalued assets is recognised in the statement of financial performance where it exceeds the increase previously recognised in the revaluation reserve.

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

### ***Additions***

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

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

### ***Disposals***

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the statement of financial performance. When revalued assets are sold, the amounts included in the property, plant and equipment revaluation reserves in respect of those assets are transferred to general funds.

### ***Subsequent costs***

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

### ***Depreciation***

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

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

ASSET	ESTIMATED USEFUL LIFE
<b>VISITOR ASSETS</b>	
Campsites and amenity areas	10-50 years
Signs	10 years
Tracks	7.5-15 years
Roads (surface only)	25-50 years
Buildings	20-50 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 depreciation charge adjusted accordingly. In some circumstances, and particularly for re-valued assets, this may lead to instances where the estimated useful lives vary, but not materially, from the standard policy presented above.

## **Community assets**

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

## **Intangible assets**

### ***Software acquisition and development***

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

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

Staff training costs are recognised as an expense when incurred.

### ***Amortisation***

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

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

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

## **Impairment**

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

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

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

For assets not carried at a revalued amount, the total impairment loss is recognised in the statement of financial performance.

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 statement of financial performance, a reversal of the impairment loss is also recognised in the statement of financial performance. For assets not carried at a revalued

amount the reversal of an impairment loss is recognised in the statement of financial performance.

### **Statement of cash flows**

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

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

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

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

### **Goods and Services Tax (GST)**

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

### **Taxation**

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

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

### **Donation Receipts**

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

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

### **Taxpayers' funds**

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

## **Creditors and other payables**

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

## **Employee entitlements**

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

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

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

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

### ***Long-term employee entitlements***

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

- Likely future entitlements based on years of service, years to entitlement, the likelihood that staff will reach the point

of entitlement and contractual entitlements information.

- The present value of the estimated future cash flows. An average discount rate of 4.63% and a salary inflation factor of 3.00% were used. The discount rate is based on the weighted average of government bonds with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees.

## **Provisions**

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

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

## **Critical accounting estimates and assumptions**

In preparing these financial statements the Department has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other

factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

***Retirement and long service leave***

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

***Valuation of certain items of property, plant and equipment***

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

**Commitments**

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

**Contingent liabilities**

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

**Changes in accounting policy**

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

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

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009.

	NOTES	30/06/09 ACTUAL \$000	30/06/09 MAIN ESTIMATES \$000	30/06/09 SUPP. ESTIMATES \$000	30/06/08 ACTUAL \$000
<b>REVENUE</b>					
Crown		280,629	280,727	283,393	263,950
Other	2	31,842	35,149	38,266	30,979
<b>Total revenue</b>		<b>312,471</b>	<b>315,876</b>	<b>321,659</b>	<b>294,929</b>
<b>EXPENSES</b>					
Personnel costs	3	141,382	128,938	142,474	133,103
Operating costs	4	105,538	121,374	111,771	103,363
Depreciation and Amortisation expense		25,102	27,950	27,950	20,639
Capital charge	5	36,264	38,214	36,264	31,704
Loss on sale of property, plant and equipment		2,417	0	2,000	2,348
<b>Total expenses</b>		<b>310,703</b>	<b>316,476</b>	<b>320,459</b>	<b>291,157</b>
<b>Net surplus/(deficit) for the year</b>	6	<b>1,768</b>	<b>(600)</b>	<b>1,200</b>	<b>3,772</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 2009.

	NOTES	30/06/09 ACTUAL \$000	30/06/09 MAIN ESTIMATES \$000	30/06/09 SUPP. ESTIMATES \$000	30/06/08 ACTUAL \$000
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	8	40,327	21,422	27,555	33,100
Prepayments		1,193	1,270	1,276	1,276
Inventories	9	1,092	1,185	1,077	1,078
Trade and other receivables	10	5,439	4,680	6,449	6,171
Debtor Crown	11	44,779	44,779	44,503	48,772
<b>Total current assets</b>		<b>92,830</b>	<b>73,336</b>	<b>80,860</b>	<b>90,397</b>
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	12	494,290	510,296	508,772	397,008
Intangible assets	13	7,493	5,202	3,342	7,155
<b>Total non-current assets</b>		<b>501,783</b>	<b>515,498</b>	<b>512,114</b>	<b>404,163</b>
<b>Total assets</b>		<b>594,613</b>	<b>588,834</b>	<b>592,974</b>	<b>494,560</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	14	17,647	16,621	12,607	17,145
GST payable		2,328	(2,314)	(551)	1,230
Employee benefits	15	12,913	10,556	13,153	13,153
Environmental provision	16	625	779	779	813
Provision for payment of surplus	6	4,445	0	0	2,447
Revenue in advance		2,734	2,234	2,262	2,264
<b>Total current liabilities</b>		<b>40,692</b>	<b>27,876</b>	<b>28,250</b>	<b>37,052</b>
<b>NON-CURRENT LIABILITIES</b>					
Employee benefits	17	15,425	9,899	11,439	11,439
<b>Total non-current liabilities</b>		<b>15,425</b>	<b>9,899</b>	<b>11,439</b>	<b>11,439</b>
<b>Total liabilities</b>		<b>56,117</b>	<b>37,775</b>	<b>39,689</b>	<b>48,491</b>
<b>TAXPAYERS' FUNDS</b>					
General funds	18	429,719	437,647	443,483	336,269
Property, plant and equipment-revaluation reserves	18	108,777	113,412	109,802	109,800
<b>Total taxpayers' funds</b>		<b>538,496</b>	<b>551,059</b>	<b>553,285</b>	<b>446,069</b>
<b>Total liabilities and taxpayers' funds</b>		<b>594,613</b>	<b>588,834</b>	<b>592,974</b>	<b>494,560</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 2009.

	NOTES	30/06/09 ACTUAL \$000	30/06/09 MAIN ESTIMATES \$000	30/06/09 SUPP. ESTIMATES \$000	30/06/08 ACTUAL \$000
Total taxpayers' funds at beginning of year		446,069	445,739	446,067	423,189
Net surplus/ (deficit) for the year		1,768	(600)	1,200	3,772
Property, plant and equipment revaluation gains (losses).		1,782	0	4	3,322
Other adjustments to revaluation reserve		(214)	0	0	0
Total recognised income and expenses for the year		3,336	(600)	1,204	7,094
<b>Distributions to Crown</b>					
Repayment of surplus to Crown		(1,340)	0	0	(21)
Provision for payment of surplus	6	(4,445)	0	0	(2,447)
<b>Contributions from Crown</b>					
Asset transfers		76,143	87,281	87,281	0
Capital contribution	7	18,733	18,639	18,733	18,254
Total taxpayers' funds at end of year	18	538,496	551,059	553,285	446,069

*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 2009.

	30/06/09 ACTUAL \$000	30/06/09 MAIN ESTIMATES \$000	30/06/09 SUPP. ESTIMATES \$000	30/06/08 ACTUAL \$000
<b>CASH FLOWS—OPERATING ACTIVITIES</b>				
Cash provided from:				
Supply of outputs to				
—Crown	284,622	284,720	287,662	267,943
—Customers	32,921	34,344	37,988	25,915
	317,543	319,064	325,650	293,858
Cash disbursed to:				
Produce outputs				
—Employees	137,636	128,938	142,704	128,594
—Suppliers	104,064	122,617	117,899	101,507
—Capital charge	36,264	38,214	36,264	31,704
	277,964	289,769	296,867	261,805
Net cash inflow from operating activities	39,579	29,295	28,783	32,053
<b>CASH FLOWS—INVESTING ACTIVITIES</b>				
Cash provided from:				
Sale of property, plant and equipment	1,996	0	0	612
Cash disbursed to:				
Purchase of property, plant and equipment	47,022	50,615	49,492	32,267
Purchase of intangibles	2,272	0	1,123	4,505
	49,294	50,615	50,615	36,772
Net cash outflow from investing activities	(47,298)	(50,615)	(50,615)	(36,160)
<b>CASH FLOWS—FINANCING ACTIVITIES</b>				
Cash provided from:				
Capital contributions	18,733	18,639	18,733	18,254
Cash disbursed to:				
Capital withdrawal	1,340	0	0	21
Payment of surplus to Crown	2,447	0	2,447	6,332
	3,787	0	2,447	6,353
Net cash inflow/(outflow) from financing activities	14,946	18,639	16,286	11,901
Net increase/(decrease) in cash and cash equivalents	7,227	(2,681)	(5,546)	7,794
Add opening cash and bank balances	33,100	24,103	33,101	25,306
Closing cash and cash equivalents	40,327	21,422	27,555	33,100

*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 2009.

	30/06/09 ACTUAL \$000	30/06/09 MAIN ESTIMATES \$000	30/06/09 SUPP. ESTIMATES \$000	30/06/08 ACTUAL \$000
<b>Net surplus/(deficit) for the year</b>	<b>1,768</b>	<b>(600)</b>	<b>1,200</b>	<b>3,772</b>
Add/(less) non-cash items:				
Depreciation and amortisation expenses	25,102	27,950	27,950	20,639
Bad debts	8	0	0	12
Asset and other write-offs	(15)	0	0	57
Donated assets	(126)	0	0	(1,841)
Total non-cash items	24,969	27,950	27,950	18,867
<b>MOVEMENTS IN WORKING CAPITAL</b>				
Prepayments (increase)/decrease	83	0	0	(6)
Inventories (increase)/decrease	(14)	(107)	1	106
Trade and other receivables (increase)/decrease	1,205	(698)	(278)	(3,223)
Debtor Crown (increase)/decrease	3,993	3,993	4,269	3,993
Trade and other payables increase/(decrease)	502	1,030	(4,577)	1,116
GST payable increase/(decrease)	1,098	(2,273)	(1,782)	489
Employee entitlements increase/(decrease)	3,746	0	0	4,509
Other provisions increase/(decrease)	(188)	0	0	82
Other liabilities increase/(decrease)	0	0	0	0
Net movement in working capital	10,425	1,945	(2,367)	7,066
Add/(less) investing activity items				
Net loss on sale of property, plant and equipment	2,417	0	2,000	2,348
Total investing activities	2,417	0	2,000	2,348
Net cash inflow from operating activities	39,579	29,295	28,783	32,053

*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 2009.

COMMITMENTS BY CATEGORY	30/06/09 ACTUAL \$000	30/06/08 ACTUAL \$000
<b>CAPITAL COMMITMENTS</b>		
Land and buildings	1,891	3,157
Other plant and equipment	1,726	3,341
Infrastructural assets	3,064	1,682
Total capital commitments	6,681	8,180
<b>OPERATING COMMITMENTS</b>		
Non-cancellable accommodation leases	41,931	41,275
Other non-cancellable leases	1,869	622
Other commitments	1,009	2,787
Total operating commitments	44,809	44,684
Total commitments	51,490	52,864
<b>COMMITMENTS BY TERM</b>		
Less than one year	12,617	15,628
One to two years	7,508	6,380
Two to five years	14,511	13,409
Greater than five years	16,854	17,447
Total commitments	51,490	52,864

In addition to the above, the Department has ongoing science contracts with universities, research institutions and individuals. These contracts are cancellable and extend up to 3 years and amount to \$2.5 million as at 30 June 2009 (2008: \$2.2 million).

### Capital commitments

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

### Non-cancellable operating lease commitments (accommodation and other)

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

### Other non-cancellable commitments

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

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

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

STATEMENT OF CONTINGENT LIABILITIES AND CONTINGENT ASSETS AS AT 30 JUNE 2009.

	30/06/09 ACTUAL \$000	30/06/08 ACTUAL \$000
Public liability claims	1,056	26,821
<b>Total contingent liabilities</b>	<b>1,056</b>	<b>26,821</b>

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

	30/06/09 MAXIMUM EXPOSURE \$000	30/06/08 MAXIMUM EXPOSURE \$000
<b>Court and Tribunal proceedings and other potential claims</b>		
43 proceedings and potential claims of which 7 are quantifiable. The remaining 36 claims cannot be quantified. The contingent liability for the 7 quantifiable claims is shown below.		
Dispute over the alleged disruption of mining activities	0*	11,850
A potential set of claims, involving the handling of certain licence applications	0*	8,000
A claim for compensation due to fencing boundaries	0*	5,365
Other quantifiable proceedings and potential claims	1,056	1,606
<b>Total court and tribunal proceedings and other potential claims</b>	<b>1,056</b>	<b>26,821</b>

\* Now resolved.

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

### Indemnities

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

No indemnities were granted in 2008-2009 for public access.

### Contingent assets

The Department has no contingent assets (2008: nil).

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

STATEMENT OF DEPARTMENTAL EXPENSE AND CAPITAL EXPENDITURE AGAINST APPROPRIATIONS FOR THE YEAR ENDED 30 JUNE 2009.

	NOTES	30/06/09 EXPENDITURE ACTUAL \$000	30/06/09 FINAL APPROPRIATION \$000	30/06/09 UNDER/(OVER) EXPENDITURE \$000	30/06/08 EXPENDITURE ACTUAL \$000
<b>OUTPUT CLASSES</b>					
Vote: Conservation					
Management of natural heritage		158,690	166,171	7,481	143,695
Management of historic heritage		5,536	6,031	495	6,005
Management of recreational opportunities		121,048	123,112	2,064	119,200
Conservation with the community		13,784	14,554	770	13,748
Policy advice and Ministerial servicing		6,289	6,927	638	6,011
Recreational opportunities review		334	600	266	516
Crown regional pest management strategy contribution		2,553	3,064	511	1,982
<b>Total Output Appropriations</b>		<b>308,234</b>	<b>320,459</b>	<b>12,225</b>	<b>291,157</b>
<b>CAPITAL CONTRIBUTIONS TO THE DEPARTMENT</b>					
Capital contribution	7	18,733	18,733	0	18,254

RECONCILIATION OF OUTPUT APPROPRIATION TO THE STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009.

	30/06/09 EXPENDITURE ACTUAL \$000	30/06/09 FINAL APPROPRIATION \$000	30/06/09 UNDER/(OVER) EXPENDITURE \$000	30/06/08 EXPENDITURE ACTUAL \$000
Total Output Appropriations	308,234	320,459	12,225	291,157
Unrealised Remeasurements	2,469	0	0	0
<b>Total Expenses</b>	<b>310,703</b>	<b>316,476</b>	<b>320,459</b>	<b>291,157</b>

There was no unappropriated expenditure in 2008-2009 (2007-2008: nil):

- **Expenses and capital expenditure incurred in excess of appropriation**  
Nil
- **Expenses and capital expenditure incurred without appropriation or other authority**  
Nil
- **Breaches of projected departmental net asset schedule**  
Nil

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

STATEMENT OF TRUST MONIES FOR THE YEAR ENDED 30 JUNE 2009.

	AS AT 30/06/08 \$000	CONTRIBUTIONS \$000	DISTRIBUTIONS \$000	NET INTEREST \$000	AS AT 30/06/09 \$000
Conservation Project Trust	1,263	567	(1,091)	46	785
Reserve Trust	0	0	0	0	0
NZ Walkway Trust	15	0	0	0	15
National Park Trust	42	64	(63)	2	45
Bonds/Deposits Trust	6,809	656	(1,013)	238	6,690
Total	8,129	1,287	(2,167)	286	7,535

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

There are three sources of receipts:

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

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### Note 1 Major Budget Variations

Significant variances between Actual and Supplementary Estimates Budget:

#### *Statement of financial performance*

Operating costs were \$6.2 million under budget in line with lower than budgeted third party revenue of \$6.4 million.

Depreciation was \$2.8 million under budget mainly due to lower than expected visitor asset depreciation.

#### *Statement of financial position*

Cash and bank balances were \$12.8 million greater than the balance in the Supplementary Estimates due to higher than forecast net surplus, trade and other payables and non-current employee benefits.

Trade and other payables are showing a higher balance than in the Supplementary Estimates mainly due to an increase in accrued expenses.

Property, plant and equipment balance is \$14.5 million lower than the Supplementary Estimates mainly due to capital expenditure being less than forecasted.

The total (current and non-current) provision for employee benefits increased \$3.7 million over the Supplementary Estimates, due to an increase in retirement and long service leave costs.

### Note 2 Revenue other

	30/06/09 ACTUAL \$000	30/06/08 ACTUAL \$000
Recreational charges	10,271	9,647
Leases and rents	709	521
Retail sales	2,947	2,968
Resource sales	369	700
Donations—sponsorships	4,037	3,235
Permissions cost recoveries	1,679	1,836
Administration cost recoveries	9,559	8,521
State Services Commission superannuation recovery	2,248	2,093
Other	23	1,458
<b>Total revenue other</b>	<b>31,842</b>	<b>30,979</b>



### Note 3 Personnel costs

	30/06/09 ACTUAL \$000	30/06/08 ACTUAL \$000
Salaries and wages	128,802	123,223
Termination benefits	708	1,760
Long service and retiring leave	5,469	2,436
Superannuation subsidies	3,170	2,821
Recruitment	497	453
Uniforms	778	698
ACC levies	1,537	961
Other	421	751
<b>Total personnel costs</b>	<b>141,382</b>	<b>133,103</b>

### Note 4 Operating costs

	30/06/09 ACTUAL \$000	30/06/08 ACTUAL \$000
Professional fees & contractors	36,577	35,097
Fees paid to auditors:		
Audit of financial statements	326	294
Fees for Management System Review	0	12
Fees for advisory support for Strategy and Budget Alignment Review	0	53
Grants	913	796
Communications and computer expenses	10,151	9,788
Travel	5,270	5,148
Motor vehicle and vessel expenses	4,484	4,221
Accommodation	3,785	3,465
Office supplies	2,567	2,515
Field supplies	13,766	13,464
Lease expenses	16,356	17,017
Printing	1,625	2,023
Other	9,718	9,470
<b>Total operating costs</b>	<b>105,538</b>	<b>103,363</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 2009 was 7.5% (2008: 7.5%).

## Note 6 Provision for payment of surplus

	30/06/09 ACTUAL \$000	30/06/08 ACTUAL \$000
Net surplus/(deficit) for the year	1,768	3,772
Less: Donated assets	(126)	(1,841)
Plus: Remeasurements	2,469	0
Plus: Output class deficits	334	516
Total provision for payment of surplus	4,445	2,447

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

## Note 7 Capital contribution

	30/06/09 ACTUAL \$000	30/06/08 ACTUAL \$000
Visitor assets	14,432	14,432
Non-visitor assets	4,301	3,822
Total capital contribution	18,733	18,254

## Note 8 Cash and cash equivalents

	30/06/09 ACTUAL \$000	30/06/08 ACTUAL \$000
Cash at bank	40,261	33,031
Petty cash floats	66	69
Total cash and cash equivalents	40,327	33,100

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

## Note 9 Inventories

	30/06/09 ACTUAL \$000	30/06/08 ACTUAL \$000
Retail	378	360
Nursery	132	124
Fire control supplies	21	18
Wild animal control supplies	415	374
Publications	112	138
Park maps	34	64
Total inventories	1,092	1,078

## Note 10 Trade and other receivables

	30/06/09 ACTUAL \$000	30/06/08 ACTUAL \$000
Gross trade receivables	3,745	4,822
Less: Provision for doubtful debts	(450)	(320)
Net trade receivables	3,295	4,502
Other receivables	2,144	1,669
Total receivables	5,439	6,171

MOVEMENTS IN THE PROVISION FOR DOUBTFUL DEBTS		
Balance brought forward	(320)	(216)
Additional provisions made during the year	(238)	(161)
Receivables written off during period	108	57
Closing balance	(450)	(320)

## Note 11 Debtor Crown

Cabinet agreed in 2002 to fund the Department adequately for visitor assets over a 20-year period. Initially the cash flow to the Department does not match the revenue flow. As a result, the Department is recognising the Crown as a debtor. The Crown debtor balance reached \$44.8 million in 2008–2009 (2008:\$48.8 million) and will be progressively reduced until 2021–2022 when the balance will be completely cleared to zero.

## Note 12 Property, plant and equipment

	LAND \$'000	BUILDINGS \$'000	PLANT AND EQUIPMENT \$'000	INFRASTRUCTURE \$'000	FENCING \$'000	VESSELS \$'000	MOTOR VEHICLES \$'000	FURNITURE AND FITTINGS \$'000	VISITOR AND CULTURAL ASSETS \$'000	TOTAL \$'000
<b>COST OR VALUATION</b>										
Balance at 1 July 2007	12,447	133,881	20,393	24,693	0	8,434	19,533	8,462	554,314	782,157
Additions	0	4,051	1,470	2,477	0	609	2,501	1,160	24,732	37,000
Revaluation increase	0	(182)	0	1,980	0	(1,420)	0	0	1,749	2,127
Disposals	0	(551)	(797)	(605)	0	(83)	(1,729)	(64)	(9,599)	(13,428)
Balance at 30 June 2008	12,447	137,199	21,066	28,545	0	7,540	20,305	9,558	571,196	807,856
Balance at 1 July 2008	12,447	137,199	21,066	28,545	0	7,540	20,305	9,558	571,196	807,856
Additions	58	5,453	2,852	1,505	76,849	793	3,800	2,664	29,523	123,497
Revaluation increase	1,782	0	0	0	0	0	0	0	0	1,782
Disposals	0	(3,034)	(194)	(1,699)	(1)	(318)	(3,310)	(151)	(5,515)	(14,222)
Balance at 30 June 2009	14,287	139,618	23,724	28,351	76,848	8,015	20,795	12,071	595,204	918,913
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES</b>										
Balance at 1 July 2007	0	75,437	10,041	10,814	0	4,397	8,577	1,963	288,619	399,848
Depreciation expense	0	1,564	2,039	345	0	487	1,851	895	12,148	19,329
Eliminate on disposal	0	(346)	(315)	(474)	0	(49)	(1,330)	0	(4,620)	(7,134)
Eliminate on revaluation	0	(42)	0	791	0	(1,311)	0	0	(633)	(1,195)
Balance at 30 June 2008	0	76,613	11,765	11,476	0	3,524	9,098	2,858	295,514	410,848
Balance at 1 July 2008	0	76,613	11,765	11,476	0	3,524	9,098	2,858	295,514	410,848
Depreciation expense	0	1,663	2,433	356	5,042	518	1,560	1,092	10,563	23,227
Eliminate on disposal	0	(1,859)	(144)	(936)	0	(305)	(2,105)	(129)	(3,974)	(9,452)
Eliminate on revaluation	0	0	0	0	0	0	0	0	0	0
Balance at 30 June 2009	0	76,417	14,054	10,896	5,042	3,737	8,553	3,821	302,103	424,623
<b>CARRYING AMOUNTS</b>										
At 1 July 2007	12,447	58,444	10,352	13,879	0	4,037	10,956	6,499	265,695	382,309
At 30 June 2008	12,447	60,586	9,301	17,069	0	4,016	11,207	6,700	275,682	397,008
At 30 June 2009	14,287	63,201	9,670	17,455	71,806	4,278	12,242	8,250	293,101	494,290

### ***Land, buildings and vessels***

Freehold land has been valued at fair value as at 30 June 2009; administration buildings have been valued at fair value as at 31 March 2007; and vessels have been valued at fair value as at 30 April 2008 by valuersnet.nz Limited (registered independent valuers).

### ***Infrastructure***

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

### ***Visitor assets***

A range of visitor asset classes are valued on a fair value basis annually by valuersnet.nz Limited (independent registered valuers). Asset classes visitor structures and buildings have been valued at fair value as at 30 June 2009.

The land formation costs of tracks, car parks and roads (\$109 million as at 30 June 2009) have been included in the financial statements and are not depreciated. Land formation costs for amenity areas and campsites are currently excluded from the financial statements.

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

### ***Fences***

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

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

The total amount of property, plant and equipment in the course of construction is \$14.949 million (2008: \$32.086 million).

## Note 13 Intangible assets

	ACQUIRED SOFTWARE \$000	INTERNALLY GENERATED SOFTWARE \$000	TOTAL \$000
<b>COST OR VALUATION</b>			
Balance at 1 July 2007	673	8,029	8,702
Additions	789	3,716	4,505
Disposals	0	0	0
Balance at 30 June 2008	1,462	11,745	13,207
Balance at 1 July 2008	1,462	11,745	13,207
Additions	0	2,272	2,272
Disposals	0	(1,280)	(1,280)
Balance at 30 June 2009	1,462	12,737	14,199
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES</b>			
Balance at 1 July 2007	321	4,421	4,742
Amortisation expense	246	1,064	1,310
Disposals	0	0	0
Impairment losses	0	0	0
Balance at 30 June 2008	567	5,485	6,052
Balance at 1 July 2008	567	5,485	6,052
Amortisation expense	197	1,678	1,875
Disposals	0	(1,221)	(1,221)
Impairment losses	0	0	0
Balance at 30 June 2009	764	5,942	6,706
<b>CARRYING AMOUNTS</b>			
At 1 July 2007	352	3,608	3,960
At 30 June 2008	895	6,260	7,155
At 30 June 2009	698	6,795	7,493

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

**Note 14 Trade and other payables**

	30/06/09 ACTUAL \$000	30/06/08 ACTUAL \$000
Trade creditors	12,588	12,182
Other payables	5,059	4,963
Total trade and other payables	17,647	17,145

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

**Note 15 Employee benefits (current)**

	30/06/09 ACTUAL \$000	30/06/08 ACTUAL \$000
Accrued salaries and wages	1,723	1,184
Current portion of long service and retiring leave (as per Note 17)	643	767
Accrued annual leave, time-off-in-lieu, and vested long service leave	10,547	11,202
Total employee benefits (current)	12,913	13,153

**Note 16 Environmental provision**

	30/06/09 ACTUAL \$000	30/06/08 ACTUAL \$000
Opening balance	813	731
Provision utilised or reversed during the year	(188)	(136)
Provision made during the year	0	218
Closing balance	625	813

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

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

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

**Note 17 Employee benefits (non-current)**

	30/06/09 ACTUAL \$000	30/06/08 ACTUAL \$000
Retiring leave	13,359	10,396
Long service leave	2,709	1,810
	16,068	12,206
Less: Current portion of long service and retiring leave (as per Note 15)	(643)	(767)
Total Employee benefits (non current)	15,425	11,439

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

In determining the appropriate discount rate the Department considered the interest rates on New Zealand government bonds which have terms to maturity that match, as closely to possible, the estimated future cash outflows. The salary inflation factor has been determined after considering historical salary inflation patterns and after obtaining advice from an independent actuary.



## Note 18 Taxpayer funds

	30/06/09 ACTUAL \$000	30/06/08 ACTUAL \$000
<b>GENERAL FUNDS</b>		
Balance at 1 July	336,269	309,772
Net surplus/(deficit) for the year	1,768	3,772
Transfers from revaluation reserve on disposal	2,591	1,074
Other transfers from revaluation reserve	0	5,865
Capital repayments to the Crown	(1,340)	(21)
Capital contribution from the Crown	18,733	18,254
Provision for repayment of surplus to the Crown	(4,445)	(2,447)
Asset transfers between Department and Crown	76,143	0
<b>General Funds at 30 June</b>	<b>429,719</b>	<b>336,269</b>
<b>PROPERTY, PLANT AND EQUIPMENT REVALUATION RESERVES</b>		
Balance at 1 July	109,800	113,417
Revaluation gains/(losses)	1,782	3,322
Other adjustments to revaluation reserve	(214)	0
Transfer to general funds on disposal	(2,591)	(1,074)
Other transfers to general funds	0	(5,865)
<b>Revaluation reserves at 30 June</b>	<b>108,777</b>	<b>109,800</b>
<b>Total taxpayer funds at 30 June</b>	<b>538,496</b>	<b>446,069</b>
Revaluation reserves consist of:		
Land revaluation reserve	13,155	11,374
Buildings revaluation reserves	35,124	37,434
Visitor assets reserves	57,440	58,147
Other reserves	3,058	2,845
<b>Total revaluation reserve</b>	<b>108,777</b>	<b>109,800</b>

## **Note 19 Financial instrument risks**

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

### ***Market risk***

#### **CURRENCY RISK**

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

The Department has no exposure to currency risk.

#### **INTEREST RATE RISK**

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

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

### ***Credit risk***

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

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

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

### ***Liquidity risk***

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

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

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

	NOTES	LESS THAN 6 MONTHS \$000	BETWEEN 6 MONTHS AND 1 YEAR \$000	BETWEEN 1 AND 5 YEARS \$000	OVER 5 YEARS \$000
2008					
Trade and other payables	14	17,145	0	0	0
2009					
Trade and other payables	14	17,647	0	0	0

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

	NOTES	30/06/09 ACTUAL \$000	30/06/08 ACTUAL \$000
LOANS AND RECEIVABLES			
Cash and cash equivalents	8	40,327	33,100
Trade and other receivables	10	5,439	6,171
Debtor Crown	11	44,779	48,772
Total loans and receivables		90,545	88,043
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST			
Trade and other payables	14	17,647	17,145

## Note 20 Related party transactions and key management personnel

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

The Department enters into transactions with other government departments, Crown entities and state-owned enterprises on an arm's length basis. Those transactions that occur within a normal supplier or client relationship on terms and conditions no more or less favourable than those which it is reasonable to expect the Department would have adopted if dealing with that entity at arm's length in the same circumstance are not disclosed.

There were no other transactions carried out with related parties.

### KEY MANAGEMENT PERSONNEL COMPENSATION

	30/06/09 ACTUAL \$000	30/06/08 ACTUAL \$000
Salaries and other short-term benefits	2,236	2,045
Other long-term benefits	0	0
Termination benefits	0	0
Total key management personnel compensation	2,236	2,045

Key management personnel include the Director-General and the members of the Executive Leadership Team.

**Note 21      Capital management**

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

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

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

**Note 22      Events after the balance sheet date**

No significant events which may impact on the actual results have occurred between year-end and the signing of these financial statements (2008: none).

# Non-departmental schedules

## Statement of accounting policies

### for the year ended 30 June 2009

#### **Reporting Entity**

These non-departmental schedules and statements present financial information on public funds managed by the Department on behalf of the Crown.

These non-departmental balances are consolidated into the Financial Statements of the Government. For a full understanding of the Crown's financial position, results of operations and cash flows for the year, reference should also be made to the Financial Statements of the Government.

#### **Accounting Policies**

The non-departmental schedules and statements have been prepared in accordance with the Government's accounting policies as set out in the Financial Statements of the Government, and in accordance with relevant Treasury Instructions and Treasury Circulars.

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

The following particular accounting policies have been applied:

#### **Budget figures**

The budget figures are those included in the Department's statement of intent for the year ended 30 June 2009, which are consistent with the financial information in the Main Estimates. In addition, these schedules also present

the updated budget information from the Supplementary Estimates.

#### **Revenue**

The Department collects revenue on behalf of the Crown. This is mainly from concession fees, rent/leases and licences from commercial users of Crown-owned land. Revenue is recognised when earned and is reported in the financial period to which it relates.

#### **Goods and Services Tax (GST)**

All items in the non-departmental schedules, including appropriation statements, are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. In accordance with Treasury instructions, GST is returned on revenue received on behalf of the Crown, where applicable. However, an input tax deduction is not claimed on non-departmental expenditure. Instead, the amount of GST applicable to non-departmental expenditure is recognised as a separate expense and eliminated against GST revenue on consolidation of the government financial statements.

#### **Debtors and other receivables**

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

Impairment of a receivable is established when there is objective evidence that the Department will not be able to collect amounts due

according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the debtor is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the schedule of non-departmental expenses. When a debtor is uncollectible, it is written off against the allowance account for debtors. Overdue receivables that are renegotiated are reclassified as current (i.e not past due).

### **Commitments**

Future expenses and liabilities to be incurred on non-cancellable contracts that have been entered into at balance date are disclosed as commitments to the extent that there are equally unperformed obligations.

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

### **Property, plant and equipment**

Land is stated at current rateable value and is revalued at least every five years.

Historic buildings used for rental activities are valued at market value based on the highest and best use. Historic buildings are revalued at least every five years.

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

### **Depreciation**

Depreciation is provided on a straight line basis at rates, which will write off assets, less their estimated residual value, over their remaining useful lives. The useful lives of major classes of assets have been estimated as follows:

ASSET	ESTIMATED USEFUL LIFE
Buildings (Historic)	98-100 years

### **Provisions**

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

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

### **Contingent liabilities**

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

SCHEDULE OF NON-DEPARTMENTAL INCOME FOR THE YEAR ENDED 30 JUNE 2009.

	NOTES	30/06/09 ACTUAL \$000	30/06/09 MAIN ESTIMATES \$000	30/06/09 SUPP. ESTIMATES \$000	30/06/08 ACTUAL \$000
<b>REVENUE</b>					
Concessions, leases and licences	1	14,049	11,864	11,864	14,039
Other operational revenue		2,372	2,460	2,460	2,011
Capital receipts		3,304	1,800	1,800	1,480
<b>Total non-departmental income</b>		<b>19,725</b>	<b>16,124</b>	<b>16,124</b>	<b>17,530</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 2009.

	30/06/09 ACTUAL \$000	30/06/09 MAIN ESTIMATES \$000	30/06/09 SUPP. ESTIMATES \$000	30/06/08 ACTUAL \$000
<b>VOTE: CONSERVATION</b>				
Non-departmental output classes	55,030	41,274	61,015	25,048
Appropriated expenses incurred by the Crown	4,025	6,418	11,459	9,403
Revaluation of infrastructural assets	0	0	0	0
GST input on appropriations	6,563	4,043	7,384	3,333
(Gain)/loss on sale of fixed assets	0	0	0	0
<b>Total non-departmental expenses</b>	<b>65,618</b>	<b>51,735</b>	<b>79,858</b>	<b>37,784</b>
<b>OTHER APPROPRIATIONS—MULTI-YEAR APPROPRIATIONS</b>				
World Heritage Committee hosting	0	0	0	1,031
<b>Total non-departmental expenses including multi-year appropriation</b>	<b>65,618</b>	<b>51,735</b>	<b>79,858</b>	<b>38,815</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 EXPENDITURE AND CAPITAL EXPENDITURE AGAINST APPROPRIATIONS FOR THE YEAR ENDED 30 JUNE 2009.

	30/06/09 ACTUAL \$000	30/06/09 MAIN ESTIMATES \$000	30/06/09 SUPP. ESTIMATES \$000	30/06/09 UNDER/(OVER) EXPENDITURE \$000	30/06/08 ACTUAL \$000
<b>VOTE: CONSERVATION APPROPRIATION FOR NON-DEPARTMENTAL OUTPUT CLASSES</b>					
Identification and implementation of protection for natural and historic places	50,475	27,029	56,219	5,744	20,651
Management services for natural and historic places	1,439	1,506	1,506	67	1,405
Moutoa Gardens/Pakaitorere	22	23	23	1	22
NZ biodiversity advice and condition funds	3,010	11,863	3,183	173	2,970
Stewart Island infrastructure	84	853	84	0	0
Sub-total output classes	55,030	41,274	61,015	5,985	25,048
<b>APPROPRIATION FOR OTHER EXPENSES TO BE INCURRED BY THE CROWN</b>					
Esplanade reserve compensation	0	30	30	30	18
Lake Taupo access fee	0	0	0	0	300
Matauranga Māori fund	283	1,006	435	152	522
Subscriptions to international organisations	303	305	325	22	229
Purchase and development of reserves	1,602	1,800	6,661	5,059	2,426
Payment of rates on properties for concessionaires	591	1,689	1,689	1,098	538
Waikaremoana lakebed lease	378	124	383	5	124
Vested coastal marine areas	17	30	30	13	0
Redress—Foreshore and Seabed Act 2004	0	400	872	872	(440)
Depreciation	762	934	934	172	5,674
Bad and doubtful debts	89	100	100	11	12
Sub-total other expenses	4,025	6,418	11,459	7,434	9,403
Other expenses not requiring appropriation	6,563	4,043	7,384	821	3,333
Total non-departmental expenditure and appropriations	65,618	51,735	79,858	14,240	37,784
<b>Other appropriations—multi-year appropriations</b>					
World Heritage Committee hosting	0	0	0	0	1,031
Total non-departmental expenses including multi-year appropriation	65,618	51,735	79,858	14,240	38,815
<b>CAPITAL INVESTMENT IN ORGANISATIONS OTHER THAN DEPARTMENTS</b>					
Milford flood protection	197	847	200	3	0
<b>APPROPRIATIONS FOR CAPITAL EXPENDITURE</b>					
Crown land acquisitions	427	500	600	173	45,464
Total non-departmental expenditure and capital expenditure including multi-year appropriation	66,242	53,082	80,658	14,416	84,279

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

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



SCHEDULE OF NON-DEPARTMENTAL UNAPPROPRIATED EXPENDITURE AND CAPITAL EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2009.

	30/06/09 UNAPPROPRIATED EXPENDITURE \$000	30/06/09 APPROPRIATION VOTED \$000	30/06/08 UNAPPROPRIATED EXPENDITURE \$000
<b>VOTE: CONSERVATION APPROPRIATION FOR NON-DEPARTMENTAL OUTPUT CLASSES</b>			
	0	0	0
Total non-departmental expenditure	0	0	0
<b>VOTE: CONSERVATION APPROPRIATION FOR NON-DEPARTMENTAL CAPITAL EXPENDITURE</b>			
Crown land acquisitions	0	0	44,988
Total non-departmental expenditure	0	0	44,988

### Expenses and capital expenditure approved under Section 26C of the Public Finance Act 1989

In 2007–2008, a reserve was acquired by the Department as a result of an exchange between the Government and Winstone Aggregates, a division of Fletcher Concrete and Infrastructure Ltd. Approval was sought for the unappropriated expenditure to be validated under the Appropriation (Financial Review Act).

SCHEDULE OF NON-DEPARTMENTAL ASSETS AS AT 30 JUNE 2009.

	NOTES	30/06/09 ACTUAL \$000	30/06/09 MAIN ESTIMATES \$000	30/06/09 SUPP. ESTIMATES \$000	30/06/08 ACTUAL \$000
<b>CURRENT ASSETS</b>					
Cash and cash equivalents		63,754	58,534	42,699	54,008
Trade and other receivables	2	6,758	2,208	2,901	2,901
Total current assets		70,512	60,742	45,600	56,909
<b>NON CURRENT ASSETS</b>					
Property plant and equipment	3	6,149,833	4,703,535	5,542,734	5,619,010
Total non current assets		6,149,833	4,703,535	5,542,734	5,619,010
Total non-departmental assets		6,220,345	4,764,277	5,588,334	5,675,919

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

SCHEDULE OF NON-DEPARTMENTAL LIABILITIES AS AT 30 JUNE 2009.

	NOTES	30/06/09 ACTUAL \$000	30/06/09 MAIN ESTIMATES \$000	30/06/09 SUPP. ESTIMATES \$000	30/06/08 ACTUAL \$000
<b>CURRENT LIABILITIES</b>					
Payables	4	1,394	3,960	1,894	1,909
Provisions	5	2,271	2,846	2,846	2,830
Total current liabilities		3,665	6,806	4,740	4,739
Total non-departmental liabilities		3,665	6,806	4,740	4,739

SCHEDULE OF NON-DEPARTMENTAL COMMITMENTS AS AT 30 JUNE 2009.

	NOTES	30/06/09 ACTUAL \$000	30/06/08 ACTUAL \$000
<b>CAPITAL COMMITMENTS</b>			
Capital commitments	6	5,743	5,403
Total commitments		5,743	5,403
<b>TERM CLASSIFICATION OF COMMITMENTS</b>			
Capital: Less than one year		5,743	5,403
Total commitments		5,743	5,403

SCHEDULE OF NON-DEPARTMENTAL CONTINGENT LIABILITIES AND CONTINGENT ASSETS AS AT 30 JUNE 2009.

	30/06/09 ACTUAL \$000	30/06/08 ACTUAL \$000
Quantifiable liabilities	8,972	8,972
Total contingent liabilities	8,972	8,972

There were 18 claims against the Crown, 17 of which are not currently quantifiable. Eight of these claims are for customary rights orders under the Foreshore and Seabed Act 2004. The remaining 10 claims vary in nature.

### Contingent assets

The Department on behalf of the Crown has no contingent assets (2008: 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

	30/06/09 ACTUAL \$000	30/06/08 ACTUAL \$000
Guiding	2,997	3,099
Telecommunications	1,669	1,484
Grazing	1,313	1,371
Tourism occupations	1,828	1,809
Ski areas	1,265	1,322
Sporting and special events	56	48
Aircraft landings	1,107	1,136
Residential/recreational	854	849
Other occupations	962	532
Vehicle transport	180	181
Boating	600	940
Filming	122	130
Easements	402	397
Extractions fees	34	71
Miscellaneous	174	221
Recovery of rates	486	449
<b>Total concessions, leases and licences</b>	<b>14,049</b>	<b>14,039</b>

### Note 2 Receivables and advances

	30/06/09 ACTUAL \$000	30/06/08 ACTUAL \$000
Trade and other receivables	5,590	1,942
Less: Provision for doubtful debts	(420)	(414)
<b>Net trade and other receivables</b>	<b>5,170</b>	<b>1,528</b>
Accrued revenue	1,402	1,246
Other receivables	186	127
<b>Total receivables and advances</b>	<b>6,758</b>	<b>2,901</b>

MOVEMENTS IN THE PROVISION FOR DOUBTFUL DEBTS		
Balance brought forward	(414)	(414)
Additional provisions made during the year	(100)	0
Reversal of prior period provisions	0	0
Receivables written off during period	94	0
<b>Closing balance</b>	<b>(420)</b>	<b>(414)</b>

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

### Note 3 Property, plant and equipment

	LAND \$000	BUILDINGS \$000	INFRASTRUCTURE \$000	CULTURAL ASSETS \$000	TOTAL \$000
<b>COST OR VALUATION</b>					
Balance at 1 July 2007	4,667,304	55,660	196,221	5,350	4,924,535
Additions	59,631	0	0	0	59,631
Revaluation increase	779,449	1,830	4,305	0	785,584
Disposals	0	0	0	0	0
Balance at 30 June 2008	5,506,384	57,490	200,526	5,350	5,769,750
Balance at 1 July 2008	5,506,384	57,490	200,526	5,350	5,769,750
Additions	72,353	0	197	0	72,550
Revaluation increase	536,080	0	0	0	536,080
Disposals	(903)	0	(200,526)	0	(201,429)
Balance at 30 June 2009	6,113,914	57,490	197	5,350	6,176,951
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES</b>					
Balance at 1 July 2007	0	24,771	109,002	0	133,773
Depreciation expense	0	735	4,939	0	5,674
Eliminate on disposal	0	0	0	0	0
Eliminate on revaluation	0	850	10,443	0	11,293
Balance at 30 June 2008	0	26,356	124,384	0	150,740
Balance at 1 July 2008	0	26,356	124,384	0	150,740
Depreciation expense	0	762	0	0	762
Eliminate on disposal	0	0	(124,384)	0	(124,384)
Eliminate on revaluation	0	0	0	0	0
Balance at 30 June 2009	0	27,118	0	0	27,118
<b>CARRYING AMOUNTS</b>					
At 1 July 2007	4,667,304	30,889	87,219	5,350	4,790,762
At 30 June 2008	5,506,384	31,134	76,142	5,350	5,619,010
At 30 June 2009	6,113,914	30,372	197	5,350	6,149,833

Land is stated at current rateable value as supplied by Quotable Value. These values were reviewed by valuersnet.nz Limited (registered independent valuers) as at 30 June 2009 to ensure that these values comply with NZ IAS 16, Property, Plant and Equipment.

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

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

Historic buildings used for rental activities were valued by valuersnet.nz Limited (registered independent valuers) as at 30 June 2008. These buildings were valued at market value based on the highest and best use.

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

Cultural assets over \$100,000 were valued by valuersnet.nz Limited (registered independent valuers) as at 30 June 2006 at fair value.

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

#### Note 4 Payables

	30/06/09 ACTUAL \$000	30/06/08 ACTUAL \$000
Payables	1,072	1,572
Revenue in advance	322	337
Total payables and advances	1,394	1,909

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

#### Note 5 Provisions

	30/06/09 ACTUAL \$000	30/06/08 ACTUAL \$000
Opening balance	2,830	3,369
Provision utilised or reversed during the year	(559)	(600)
	2,271	2,769
Provision made during the year	0	61
Closing balance	2,271	2,830
Provisions consist of:		
Environmental provision	2,221	2,415
Designations	50	415
Closing balance	2,271	2,830

The provisions include environmental provisions and Designations.

#### ***Environmental provisions***

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

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

- There is a requirement to clean up dumped refuse in the Waikanae Conservation area.
- There is danger of contaminated water around the Kauaeranga Army Firing Range.

### ***Designations***

There is also a provision made for a potential liability relating to a Designation placed on private land to protect the property from development. There is a potential liability that the Crown may need to purchase this property in future from the current owners.

## **Note 6 Capital commitments**

	30/06/09 ACTUAL \$000	30/06/08 ACTUAL \$000
Nature Heritage Fund	2,061	2,004
Ngā Whenua Rāhui	3,382	3,399
South Island Landless Natives Act	300	0
<b>Total other capital commitments</b>	<b>5,743</b>	<b>5,403</b>

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

## **Note 7 Events after the balance sheet date**

No significant events which may impact on the actual results have occurred between year-end and the signing of these financial statements (2008: none).

# Additional financial information

## SUMMARY OF OUTPUT CLASS EXPENDITURE BY OUTPUT FOR THE YEAR ENDED 30 JUNE 2009

	30/06/09 ACTUAL \$000
<b>VOTE: CONSERVATION</b>	
<b>MANAGEMENT OF NATURAL HERITAGE</b>	
Fire Control	12,488
Conservation Services Programme	1,951
Natural Heritage Restoration	11,540
Possum Control	14,918
Deer Control	1,527
Goat Control	6,512
Other Terrestrial Animal Pests	6,993
Other Aquatic Pests	1,371
Island Management and Restoration	7,267
Fencing (Stock Control)	9,014
Inventory and Monitoring	2,556
Weed Control	20,270
Legal Protection of Areas and Sites	14,566
RMA Advocacy and Coastal Planning	5,006
Species Conservation Programmes	38,044
Mainland Island Sites	2,055
CITES	909
Specific Pest and Disease response	1,703
Crown Pest/Weeds Exacerbator Costs	0
<b>Total Management of Natural Heritage</b>	<b>158,690</b>
<b>MANAGEMENT OF HISTORIC HERITAGE</b>	
Historic Heritage	5,536
<b>Total Management of Historic Heritage</b>	<b>5,536</b>
<b>MANAGEMENT OF RECREATIONAL OPPORTUNITIES</b>	
Huts	16,513
Booked Accommodation	1,554
Campsites	5,533
Tracks	39,538
Amenity Areas and Community Services	10,279
Roads and Car Parks	8,449
Visitor Centres	11,449
Visitor Information	3,340
Recreation Concessions	5,612

*Continued on next page*

Summary of output class expenditure by output—continued

	30/06/09 ACTUAL \$000
Recreation Planning and Import Monitoring	11,157
Taupo Sports Fisheries	2,994
Non-Recreation Concessions	4,630
<b>Total Management of Recreational Opportunities</b>	<b>121,048</b>
<b>CONSERVATION WITH THE COMMUNITY</b>	
Participation	8,684
Education and Communication	4,651
International Obligations	449
<b>Total Conservation with the Community</b>	<b>13,784</b>
<b>POLICY ADVICE AND MINISTERIAL SERVICING</b>	
Policy Advice	1,469
Ministerial Services	190
Management Planning	2,254
Statutory Bodies	2,368
Biosecurity Policy Advice	8
<b>Total Policy Advice and Ministerial Servicing</b>	<b>6,289</b>
<b>RECREATIONAL OPPORTUNITIES REVIEW</b>	
Recreational Opportunities Review	334
<b>Total Recreational Opportunities Review</b>	<b>334</b>
<b>CROWN REGIONAL PEST MANAGEMENT STRATEGY</b>	
Pests/Weeds Exacerbator Costs	2,553
<b>Total Crown Regional Pest Management Strategy</b>	<b>2,553</b>
<b>Total Vote Conservation</b>	<b>308,234</b>
<b>Total Output Appropriations</b>	<b>308,234</b>
Add:	
Unrealised Remeasurements	2,469
<b>Total expenses per Statement of Financial Performance</b>	<b>310,703</b>



EXPENDITURE BY CONSERVANCY FOR THE YEAR ENDED 30 JUNE 2009  
(EXCLUDING GST)

CONSERVANCY	30/06/09 ACTUAL \$000
Northland	14,905
Auckland	13,662
Waikato	14,091
Bay of Plenty	9,452
Tongariro/Taupo	11,718
East Coast/Hawke's Bay	12,183
Wanganui	11,051
Wellington	11,519
Nelson/Malborough	18,860
West Coast	19,191
Canterbury	20,012
Otago	15,878
Southland	21,708
Northern Regional Office	2,360
Southern Regional Office	2,092
Research and Development (R&D)	26,692
National Office (excluding R&D)	45,514
Recreational Opportunities Ownership Costs	39,815
Recreational Opportunities Review	0
<b>Total expenses per Statement of Financial Performance</b>	<b>310,703</b>

PERFORMANCE OF RESERVE BOARDS AS AT 30 JUNE 2008

RESERVE BOARD	TYPE	REVENUE \$	EXPENDITURE \$	NET ASSETS \$
<b>NORTHLAND</b>				
Oakura	Recreation	4,348	3,117	196,000
Waikiekie	Recreation	15,540	9,026	147,000
Ruakaka Central	Hall	16,717	18,949	170,000
Waipu Cove	Recreation	617,628	458,976	1,954,332
Ruakaka	Recreation	302,987	203,313	568,800
Whatitiri	Recreation	5,935	8,960	126,600
Taurikura	Hall	5,091	918	140,000
Coates Memorial Church	Local purpose	40	128	150,000
<b>AUCKLAND</b>				
Glorit*	Hall	4,661	4,276	4,009
<b>BAY OF PLENTY</b>				
Awakaponga†	Hall	1,747	5,959	295,744
Matata	Recreation	40,674	41,324	62,815
Lake Rotoiti	Scenic	13,666	10,430	23,252
<b>WANGANUI</b>				
Papanui	Hall	8,076	2,560	1,186
Poukiore	Recreation	4,549	1,951	121,326
Tiriraukawa	Hall	1,503	395	100,000
Moutoa Gardens	Historic	37,295	26,652	269,997
<b>WELLINGTON</b>				
Ruawhata	Hall	222	80	4,332
Horowhenua†	Recreation	1,237	1,131	38,749
Whitireia Park	Recreation	17,965	36,444	114,352
<b>NELSON/MARLBOROUGH</b>				
Homewood	Hall	232	2,689	73,761
Kaiteriteri	Recreation	4,361,755	3,952,119	5,220,898
<b>WEST COAST</b>				
Charleston	Hall	5,315	4,402	119,489
Millerton	Hall	503	1080	36,837
Nelson Creek	Recreation	3,929	3,254	30,000‡

Notes

The details above are dated to 30 June 2008 because they are based on audited reports which are often not available until after the deadline for the preparation of the annual report.

\* The figures for the Glorit board are as at April 2009.

† This annual report is not yet audited.

‡ These figures are estimates.

# Appendix 1

## MONITORING THE DEPARTMENT OF CONSERVATION'S OUTCOME AND INTERMEDIATE OUTCOMES

This appendix tracks the Department's progress in developing and reporting on the outcome and intermediate outcome indicators identified in its statements of intent. The tables set out the indicators the Department committed to in the *Statement of Intent 2008-2011*.

Developing indicators is ongoing work and refinements and improvements are made each year. The tables identify development and reporting from the year ending 30 June 2006, through to what is planned for June 2010 and beyond. Where changes have been made to indicators reported on previously, these are identified.

The indicator table in the 2010 annual report will reflect a larger degree of change, due to revision of some indicators in the *Statement of Intent 2009-2012*.

In particular, the indicators for the natural heritage area (intermediate outcomes 1, 2 and 3) will be subsumed into the natural heritage monitoring framework set out in section 3.1.1 of the *Statement of Intent 2009-2012*. The indicators for historic heritage (intermediate outcome 4) and recreation (intermediate outcome 6) have also been revised as a result of further refinement of those intermediate outcomes, and are set out in sections 3.2 and 3.4.

**OUTCOME: CONSERVING AND MANAGING NEW ZEALAND'S NATURAL, HISTORIC AND CULTURAL HERITAGE PROVIDES INCREASING BENEFIT TO NEW ZEALANDERS.**

INDICATORS	AR 2005–2006	AR 2006–2007	AR 2007–2008	AR 2008–2009	AR 2009–2010
<p>Change in native vegetation cover across New Zealand as a whole by environment type and level of protection.</p> <p><i>First developed for the previous 'protection' outcome. It is now an indicator of the single outcome.</i></p>	<p>1st report provided.</p> <p>Used Land Environments of New Zealand (LENZ) database and the New Zealand Land Cover (LCDB) database.</p>	<p>Ministry for the Environment began updating LCDB (its third update).</p>		<p>2nd report due but not able to be provided as the updated LCDB3 not yet available.</p>	<p>2nd report will be made if LCDB3 is available on time.</p> <p>Thereafter reported every 5 years.</p> <p>Will show trend in percentage cover of native vegetation.</p>
<p>Track trends in benefits New Zealanders seek and receive from the natural, historic, and cultural heritage managed by the Department.</p> <p><i>First developed for the previous 'appreciation outcome'. It is now an indicator of the single outcome.</i></p>	<p>Tools developed and applied.</p> <p>1st report provided and benchmark set.</p>		<p>2nd report provided.</p> <p>Showed trend in how New Zealanders view the benefits.</p> <p>To be reported on every 3 years.</p> <p>Next report due in 2011.</p>		
<p>Track the relative value of conservation as an indicator of support for conservation.</p> <p><i>First developed for the previous 'appreciation outcome', and further developed through the values survey commissioned by the Department in 2006–2007. It is now an indicator of the single outcome.</i></p>	<p>1st report provided.</p>	<p>2nd report provided.</p> <p>Values survey provided baseline information.</p> <p>Conservation values monitor trial begun.</p>	<p>3rd report provided using results from a pilot that translated questions from the 2006–2007 survey into a cost-effective framework that will enable ongoing measurement of New Zealanders' conservation values.</p>		<p>4th report due.</p> <p>Will cover trends in the value New Zealanders attribute to conservation.</p>

INTERMEDIATE OUTCOME 1: THE ECOLOGICAL INTEGRITY OF MANAGED SITES IS MAINTAINED OR RESTORED.					
INDICATORS	AR 2005–2006	AR 2006–2007	AR 2007–2008	AR 2008–2009	AR 2009–2010
Change in indigenous vegetation cover on conservation land by environment type. <i>First developed for the previous 'natural character' intermediate outcome.</i>	1st report provided. Used LCDB. Baseline established.	Ministry for the Environment began updating LCDB (its third update).		2nd report due, but not able to be provided as updated LCDB3 not yet available.	For 2009–2010, indicator will be carried over into the natural heritage monitoring framework, under objective 5 in the <i>Statement of Intent 2009–2012</i> . This is expressed as 'proportion of environmental unit under indigenous cover and protected'. Next report due if LCDB3 is available. Thereafter to be reported every 5 years.
Change in size-class structure of selected indigenous dominants in particular places within forests on conservation land. <i>First developed for the previous 'natural character' intermediate outcome.</i>	1st report provided. Focused on two contributing indicators: <ul style="list-style-type: none"> <li>▪ Size-class structure</li> <li>▪ Representation of specific species or functional groups</li> </ul>	Contributing indicator group expanded from 2 to 5 indicators, under a 3-year work programme.		3-year work programme on contributory indicators due for completion. Next report due in 2011.	For 2009–2010, indicator will be carried over into natural heritage monitoring framework under objective 4 in the <i>Statement of Intent 2009–2012</i> . This is expressed as trends in 'size-class structure of selected canopy dominants'.
Monitoring the status of, and trends in the condition of, the marine reserves managed by the Department. <i>This indicator is part of an ongoing programme of monitoring marine reserves. It is being further developed to improve national consistency.</i>			Indicator developed. Annual reports on selected aspects of the reserves.	1st report provided.	For 2009–2010, indicator will be carried over into natural heritage monitoring framework, which has a series of indicators in objectives 1–5 that apply across terrestrial, freshwater and marine ecosystems and species.
Increase in biosecurity and/or pest management responses by Biosecurity New Zealand to incursions/pests adversely affecting conservation values, as a direct response to the Department's biosecurity advice and advocacy. <i>First developed as an indicator of the previous 'harmful organisms' intermediate outcome.</i>	1st report provided.	2nd report provided.	3rd report provided.	Cabinet approved the transfer of most of the Department's biosecurity functions to MAF Biosecurity New Zealand, so this indicator is no longer relevant and has been discontinued.	

INTERMEDIATE OUTCOME 2: THE SECURITY OF THREATENED SPECIES UNIQUE TO NEW ZEALAND, AND MOST AT RISK OF EXTINCTION, IS IMPROVED.					
INDICATORS	AR 2005–2006	AR 2006–2007	AR 2007–2008	AR 2008–2009	AR 2009–2010
Change in the number of extinct species or subspecies (both confirmed and assumed extinctions). <i>First developed for the previous 'risk of extinction' intermediate outcome.</i>	1st reported in 2004. Threat Classification System prepared in 2001. Species list was reassessed in 2004.	Review of Threat Classification System methodology began.	Review of Threat Classification System methodology completed. Begin 3-year cycle of reassessing one taxonomic group at a time.	Reassessment of taxonomic groupings continues.	Reassessment of taxonomic groupings will continue. For 2009–2010, indicator will be carried over into natural heritage monitoring framework under objective 3 in the <i>Statement of Intent 2009–2012</i> . This is expressed as 'trends in the number of indigenous species that are extinct'. Projected date of next report is 2011, once all groups have been reassessed.
Change in the threat classification status of managed 'acutely threatened', 'chronically threatened' and 'at risk' species or subspecies. <i>First developed for the previous 'risk of extinction' intermediate outcome.</i>	1st reported in 2004. Updated information on 2004 report provided.	Review of Threat Classification System methodology completed. Terms 'acutely threatened' and 'chronically threatened' removed. 3-year re-listing cycle using updated methodology began.	Review of Threat Classification System methodology completed. Terms 'acutely threatened' and 'chronically threatened' removed. 3-year re-listing cycle using updated methodology began.	Reassessment of taxonomic groupings continues.	Reassessment of taxonomic groupings will continue. For 2009–2010, indicator will be incorporated into natural heritage monitoring framework under objective 3 in the <i>Statement of Intent 2009–2012</i> . This is expressed as trends in the 'number' and 'security' of 'threatened' and 'at risk' species. Projected date of next report is 2011, once all groups have been reassessed.

INTERMEDIATE OUTCOME 3: EXAMPLES OF THE FULL RANGE OF NEW ZEALAND'S ECOSYSTEMS ARE CONSERVED.					
INDICATORS	AR 2005–2006	AR 2006–2007	AR 2007–2008	AR 2008–2009	AR 2009–2010
Trends in the percentage of the most at-risk environment types (freshwater and terrestrial) under legal protection from year to year.  <i>First developed for the previous 'representative range' intermediate outcome.</i>	1st report provided. Baseline data established.	2nd report provided. Showed trends in the percentage of the most at-risk environment types under legal protection from year-to-year (using underlying LENZ data), with the least represented types clearly identified.	3rd report provided.	4th report provided.	For 2009–2010, indicator will be incorporated into natural heritage monitoring framework under objective 5 in the <i>Statement of Intent 2009–2012</i> . Measures will be of trends in proportions of environmental units under indigenous cover and protected, and trends in the 'proportion of threatened naturally uncommon and significantly reduced habitats protected'.
	Percentage of wetland areas in protection.	1st report provided. Baseline data established for palustrine and inland saline wetlands. Priority ranking system established.	2nd report provided.	2nd report provided.	For 2009–2010, indicator will be incorporated into natural heritage monitoring framework under objective 5 in the <i>Statement of Intent 2009–2012</i> . Measures will be of trends in proportions of environmental units under indigenous cover and protected, and trends in the 'proportion of threatened naturally uncommon and significantly reduced habitats protected'.
Progress of regional planning forums to implement the Marine Protected Areas Policy to establish a network of Marine Protected Areas that is comprehensive and representative of New Zealand's marine habitats and ecosystems.	1st report provided. Indicator developed following government approval of <i>Marine protected areas: classification, protection standards and implementation guidelines</i> (Ministry of Fisheries and Department of Conservation, 2008).	1st report provided.	1st report provided.	1st report provided.	For 2009–2010, indicator will be incorporated into natural heritage monitoring framework, under objective 5 in the <i>Statement of Intent 2009–2012</i> . This will be expressed as trends in the 'proportion of environmental units in marine protected sites'.

INTERMEDIATE OUTCOME 4: A REPRESENTATIVE RANGE OF HISTORIC HERITAGE AND CULTURAL HERITAGE IS CONSERVED AND INTERPRETED.				
INDICATORS	AR 2005–2006	AR 2006–2007	AR 2007–2008	AR 2008–2009
Change in the percentage of historic assets in 'improving', 'stable' and 'degrading' categories. <i>First developed for the previous 'historic and cultural heritage' intermediate outcome.</i>	Indicator developed. Baseline data gathered.	1st report provided. Benchmarks established in each category.	2nd report due on the trend in assets in 'improving', 'stable' and 'degrading' categories. Not provided. Change in Department's asset management information system (AMIS) identified need to revise the indicator.	3rd report due but not provided because necessary changes to AMIS not made. This indicator was revised for 2009–2010 and beyond.
Change in the number of historic sites that meet ICOMOS standards. <i>First developed for the previous 'historic and cultural heritage' intermediate outcome.</i>	Indicator developed. Baseline data gathered.	1st report provided. Benchmarks established.	2nd report due on the trend in the number of historic sites that meet ICOMOS standards. Not provided. Change in Department's AMIS identified a need to revise the indicator.	3rd report due but not provided because necessary changes to AMIS not made. This indicator is discontinued.
Change in the number of sites for which key history has been safeguarded. <i>First developed for the previous 'historic and cultural heritage' intermediate outcome.</i>	Indicator developed. Baseline data gathered.	1st report provided. Benchmarks established. Target for 2010 established.	2nd report provided.	3rd report provided. This indicator was revised for 2009–2010 and beyond.
				Revised indicator introduced in the <i>Statement of Intent 2009–2012</i> : 'Increase in the number of key heritage sites at which core history is safeguarded, the values are identified, and these values are communicated'. 1st report due. Due date for target.



INTERMEDIATE OUTCOME 5: NEW ZEALANDERS INCREASINGLY ENGAGE IN CONSERVATION.					
INDICATORS	AR 2005–2006	AR 2006–2007	AR 2007–2008	AR 2008–2009	AR 2009–2010
Change in New Zealanders' understanding of important conservation issues. <i>First developed for the previous 'awareness and understanding' intermediate outcome.</i>	1st report provided. Baseline data established.	2nd report provided.	3rd report provided. Trend in New Zealanders' understanding of important conservation issues.	4th report provided.	5th report due.
Change in the quality of the Department's engagement with key associates. <i>First developed for the previous 'awareness and understanding' intermediate outcome.</i>	1st report provided. Baseline data established.	2nd report provided.	3rd report provided. Trend in quality of the Department's engagement with key associates.	4th report provided through qualitative research with key stakeholders.	5th report due.
Change in the satisfaction of tangata whenua with the Department's activities to assist them to maintain their cultural relationships with taonga. <i>First developed for the previous 'awareness and understanding' intermediate outcome.</i>	1st report provided. Baseline data established.	2nd report provided.	3rd report provided. Trend in tangata whenua satisfaction with the Department's activities to assist them to maintain their cultural relationships with taonga.	4th report provided.	5th report due.

INTERMEDIATE OUTCOME 6: NEW ZEALANDERS HAVE INCREASED OPPORTUNITIES FOR RECREATION AND OUTDOOR ACTIVITIES.					
INDICATORS	AR 2005–2006	AR 2006–2007	AR 2007–2008	AR 2008–2009	AR 2009–2010
Change over time in New Zealanders' participation in recreation on public conservation land and their satisfaction with the quality and range of recreational opportunities provided. <i>Expansion of previous indicator for 'recreation' intermediate outcome. Added a measure of 'participation', as this is a better indicator of access, rather than the 'satisfaction' levels of people already on site.</i>	2nd report provided on original indicator: 'Change over time in visitor satisfaction with the range of recreation opportunities provided'.		1st report provided on expanded indicator.	No report due. Indicators for 2009–2010 revised to separate measures for trends in participation and satisfaction levels.	1st report due on new indicators.

INTERMEDIATE OUTCOME 7: BUSINESS OPPORTUNITIES CONSISTENT WITH CONSERVATION OUTCOMES ARE ENABLED.					
INDICATORS	AR 2005–2006	AR 2006–2007	AR 2007–2008	AR 2008–2009	AR 2009–2010
Indicators to be developed for this outcome during 2008–2009.				Indicator development on hold pending completion of the Department's commercial framework. This was due to be presented early in the 2009–2010 year.	Indicators based on commercial framework to be ready for 2010–2011.

## Appendix 2

### AREA OF NATURAL HERITAGE UNDER LEGAL PROTECTION

The two tables in this appendix show areas under legal protection, both land-based and marine reserves.

Table A2.1 shows land areas 'protected' over the period 2003 to 2009, where 'area protected' includes all land administered by the Department of Conservation, but excludes protected land controlled and managed by other agencies, unprotected land of interest to the Department, and reserves vested in other agencies.

The table uses the Land Environments of New Zealand (LENZ) classification system developed by Landcare Research and the Ministry for the Environment. LENZ sorts factors such as climate, landform and soil properties that are known to be correlated to forest, shrub and fern distribution, and allows areas of similar environments to be grouped together. The table uses the LENZ Level I (20 group) classification.

One way in which the Department uses this information is to work towards a more comprehensive range of terrestrial environments being legally protected. While no targets have been set, the information helps to prioritise funding when responding to opportunities to protect land, such as when a private landowner seeks to covenant a forest remnant.

Table A2.2 in this appendix shows the 33 marine reserves gazetted as at 30 June 2009, the area each marine reserve covers, and the year of its gazettal.

TABLE A2.1. AREA OF NATURAL HERITAGE ON LAND UNDER LEGAL PROTECTION 2003-2009.

LENZ LEVEL I CLASSIFICATION	LAND ENVIRONMENT NAME	AREA PROTECTED END JUNE 2003 (ha)	AREA PROTECTED END JUNE 2004 (ha)	AREA PROTECTED END JUNE 2005 (ha)	AREA PROTECTED END JUNE 2006 (ha)	AREA PROTECTED END JUNE 2007 (ha)	AREA PROTECTED END JUNE 2008 (ha)	AREA PROTECTED END JUNE 2009 (ha)	TOTAL AREA OF LENZ LEVEL (ha)	CHANGE OF PROTECTED AREA JULY 2008 TO END JUNE 2009 (ha)*	TOTAL ENVIRONMENT LEGALLY PROTECTED END JUNE 2009 (%)
A	Northern lowlands	89 269	86 594	87 793	87 948	89 659	90 002	87 886	1 853 745	-2 116	4.74
B	Central dry lowlands	6 625	5 794	5 957	7 819	8 521	8 658	11 333	691 433	2 675	1.64
C	Western and southern North Island lowlands	6 992	5 508	5 578	5 571	5 919	6 020	5 691	635 918	-329	0.89
D	Northern hill country	405 174	400 668	400 604	399 976	400 538	401 634	399 537	2 099 624	-2 097	19.03
E	Central dry foothills	195 521	195 457	221 514	294 338	301 303	311 625	352 626	1 323 675	41 001	26.64
F	Central hill country and volcanic plateau	1 113 910	980 163	978 161	978 892	982 203	982 719	1 003 537	5 241 270	20 818	19.15
G	Northern recent soils	26 207	23 865	24 453	24 233	25 076	24 868	23 723	338 680	-1 145	7.00
H	Central sandy recent soils	56 498	27 862	27 862	27 824	28 094	28 014	27 901	135 282	-113	20.62
I	Central poorly-drained recent soils	3 872	3 229	3 232	3 319	3 369	3 373	3 337	120 994	-36	2.76
J	Central well-drained recent soils	16 555	3 879	4 031	4 273	5 382	5 612	4 703	293 580	-909	1.60
K	Central upland recent soils	27 532	26 930	27 522	33 809	35 767	37 605	42 605	160 716	5 000	26.51
L	Southern lowlands	64 674	57 056	59 355	58 767	62 455	62 384	58 772	801 165	-3 612	7.34
M	Western South Island recent soils	108 308	109 358	109 317	109 712	111 390	110 556	110 010	220 345	-546	49.93
N	Eastern South Island plains	19 496	12 587	13 079	12 682	15 073	18 052	15 880	2044 508	-2 172	0.78
O	Western South Island foothills and Stewart Island	1 171 335	1 164 468	1 164 275	1 163 870	1 165 310	1 164 995	1 164 335	1 414 258	-660	82.33
P	Central mountains	2 317 400	2 181 691	2 205 866	2 315 771	2 325 497	2 347 450	2 517 831	3 248 591	170 381	77.51
Q	Southeastern hill country and mountains	489 564	556 499	580 367	595 507	604 446	624 199	704 622	3 271 981	80 423	21.54
R	Southern Alps	1 758 686	1 797 754	1 795 980	1 799 656	1 799 921	1 803 733	1 832 838	1 926 881	29 105	95.12
S	Ultramafic soils	28 123	31 067	31 245	31 245	31 245	31 245	31 262	33 476	17	93.39
T	Permanent snow and ice	132 852	152 935	152 901	153 035	153 042	153 550	154 728	157 015	1 178	98.54
Other		46 530	37 690	37 984	39 076	41 815	41 793	40 213	211 363	-1 580	19.03
Total		8 085 123	7 861 054	7 937 076	8 147 323	8 196 025 <sup>†</sup>	8 258 087	8 593 371 <sup>‡</sup>	26 224 500	335 284	32.77

\* Before 2009, a grid analysis methodology was used to produce statistics. The methodology was updated to use overlapping vector polygons. The change in methodology has resulted in a margin of error that may have resulted in a discrepancy in some of the figures for some LENZ categories.

<sup>†</sup> In the annual report for the year ended 30 June 2007, the figure reported for year-end 2007 was 8 206 098 hectares. The difference is because moveable marginal strips administered by the Department have now been excluded, giving a total of 8 196 025 hectares.

<sup>‡</sup> The 2009 figure includes an overall +1.11% variance (equalling approximately 92 000 hectares) caused by the change in methodology outlined in the previous footnote.

### *Analysis qualifiers*

- Before 2009, the summary statistics were defined using a grid analysis methodology. The new method uses the same selection criteria for determining protected areas, but statistics are extracted by way of overlapping vector polygons. The vector polygon method will be used in future.
- The summary statistics exclude offshore islands and marine areas, but include nearshore islands, within the geographic extents of the LENZ database.
- The 'area protected' includes all land administered by the Department of Conservation. This excludes protected land controlled and managed by other agencies, unprotected land of interest to the Department, and reserves vested in other agencies.
- The above summary statistics also exclude moveable marginal strips administered by the Department due to incomplete national data.
- All figures have been rounded to the nearest hectare.

TABLE A2.2. MARINE RESERVES IN NEW ZEALAND AS AT 30 JUNE 2009.

The legal areas provided for some marine reserves are different from last year's annual report. This is because of recalculations and some new survey work undertaken during 2008–2009. All marine areas have been rounded to the nearest hectare.

IDENTIFIER	MARINE RESERVE NAME	DATE MARINE RESERVE ESTABLISHED	LEGAL AREA (ha)
MR1	Cape Rodney-Okakari Point Marine Reserve	1975	518
MR2	Poor Knights Islands Marine Reserve (initially recorded as 1890 hectares)	1981	2410
MR3	Kermadec Marine Reserve	1990	748000
MR4	Kapiti Marine Reserve	1992	2167
MR5	Te Whanganui-A-Hei (Cathedral Cove) Marine Reserve	1992	840
MR6	Tuhua (Mayor Island) Marine Reserve	1992	1060
MR7	Long Island-Kokomohua Marine Reserve	1993	619
MR8	Te Awaatu Channel (The Gut) Marine Reserve	1993	93
MR9	Piopiotaahi (Milford Sound) Marine Reserve	1993	690
MR10	Tonga Island Marine Reserve	1993	1835
MR11	Westhaven (Te Tai Tapu) Marine Reserve	1994	536
MR12	Long Bay-Okura Marine Reserve	1995	980
MR13	Motu Manawa (Pollen Island) Marine Reserve	1995	500
MR14	Te Angiangi Marine Reserve	1997	446
MR15	Pohatu (Flea Bay) Marine Reserve	1999	215
MR16	Te Tapuwae o Rongokako Marine Reserve	1999	2452
MR17	Auckland Islands (Motu Maha) Marine Reserve	2003	498000
MR18	Ulva Island (Te Wharawhara) Marine Reserve	2004	1075
MR19	Te Hapua (Sutherland Sound) Marine Reserve	2005	449
MR20	Hawea (Clio Rocks) Marine Reserve	2005	411
MR21	Kahukura (Gold Arm) Marine Reserve	2005	464
MR22	Kutu Parera (Gaer Arm) Marine Reserve	2005	433
MR23	Taipari Roa (Elizabeth Island) Marine Reserve	2005	613
MR24	Moana Uta (Wet Jacket Arm) Marine Reserve	2005	2007
MR25	Taumoana (Five Finger Peninsula) Marine Reserve	2005	1466
MR26	Te Tapuwae o Hua (Long Sound) Marine Reserve	2005	3672
MR27	Te Matuku Marine Reserve	2005	690
MR28	Horoirangi Marine Reserve	2006	904
MR29	Parininihi Marine Reserve	2006	1844
MR30	Te Paepae o Aotea (Volkner Rocks) Marine Reserve	2006	1267
MR31	Whangarei Harbour Marine Reserve	2006	260
MR32	Tapuae Marine Reserve	2008	1404
MR33	Taputeranga Marine Reserve	2008	855
		Total	1 279 175

**The cluster of tiny islands in the southern Pacific Ocean, collectively known as the Chatham Islands, are a national and international conservation treasure.**

*Many of the species of birds, plants and insects found on the ten islands live nowhere else on Earth. Among the more famous and feted are the Chatham Island black robin and the taiko, a tube-nosed seabird once thought extinct.*

*No one understands how special these islands are better than the 600 people who carve out their lives there. Their actions are central to the work to protect and restore the islands' natural and cultural history.*

*Before protection efforts began, many of the islands' species had become extinct or severely threatened, unable to withstand the weeds and browsing and predatory animals brought there by people.*

*The turnaround began in the 1950s, when the Crown bought Rangatira (South East) Island as the first publicly owned reserve.*

*As knowledge of the islands' native species, untamed landscapes and cultural heritage has grown, so too has the network of conservation covenants and kawenata. In 1996 there were just 11 parcels of private land protected by conservation covenants, totalling 440 hectares. By early 2008, more than 40 covenants and kawenata existed, protecting more than 2900 hectares (3.8% of the islands' land area).*

*In addition, Chatham Islanders have gifted nearly 2000 hectares as public reserve land. Added to Crown purchases, that means the Department of Conservation manages about 6520 hectares of public land—about 8% of the islands' total area.*

*The consequence for native species has been dramatic. Predator control and fencing has led to a threefold increase in Chatham Island oystercatchers—they now number about 330—and an 83% increase in parea, the Chatham Island pigeon. Both species are classified as 'nationally critical'.*

*The consequences for the islands' economy may be equally dramatic. While fishing and farming still form the backbone of their economy, tourism is growing fast, providing employment and income for many. Major attractions are the endemic native plants and animals, and wild landscapes.*

*The islanders' increasing commitment to protecting their natural and historic heritage is building confidence that many species can be returned to sites where they can be seen and appreciated by islanders and their guests.*

