



Department of Conservation Annual Report

For the year ended 30 June 2011



Department of
Conservation
Te Papa Atawhai

Department of Conservation

Annual Report

For the year ended 30 June 2011

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

Crown copyright, September 2011
ISSN 1176-7324 (print)
ISSN 1177-990X (online)

This publication is printed on paper pulp sourced from sustainably grown and managed forests, using Elemental Chlorine Free (EFC) bleaching, and printed with 100% vegetable based inks.

The Minister of Conservation

Pursuant to section 44(1) of the Public Finance Act 1989, I am pleased to submit this report on the operations of the Department of Conservation for the year ended 30 June 2011.

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

Alastair Morrison
DIRECTOR-GENERAL

Table of contents

Director-General's overview	5
<hr/>	
1. Introducing the Department of Conservation	7
<hr/>	
1.1 The nature and scope of the Department of Conservation's functions	7
1.2 Setting DOC's compass	9
2. The DOC outcomes model	10
<hr/>	
2.1 The outcome statement	10
2.2 The six intermediate outcomes	10
2.3 Departmental outputs	11
3. Delivering conservation outcomes for New Zealand	16
<hr/>	
3.1 Context	16
3.2 Evidence-based investments	18
4. The outcome statement: measuring progress	30
<hr/>	
5. Natural heritage: Report against operating intentions	
Intermediate outcome 1: The diversity of our natural heritage is maintained and restored	31
<hr/>	
Statement of Service Performance 2010–2011: Managing natural heritage	45
Statement of service performance 2010–2011: Regional Pest Management Strategies	48
6. Historic heritage: Report against operating intentions	
Intermediate outcome 2: Our history is protected and brought to life	49
<hr/>	
Statement of service performance 2010–2011: Management of historic heritage	52
7. Recreation: Report against operating intentions	
Intermediate outcome 3: More people participate in recreation	53
<hr/>	
Statement of service performance 2010–2011: Recreation opportunities	57
8. Engagement: Report against operating intentions	
Intermediate outcome 4: More people engage with conservation and value its benefits	59
<hr/>	
Statement of service performance 2010–2011: Engagement	62
9. Business opportunities: Report against operating intentions	
Intermediate outcome 5: More business opportunities delivering increased economic prosperity and conservation gains	63
<hr/>	
10. Statutory obligations: Report against operating intentions	
Intermediate outcome 6: Statutory obligations and other government functions are met	65
<hr/>	

11.	Policy advice, ministerial services, management planning, servicing statutory and ministerial bodies, and cost-effectiveness: Report against operating intentions	66
11.1	Policy advice	66
11.2	Ministerial services	67
11.3	Statutory and ministerially appointed bodies	67
11.4	Management planning	67
	Statement of service performance 2010–2011: Policy advice and services	68
12.	Managing in a changeable operating environment	69
12.1	External drivers, current risks and mitigation strategies	69
12.2	Corporate governance	70
12.3	Risk management framework	71
12.4	Health and safety management	71
13.	Organisational health and capability	71
13.1	Business improvement programme	72
13.2	A well-coordinated natural resources sector	72
13.3	Leadership, people and culture	73
13.4	Equal employment opportunities	74
13.5	Information technology	74
13.6	Efficiency through sustainability	75
14.	Departmental capital and asset management intentions	76
14.1	Asset management capability	76
14.2	Performance of physical assets	76
14.3	Capital expenditure intentions	77
15.	Financial statements	78
	Statement of responsibility	78
	Independent auditor's report	79
	Statement of accounting policies	82
	Non-departmental schedules: statement of accounting policies	112
	Additional financial information	122
	Appendix	127
	Area of marine reserves and marine mammal sanctuaries	127

Director-General's overview

There is a common view that to have a healthy environment, a nation first needs a wealthy economy. The world is waking up to the fact that the reverse is the case. The services that nature provides—water, soil regeneration, climate regulation, nutrient cycles, pollination, fibre, and so on—underpin the economy and determine our well-being and prosperity. It is our natural capital and we need to manage it as carefully as our financial capital.

This realisation has had a major impact on the strategic direction that the Department of Conservation (DOC) is taking. The work we are responsible for—the protection of our native species and special places—sits in a broader context of the wise management and use of our natural resource base. A restored dawn chorus is an indicator of the health of our biodiversity and environment, and that is a key to ensuring the quantity and quality of the services nature provides and we rely on.

This means DOC must develop an increasingly outward-looking focus. Not only must it use its direct resources to manage the public's conservation lands and waters to the best extent possible, but also work with others to secure conservation values to a greater extent both on and off those areas.

DOC has been successful at engaging with communities to extend conservation achievement. It must be equally successful working in collaboration across central government and with local government, iwi, private landowners and commercial interests.

The increasing international concern around environmental degradation and resource depletion, and the consumer activism that this is prompting, provides a business case that engaging in conservation is commercially, culturally and socially beneficial. DOC is active in building the validity of that case, and building on it for conservation achievement.

This annual report reflects that shifting emphasis in DOC. It is a long journey and there is a way to travel yet, but DOC is determined to meet the challenge involved in the better management of New Zealand's natural capital.



Alastair Morrison
DIRECTOR-GENERAL

30 September 2011

Introducing the Department of Conservation

1.1

The nature and scope of the Department of Conservation's functions

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

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

DOC was established by the Conservation Act 1987, and its key functions and mandate are set out in that Act. It also has functions under a number of other Acts, including the National Parks Act 1980, the Marine Reserves Act 1971, the Reserves Act 1977, the Wild Animal Control Act 1977, the Wildlife Act 1953 and the Marine Mammals Protection Act 1978.¹

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

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

DOC manages about 8.5 million hectares of land, 33 marine reserves (covering almost 1.28 million hectares), and 6 marine mammal sanctuaries (covering approximately 2.4 million hectares)². A considerable proportion of the land is, however, snow and ice, and much of DOC's work is focused on relatively small

areas of land or water where conservation values are high, whether that is for natural heritage reasons or in support of visitor experiences or community engagement.

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

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

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

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

Most of DOC's resources are focused on its mandated conservation work, outlined above. DOC's role is also set by its status as a Crown department that contributes to whole-of-government activities in response to the Government's stated priorities for the public sector.

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

For the 2010–2011 year, the Minister of Conservation determined that DOC would contribute to the

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

² Marine reserves and marine mammal sanctuaries are listed in Appendix 1.

Government's six drivers of growth³ by focusing particularly on three areas: tourism, recreation opportunities and generating revenue. Specific activities to respond to the Government's priorities are discussed as part of the intermediate outcomes they relate to (sections 5-11), and in the section on organisational health and capability (section 13).

DOC is a key participant in all Treaty of Waitangi settlement negotiations and works actively to help achieve the Government's priority of settling all historical Treaty claims by 2014. DOC's particular focus is to contribute to development of cultural redress as part of negotiations. Such redress may include the transfer of public conservation land of importance to iwi, other instruments to recognise iwi interest in conservation land, and relationship documents.

Organisation structure

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

committees and the New Zealand Conservation Authority.

Conservation outputs are delivered mainly from the network of 44 area offices. The 44 areas are grouped into 11 conservancies, each with a conservancy office to provide support. The conservancies are led and managed by a Deputy Director-General Operations.⁴

As at 30 June 2011, DOC employed 1825.77 permanent full-time equivalent staff and 230.99 temporary full-time equivalent staff.

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

Further information on the main organisations and sectors with which DOC works towards its outcome and intermediate outcomes is provided in the reports against operating intentions contained in this annual report (sections 5-11).

³ The Government has identified six drivers of growth: 'removing red tape and improving regulation'; 'lifting productivity and improving services in the public sector'; 'investing in productive infrastructure'; 'supporting business innovation and trade'; 'lifting skills'; and 'strengthening the tax system'.

⁴ Further information on DOC can be found on its website: <http://www.doc.govt.nz>. This includes the organisation's structure, relevant international conventions, the location of offices, etc.

1.2

Setting DOC's compass

DOC's efforts to work towards its outcome are guided by its strategic direction, which is made up of its vision, outcome statement, purpose, principles and strategic approaches.

Vision	New Zealand is the greatest living space on Earth. <i>Kāore he wāhi i tua atu i a Aotearoa, hei wahi noho i te ao.</i>
Outcome statement	New Zealanders gain environmental, social and economic benefits from healthy functioning ecosystems, from recreation opportunities, and from living our history.
Purpose	Conservation leadership for a prosperous New Zealand.
Values	<p>Performance <i>Whakamanawatanga</i>: We inspire confidence by delivering conservation outcomes that benefit New Zealanders.</p> <p>Collaboration <i>Whakakotahitanga</i>: We achieve success through relationships based on mutual respect and benefit.</p> <p>Innovation <i>Auahatanga</i>: We find new solutions by building knowledge and sharing expertise, pushing boundaries, and taking calculated risks.</p> <p>Trust <i>Whakawhirinakitanga</i>: We work as one integrated organisation that is reliable and relevant.</p> <p>Guardianship <i>Kaitiakitanga</i>: We create recreation opportunities, and take care of natural and historic heritage for the well-being and prosperity of all New Zealanders.</p>
Strategic approaches	Achieving increasing conservation results through: <ul style="list-style-type: none">• Promoting and demonstrating the value of conservation and its links to New Zealanders' prosperity and well-being.• Collaborating, and developing and sharing knowledge, tools and techniques.• Working to nationwide priorities, and responding to community and iwi values.• Working proactively with the business sector.

The DOC outcomes model

DOC operates an outcomes-based model which cascades from the outcome statement to intermediate outcomes and the contributing outputs.

Figure 1 shows DOC's outcome model. This links DOC's outcome and intermediate outcomes to its vision, and shows the strategic approaches and drivers that underpin its work. Figure 2 shows the link between outcomes and outputs more explicitly, using a visitor asset example.

2.1

The outcome statement

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

The outcome statement expresses the value that conservation as a whole delivers to New Zealanders and to the vision for New Zealand's future. The work of DOC is a major contribution to this outcome, both through what DOC does itself and through what it supports others to do.

At the most fundamental level, improving the health of New Zealand's natural ecosystems ensures they will continue to deliver the life-sustaining ecosystem services that are at the base of New Zealand's primary production economy, and help determine New Zealanders' well-being and prosperity. These are services such as freshwater yield and storage, soil fertility and stability, carbon storage, and the natural resilience a diverse environment has when its life forms and landscapes adapt over time to each other and to specific conditions.

Sound management of these natural resources, along with New Zealand's historic heritage, preserves them for their own inherent value and for the benefit of current and future generations. Beyond the ecosystem services described above, the value of this natural and historic heritage is that it forms key components of New Zealanders' sense of identity and connection with

places, and provides experiences that enrich lives. It creates physical, mental and spiritual benefits, and helps to improve health and well-being.

This heritage also plays a critical role in supporting the New Zealand brand—the market advantage on which the nation's producers and society rely. For example, providing recreation and other visitor opportunities that contribute to the tourism industry.

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

These combined benefits enhance the prosperity and well-being of individual New Zealanders, and contribute to the viability and resilience of local communities, and to New Zealand's international reputation.

2.2

The six intermediate outcomes

DOC works towards the outcome statement through six intermediate outcomes that express the impacts DOC seeks to make through its interventions. The outcomes are:

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

Although each of the intermediate outcomes has a specific focus, they are not mutually exclusive. For example, conserving natural heritage provides opportunities for recreation and for businesses, which all helps to increase engagement. 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 outcomes.

The following sections of this annual report (from section 4 on) describe DOC's progress towards each intermediate outcome.

2.3

Departmental outputs

The work DOC does (the outputs it delivers) to achieve each of the intermediate outcomes is shown in Table 1. Quality assurance for this work is managed through DOC's development and implementation

of best practice and standard operating procedures. Further information on quality assurance is provided in the reports on DOC's operating intentions (sections 5-11). Where external standards are not available, and/or DOC is the only agency undertaking work in New Zealand, it uses an internal peer review process to ensure best practice remains up to date. This process is shown in Figure 3.

TABLE 1. OUTPUT CLASSES AND MAIN OUTPUTS THAT CONTRIBUTE TO DOC'S INTERMEDIATE OUTCOMES

INTERMEDIATE OUTCOME	OUTPUT CLASSES	MAIN OUTPUTS (WHAT GETS MEASURED)
Intermediate outcome 1: Natural heritage The diversity of our natural heritage is maintained and restored	Management of natural heritage	Fire control Conservation Services Programme Restoration Pest and weed control Legal protection of areas and marine protection Species management
	Crown contribution to Regional Pest Management Strategies	Regional Pest Management Strategies
	Conservation with the community	Participation Education and communication
	Policy advice, servicing the Minister and statutory bodies, and statutory planning	Policy advice Ministerial servicing
Intermediate outcome 2: Historic heritage Our history is protected and brought to life	Management of historic heritage	Historic and cultural heritage restoration
	Management of recreational opportunities	Asset management Recreation opportunities management Recreation concessions
	Conservation with the community	Participation Education and communication
	Policy advice, servicing the Minister and statutory bodies, and statutory planning	Policy advice Ministerial servicing
Intermediate outcome 3: Recreation More people participate in recreation	Management of recreational opportunities	Asset management Recreation opportunities management Recreation concessions
	Conservation with the community	Participation Education and communication
	Policy advice, servicing the Minister and statutory bodies, and statutory planning	Policy advice Ministerial services
Intermediate outcome 4: Engagement More people engage with conservation and value its benefits	Conservation with the community	Participation Education and communication
	Policy advice, servicing the Minister and statutory bodies, and statutory planning	Policy advice Ministerial services

Continued on next page

Table 1. Output classes and main output groups that contribute to DOC's intermediate outcomes—continued

INTERMEDIATE OUTCOME	OUTPUT CLASSES	MAIN OUTPUTS (WHAT GETS MEASURED)
Intermediate outcome 5: Business opportunities More business opportunities delivering increased economic prosperity and conservation gain	Management of natural heritage	Fire control Conservation Services Programme Restoration Pest and weed control Legal protection of areas and marine protection Species management
	Management of recreational opportunities	Asset management Recreation opportunities management Recreation concessions Other resource use concessions
	Conservation with the community	Participation Education and communication
	Policy advice, servicing the Minister and statutory bodies, and statutory planning	Policy advice Ministerial services
Intermediate outcome 6: Statutory obligations Statutory obligations and other government functions are met	Management of natural heritage	Pest, weed and fire management Legal protection International obligations
	Crown contribution to Regional Pest Management Strategies	Regional Pest Management Strategies
	Management of recreational opportunities	Recreation management
	Conservation with the community	Participation Education and communication
	Policy advice, servicing the Minister and statutory bodies, and statutory planning	Policy advice Servicing the Minister and statutory bodies, and statutory planning

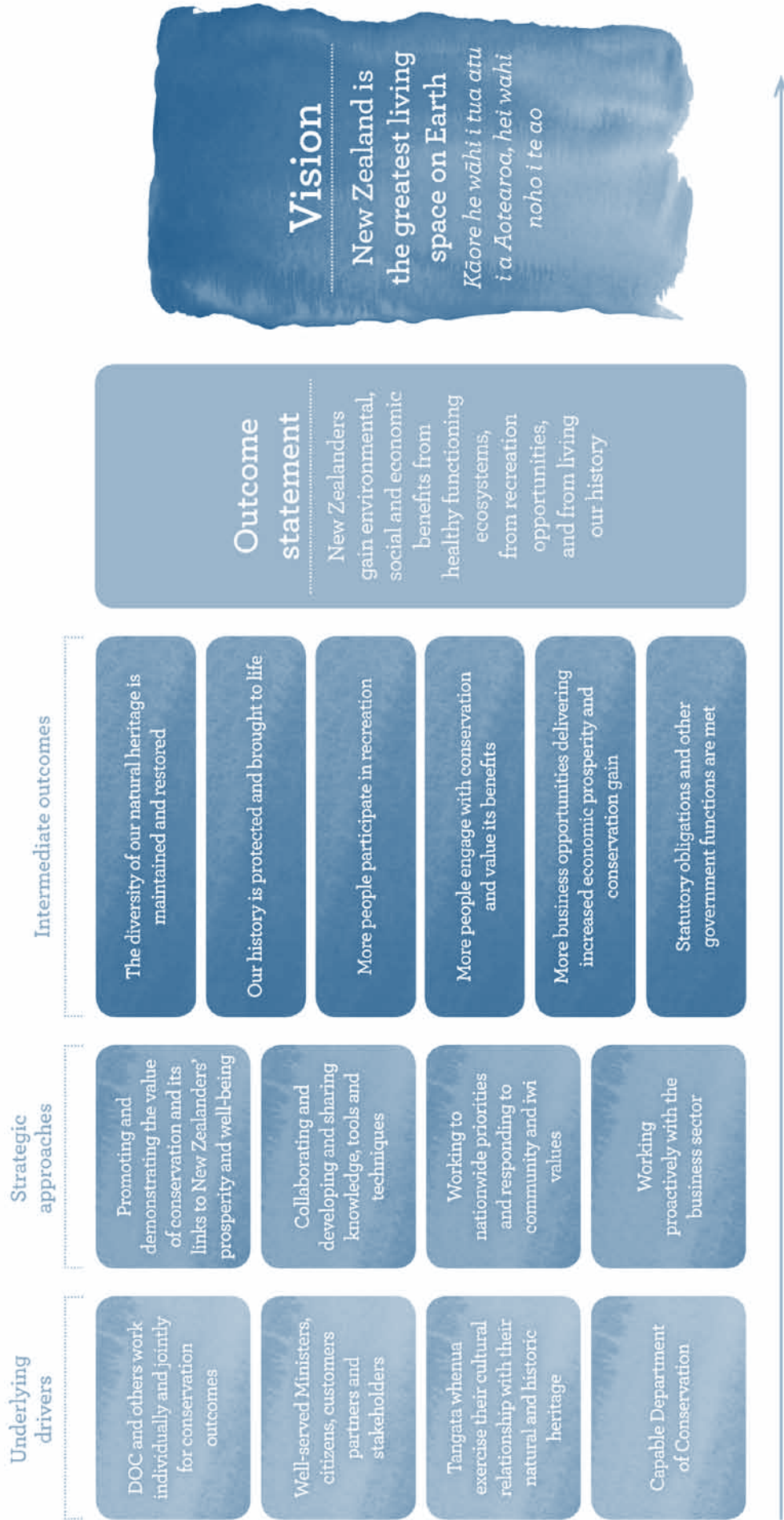


Figure 1. DOC's outcome model

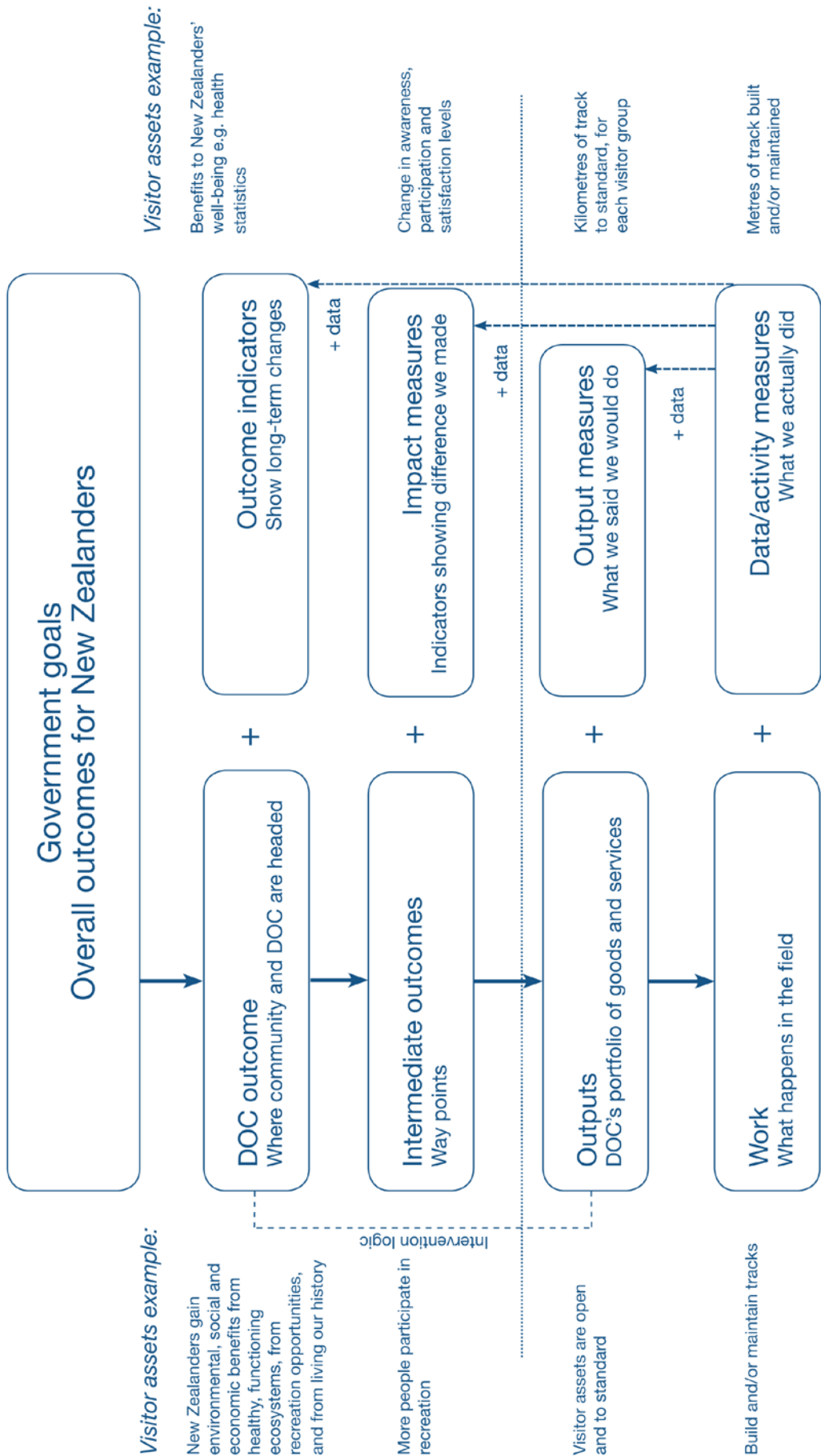


Figure 2. A visitor assets example showing the links between outcomes and outputs in DOC

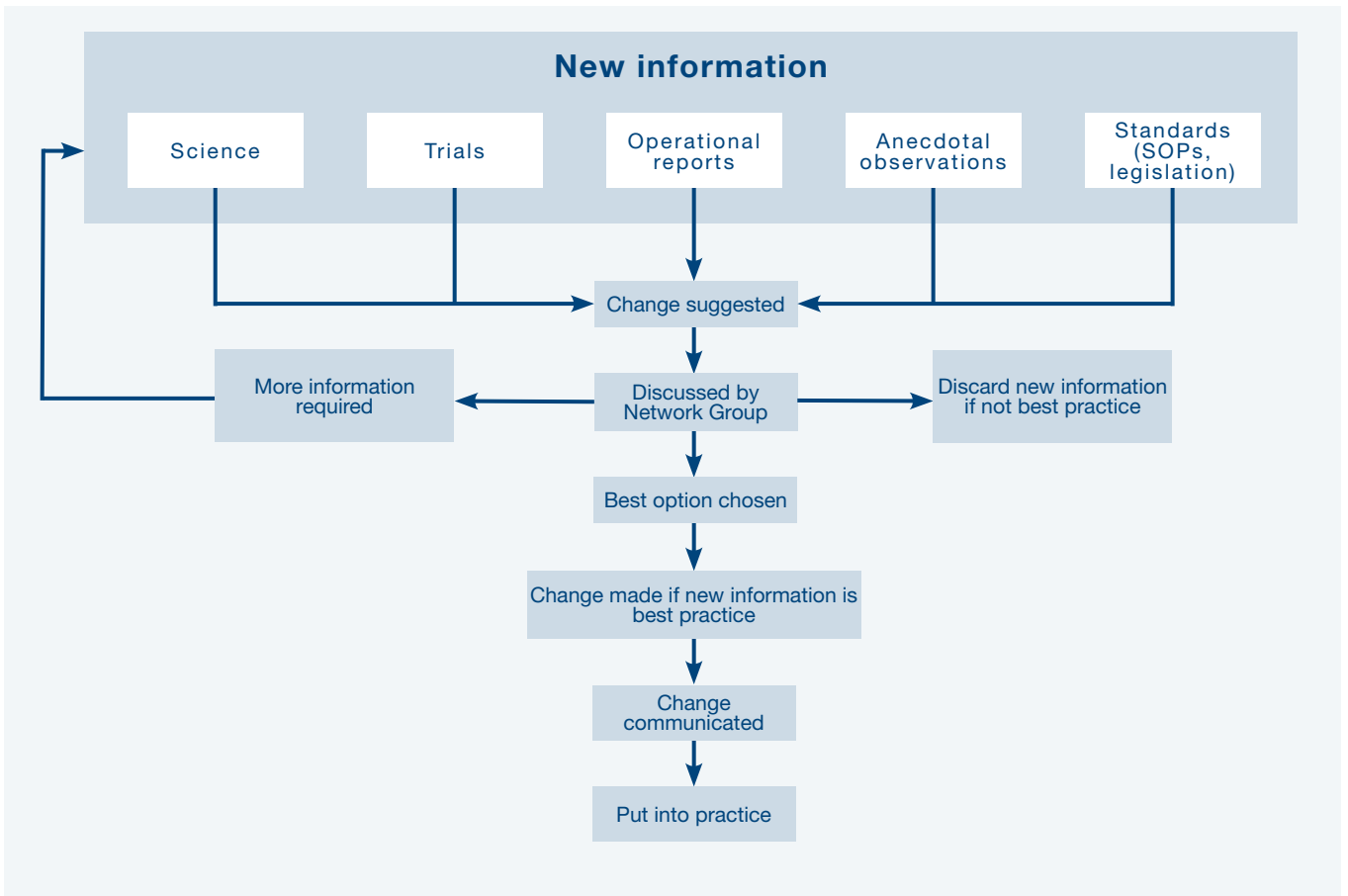


Figure 3. DOC's process for changing current best practice

Delivering conservation outcomes for New Zealand

3.1 Context

3.1.1 From delivering outputs to managing for conservation outcomes

DOC increasingly operates as an outcomes-focused organisation as it engages in a long-term programme to prioritise its service delivery, improve productivity, and reorganise its capability to report on both outputs and outcomes.

The genesis of this approach was in the Government reforms of the late 1980s, which began to move the public sector away from a core focus on efficient delivery of outputs, towards a focus on value and results for citizens (outcomes).

By 2000, it was becoming increasingly clear that public sector agencies needed to establish confidence that their use of public money was achieving the expected results. DOC, along with other agencies, began tackling the challenge of how to more accurately evaluate the measurable conservation outcomes for New Zealanders that its outputs aimed to produce.

In DOC's initial statements of intent, its resource allocation decisions relied heavily on staff experience and knowledge of output delivery, rather than on decision-support tools focused around results. In 2003, the need for a performance measuring and reporting system to help address this and enable DOC to credibly report to stakeholders on the value it delivers was recognised.

DOC's move from project monitoring (output focus) to a focus on the overall programme achievements (outcome focus) began in 2004 when outcomes were first introduced in the statement of intent, along with the first set of more specific intermediate outcomes. The latter allowed DOC to design programmes that could be delivered and measured over shorter time

frames. Today's single outcome has been in place since 2009. The intermediate outcomes have been refined and improved as DOC continues to develop decision-support tools, and as it works to align its strategic, financial and statutory planning systems to focus on the impacts its management actions have in progressing towards the outcome.

At the same time, research has been under way to develop the metrics for outcome and impact performance measurement. In 2004–2005, initial indicators were identified for DOC's high-level outcomes and intermediate outcomes, with identification of the output measures for the key outputs below them. By the annual report of 2008, each indicator had a clear qualitative narrative explaining progress.

Developing an outcomes-focused approach is not a simple process. It requires a deep understanding of the core outcome drivers across the complex functions DOC manages. Qualitative reporting is still the main basis of intermediate outcome reporting in DOC, but significant work continues on developing the systems, data collection and analysis methodologies to, in time, deliver quantitative data to support decision-making and reporting on natural heritage status and trends.

DOC's current maturity level in outcomes management and reporting is on a par with that of overseas organisations with a similar natural heritage mandate. In Australia, for example, the New South Wales Government has been working on a similar programme since the first 'State of the Parks' report in 2001. In 2010, it wrote:

Since the production of the State of the Parks report, the NPWS (National Parks and Wildlife Service) has set about designing a system to report on the values within the whole New South Wales park system, their condition and the threats to them. The NPWS is the first park management organisation to attempt to report on management effectiveness using such a large-scale, system-wide approach. This is a detailed process however, and may take some time to achieve. As discussed...with well over 600 parks under NPWS management, it is not feasible to collect detailed information on every park. With this in mind, the NPWS has designed a system to collect broad information on every park in the system and complement this with detailed data collected from a subset of parks across the state and from existing state-wide databases.⁵

⁵ See <http://www.environment.nsw.gov.au/sop04/sop04ch1.htm#12>.

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

Our principal task is to evaluate the integrity of natural systems within the parks with special emphasis on biological integrity. To date, no rapid, affordable, comprehensive and authoritative protocol for evaluating and rating natural resource conditions and/or ecosystem health is in widespread, generally accepted use. However, *The State of the Nations Ecosystems* (The Heinz Center 2002) has enjoyed some success as the first holistic attempt to solidify our understanding (and the lack thereof) of the health of America's ecosystems.⁶

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

The concept of 'biodiversity indicators' is widespread and a key component of all biodiversity inventory and monitoring systems... nevertheless, national reporting on biodiversity condition and trends remains rudimentary in nearly all countries, although most are seeking to improve.⁷

3.1.2

The current state of play

DOC has yet to fully complete the outcomes cycle and evaluate its achievements nationally across the full range of its work, based on data of satisfactory quality.

For DOC's work, the challenge is not unexpected, as natural processes change extremely slowly over long time scales and trend data must be collected consistently for equivalent periods. Modelling is useful but is not a substitute, as it is not based on real data to provide real insights into natural processes.

In the areas of recreation participation and community engagement, the challenges are different. They deal with visitors and the community rather than natural processes but are no less real. Establishing what drives recreation demand or triggers individual or community engagement requires a degree of research and analysis before interventions can be developed to increase these outcomes. Developing metrics to report on DOC's success in increasing these outcomes is a further step along the path towards fully managing for the outcomes, and not something that can be rushed into production.

The challenge to develop and implement indicators that show DOC's achievements at the intermediate outcome level continues, as does work to make more explicit the line-of-sight connections that link DOC's inputs to outputs delivered in the field, and on into the changes these outputs may bring about in the intermediate outcomes.

Notwithstanding the challenge, DOC has in place the essential ingredients it needs for effective outcomes management.

- It has a clear strategic direction. This is expressed in its aspirational vision, its outcome and its strategic approaches (see section 1.2). Together, these describe the value DOC is working to create on behalf of New Zealanders. The intermediate outcomes are waypoints on that journey.
- It has an outcomes model, which allows DOC to understand its work as an integrated whole.⁸ Describing these models gives DOC insights into how best to manage its performance and better ways to deliver outputs (or even the need to deliver entirely different outputs).
- It has first generation multi-year plans (called 'baseplans') for each intermediate outcome. Developed during 2010 and 2011, the baseplans provide a direct line-of-sight between the outcome and intermediate outcomes, the current understanding of the work required to achieve them, and how this should be prioritised and sequenced to deliver the most cost-effective work programme over a 5-year horizon. The baseplans also identify wider capability needs.
- DOC has modified its senior organisational structure to put in place two bodies responsible for setting strategic priorities and making national priority-driven resource allocations. Its re-formed Executive Leadership Team (ELT) is setting DOC's investment strategy through long-term goals and medium-term targets. These will be translated into business decisions by the second-tier Business Management Team (BMT). BMT's role is to take a holistic view across DOC and all its functions, and decide where to invest Vote Conservation to achieve the ELT's investment strategy. Its decisions are made within DOC's political, business and social context and to meet its statutory responsibilities.

⁶ Natural Resources Assessment and Ratings Methodology <http://www.npca.org/stateoftheparks/methodology1.pdf>

⁷ Lee, W.; McGlone, M.; Wright, E. 2005: Biodiversity Inventory and Monitoring: A review of national and international systems and a proposed framework for future biodiversity monitoring by DOC. Landcare Research New Zealand Ltd.

⁸ Figure 1 is the summary version of the model. More comprehensive models sit under each of the intermediate outcomes and identify the main steps towards achieving those intermediate outcomes. These are included in DOC's Statement of Intent 2011-2014, at the start of each section explaining the intermediate outcomes.

- DOC is well into developing and implementing capability improvements and new programmes to support its strategy, modifying information systems and reducing lower priority projects and outputs. This is a precursor to entering the evaluation and improvement phase, where the outcome data collected will be used to refocus service delivery on the programmes that deliver the best value.
- A major organisational review, initiated in early 2011, will bring about significant changes to how DOC sets itself up to do its work and engage with the community and business to deliver on the vision and outcome.
- Finally, DOC is working towards evidence-based decision-making for strategic investments to prioritise and optimise its work within its largest management functions—natural heritage (49% of DOC’s annual budget) and recreation (about 42%). To that end, there is ongoing development and implementation of two major decision-support tools: the natural heritage management system (NHMS) and DOC’s destination management approach. The national scope of these tools, their focus on national priorities, and their reliance on nationally consistent information are supporting DOC’s shift from local decision-making, enabling it to target its resources more optimally. This includes divesting in some areas that are traditionally funded but are shown to make less of a contribution to achieving the intermediate outcomes; and investing in new areas that make a greater contribution to achieving the outcomes, and engaging local communities and business in the priority work.⁹

3.2

Evidence-based investments

All the ingredients described above increase DOC’s capability for evidence-based decision-making. For example, in natural heritage, Figure 4 provides a recently developed map showing New Zealand’s relative ‘naturalness’—the proportion of original native species that remain.

The data expressed in this map are part of the growing suite of information available to support DOC managers in making high-level decisions on management priorities for natural heritage. The map shows that mainland sites with the highest proportion of naturalness correspond closely with public conservation land.¹⁰ While Figure 4 describes a high-level view, the digital data available is increasingly rich and now allows managers to drill down through the layers to discover greater levels of detail about the naturalness of specific sites and relate it to their areas and communities.

Most importantly, the data in Figure 4 does not stand alone. When overlaid with information showing where pest animals exert the greatest pressure on native species and ecosystems (Figure 5), and where DOC is currently undertaking operations, they provide DOC and stakeholders with a clearer picture of the relative priority of management interventions at any one place.

Using this data, along with information collected from field operations, DOC is aligning its animal control programmes to make sure they target priority natural heritage sites. Figure 6 shows DOC’s aerial and ground control operations over the 4 years from July 2006 to June 2010 for animal pests, both browsers and predators. The alignment of priority sites with the level of pest threat and with the management interventions of the output work programme is a fundamental approach within the natural heritage outcomes management programme.

⁹ See, for example, in species management, the approach taken to this and implemented in late 2010: Joseph L.N.; Maloney R.F.; Possingham H.P. 2008: Optimal allocation of resources among threatened species: a project prioritisation protocol. *Conservation Biology* Vol 23 No.2: 328–338. (http://www.uq.edu.au/spatialecology/docs/Publications/2009_Joseph_etal_OptimalAllocation.pdf)

¹⁰ A map showing public conservation land is available at: <http://www.doc.govt.nz/about-doc/role/maps-and-statistics/map-of-conservation-land>.

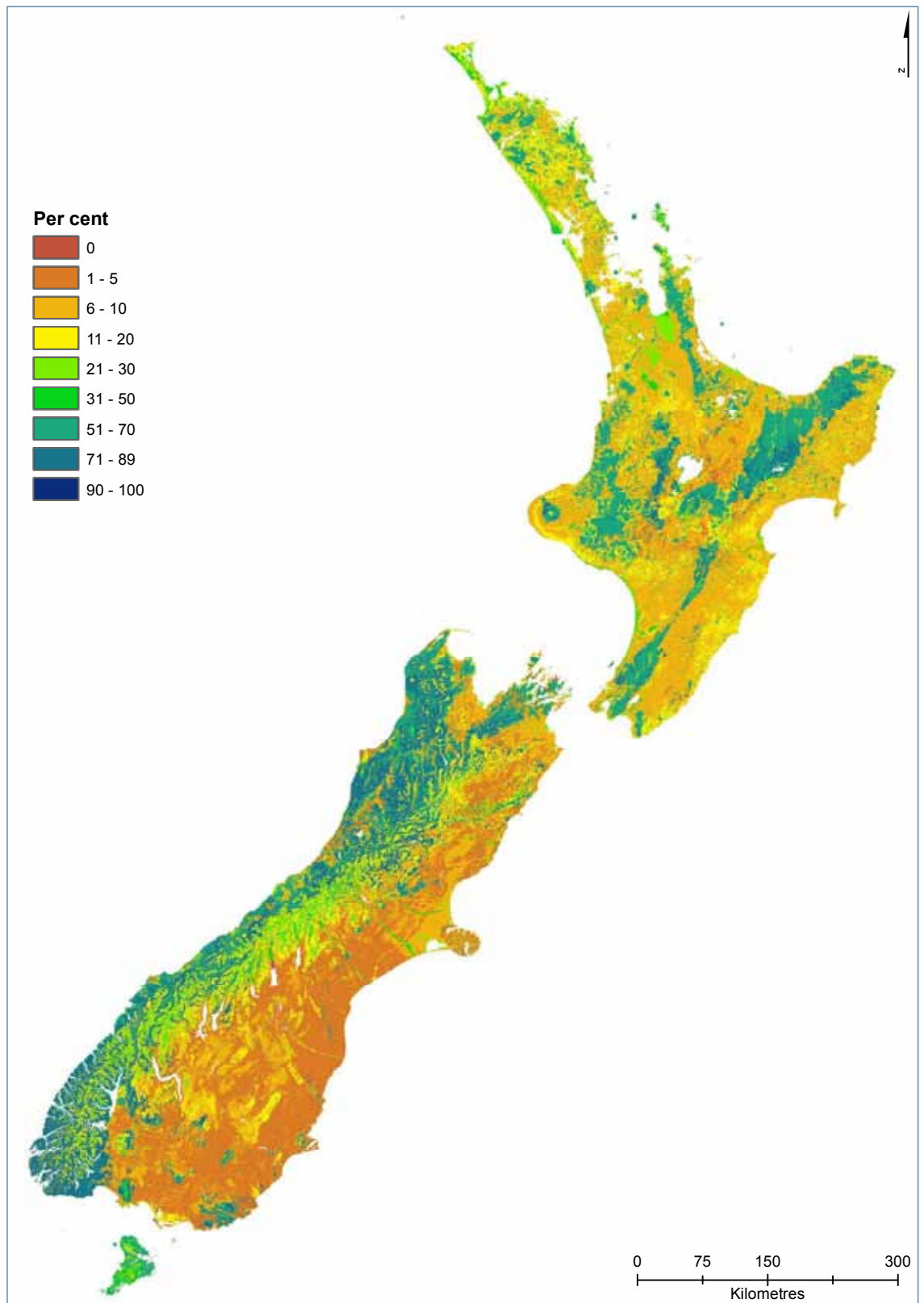


Figure 4. The relative naturalness of New Zealand based on the proportion of original species remaining

Note: Figure 4 excludes extinct and common native species. Map based on: Overton, J. McC.; Price, R.; Stephens, T.; Cook, S.; Earl, R.; Wright, E.; Walker, S. 2009; 2010: Conservation Planning and Reporting using the Vital Sites Model. Department of Conservation, Wellington. 108 p.

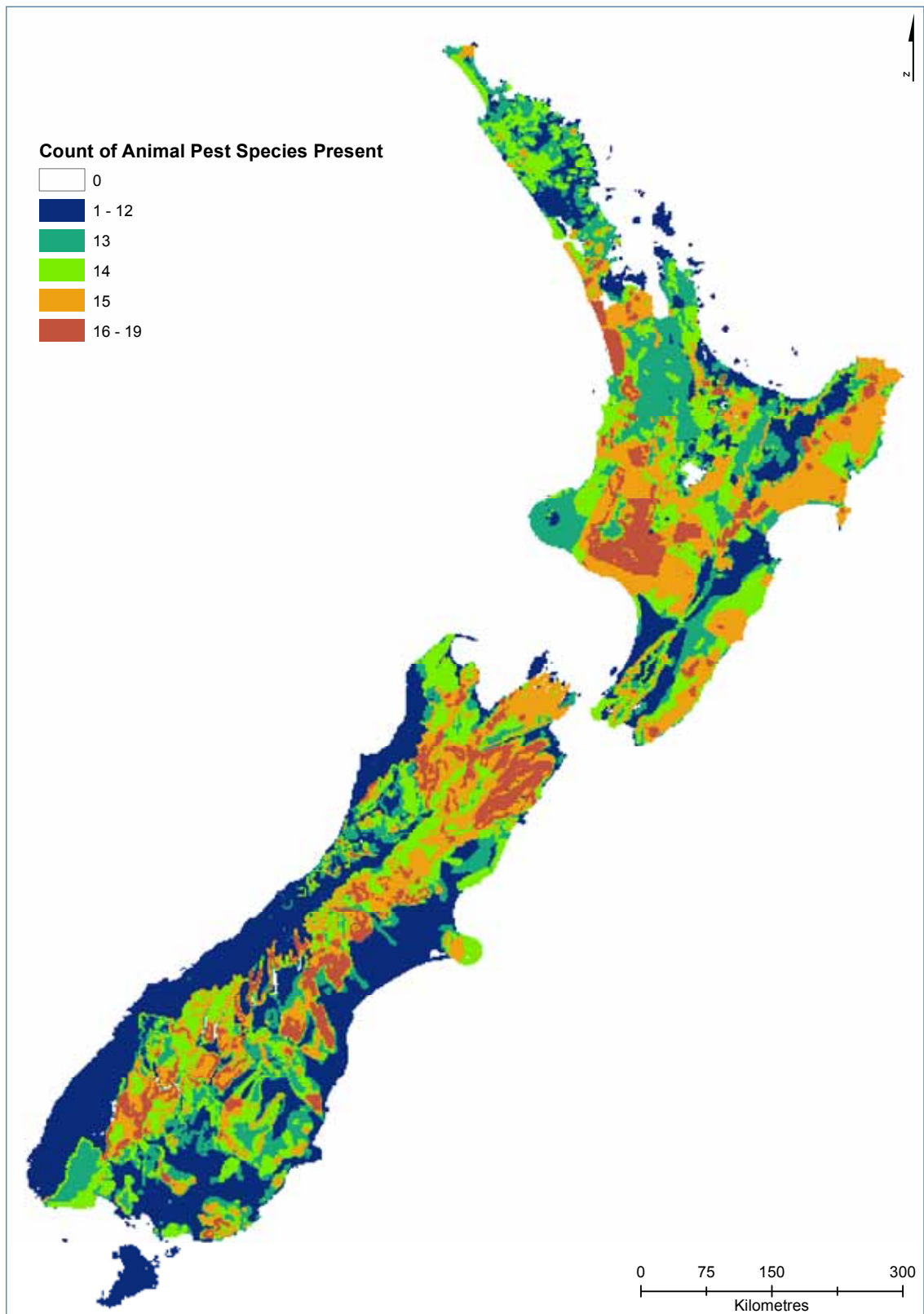


Figure 5. Distribution of animal pest species in New Zealand, based on a count of animal species present

Note: Map based on a DOC-wide inventory of data for selected animal pests: Biodiversity Data Inventory 2007. Metadata is available on the DOC intranet.

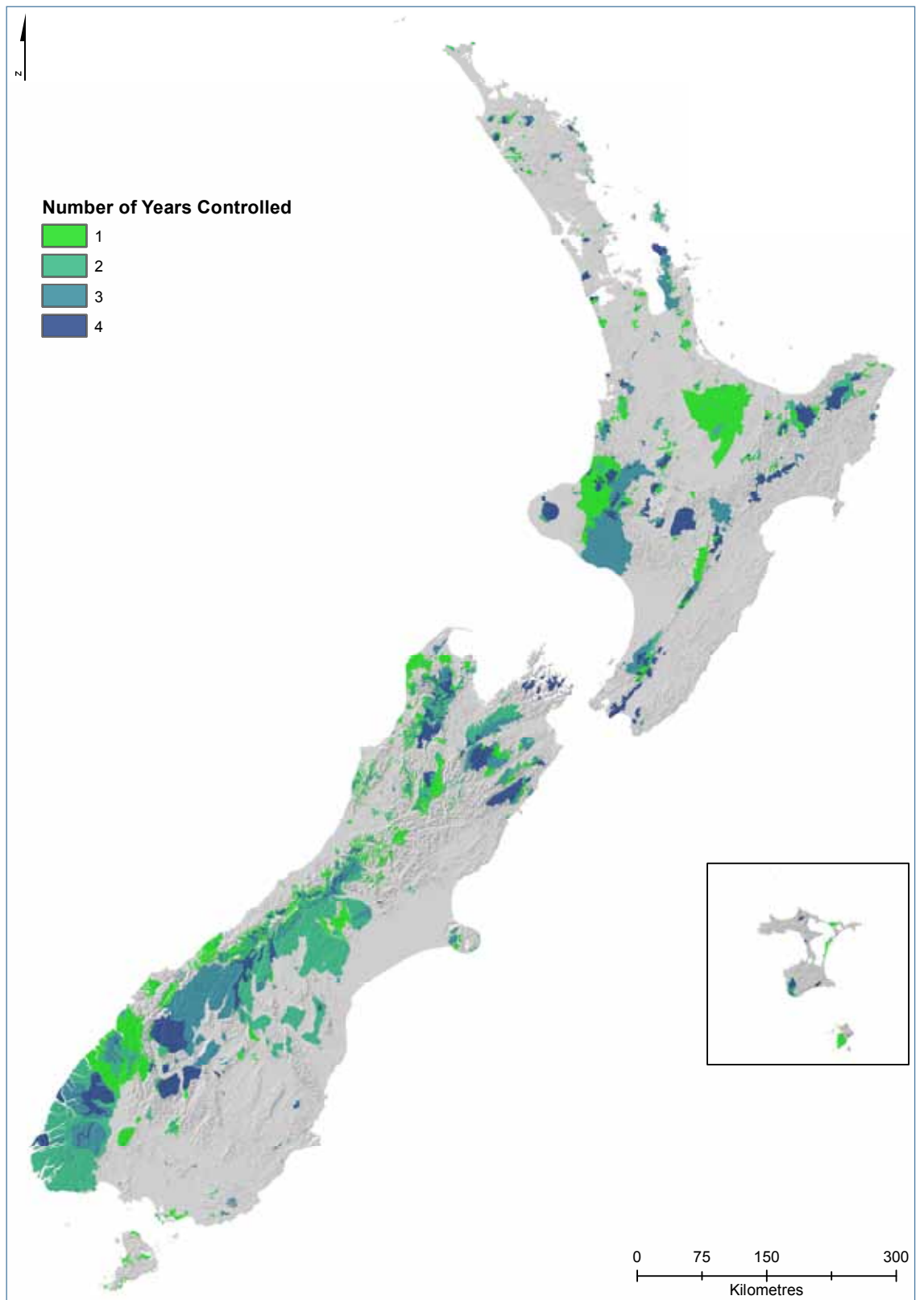


Figure 6. Aerial and ground control operations for browsing and predatory animal pests over 4 years— July 2006 to June 2010

Note: Data comes from conservancies as field operations are completed and final maps of treatment areas are compiled.

3.2.1

Progressing DOC's understanding of recreation and tourism demand

DOC's evidence-based approach is not limited to natural heritage and is also a core feature of the recreation intermediate outcome. DOC's approach to recreation had tended to focus on the supply side of recreation assets. A demand-driven approach is now in place to support the intermediate outcome objective of increasing the number of people participating in recreation.

A focus over the past year has been to progress work to predict the demand potential and future use of recreation destinations across the country, based on economic and geographical principles.

The spatial modelling work being done is based on economic models that have been in use for some time. Known as gravity potential models (a term borrowed from physics), the models are used to predict demand: the number of visitors 'pulled' to a site based on its qualities and attractiveness and its relative distance from the visitors' place of origin.

When compared to current visitation levels, this work has enabled those destinations with the greatest potential for growth to be identified as a focus for future investment by DOC, community or business interests (Figure 7).

As an illustration of this work, short walk sites and picnic sites on major tourist routes and near major population sites have been identified as having significant potential to attract many more visitors. The potential of each destination is based on the attractiveness of the site as expressed in its score ranking and its distance from potential customers, represented by visitor flows and nearby population centres.

Demand for short walk sites is fairly consistent, unless they are associated with an iconic site. Sites close to towns and cities, on busy roads, and associated with amenity areas have high potential to attract more people. Sites in more remote locations with low scores have a lower market potential. Figure 8 shows the potential for existing short walks; that is, the probable visitation levels based on each walk's proximity to population centres, and from the travel routes of domestic and international tourists.

The potential visitation levels for existing camping reflects the proximity of campgrounds to population centres, but is less resistant to distance than activities such as short walks and picnic areas (Figure 9). Where camping grounds are associated with these other amenities, and are readily accessible, total visitor numbers to the site may be quite high, although not all visitors will be camping.

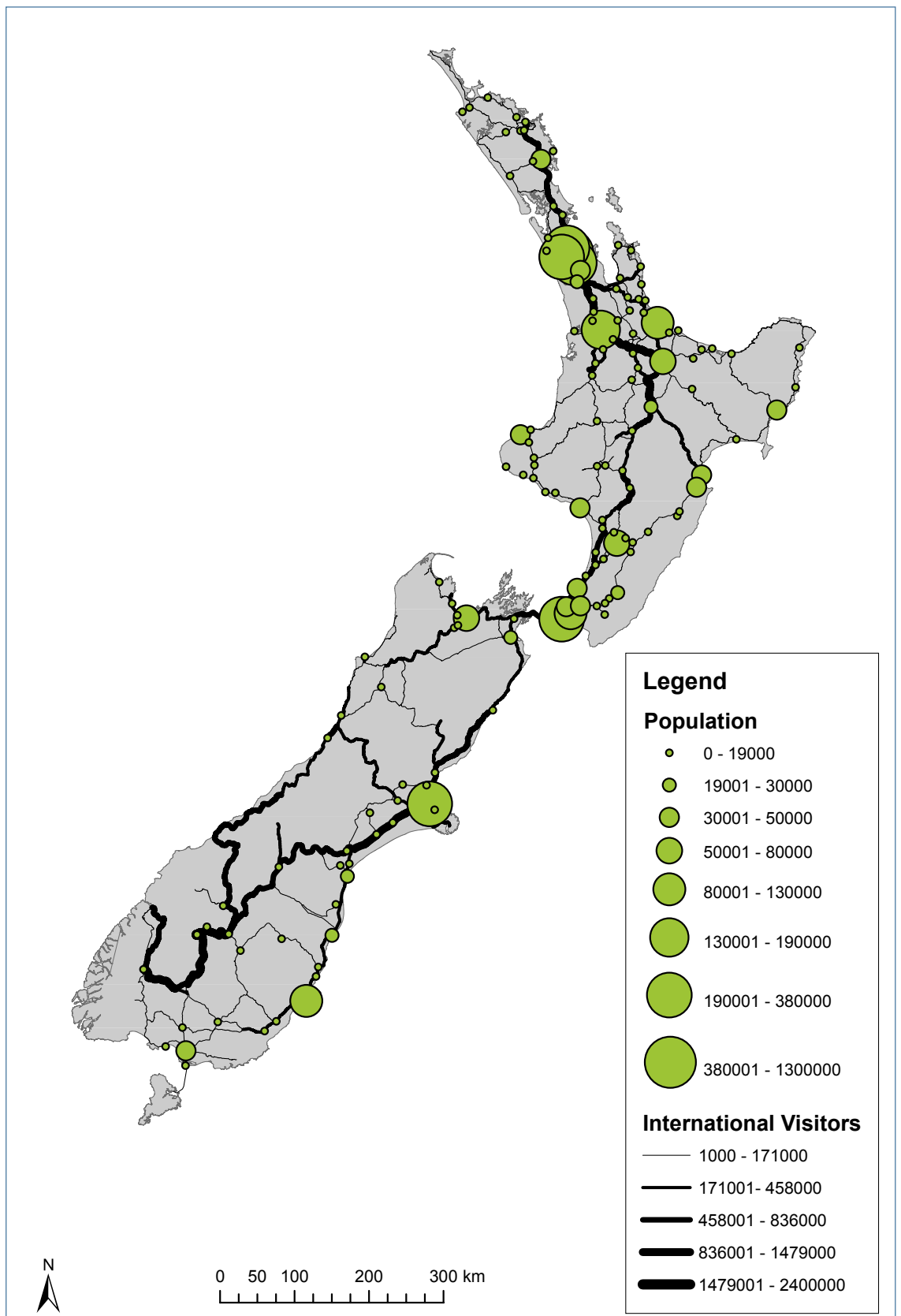


Figure 7. New Zealand population centres and annual international tourist routes and numbers

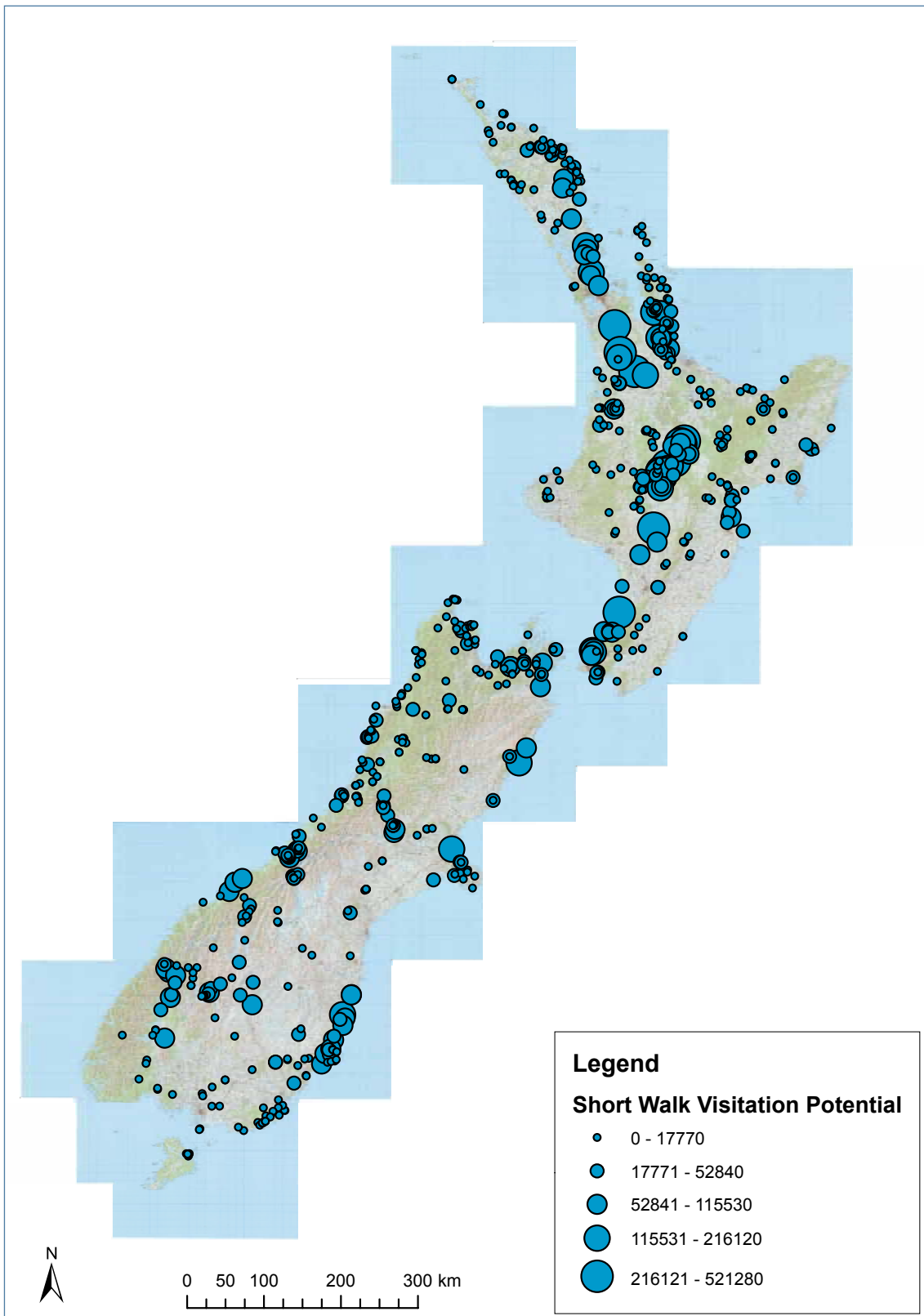


Figure 8. Potential visitor numbers at existing short walk sites

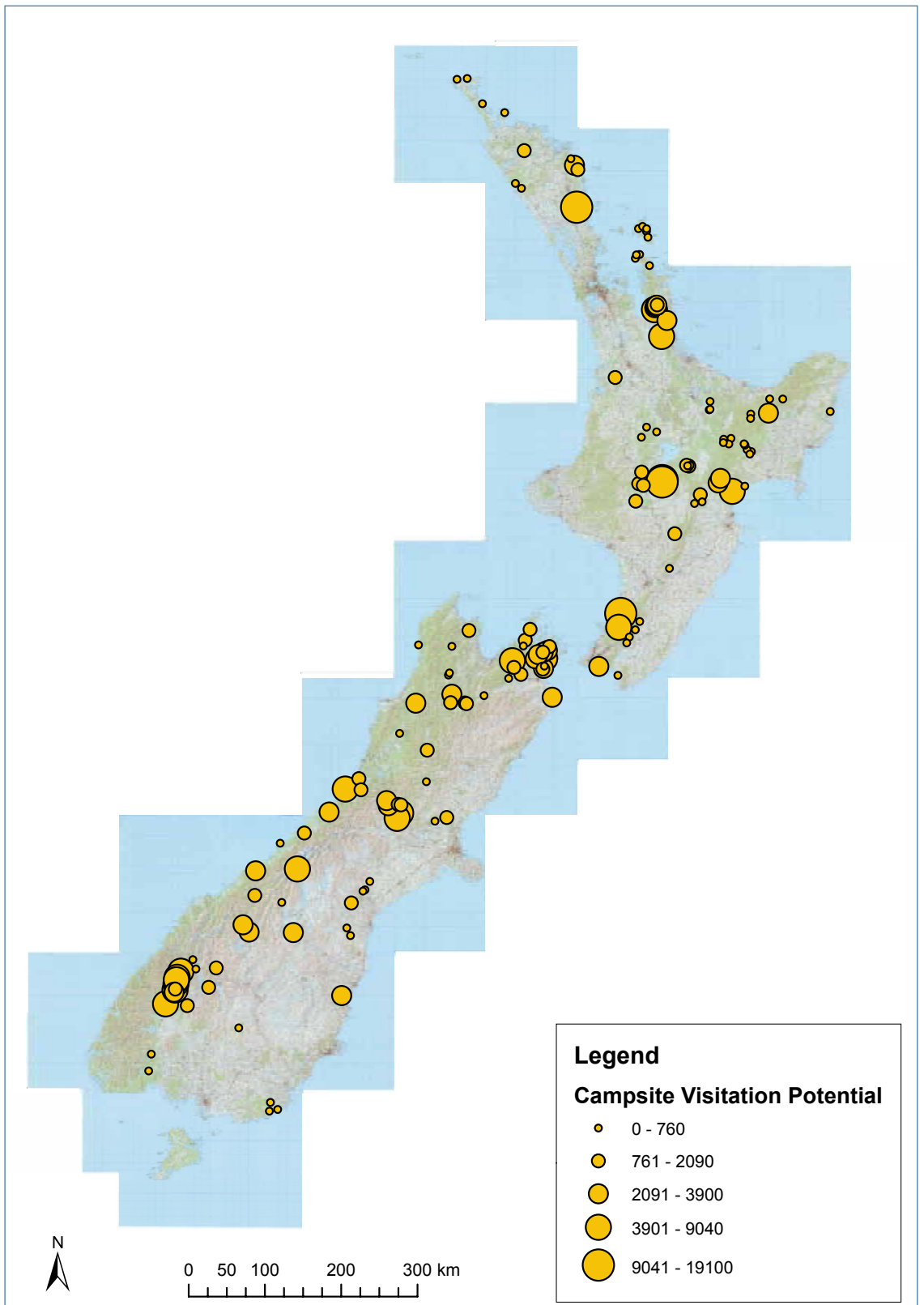


Figure 9. Potential visitor numbers at existing camping sites

3.2.2

What does a more user-focused recreation approach mean for DOC?

The destination management approach enables DOC to assess visitor facilities in the way that people see them—as destinations that provide recreation opportunities, rather than as collections of visitor assets or objects, such as tracks, picnic tables, bridges and signs. The visitor experience is derived from the totality of all these assets and the wider physical environment, such as birds and forests, which may not even be seen, but the knowledge of their presence enhances the experience.

Over the past year, DOC has organised its recreation facilities into recreation/tourism destinations and is currently assessing the strategic importance of each in local, regional and national contexts. The cost-effectiveness of each destination (cost per visitor provided for) is also being examined to ensure that the mix of destinations managed in future serves the greatest number of people with the resources available.

To better reflect different recreation and tourism markets, destinations managed by DOC have been classified as:

- ‘Icons’ that underpin the New Zealand tourism product.
- ‘Gateways’ that encourage people to begin recreating in the outdoors and learn about conservation.
- ‘Locally treasured places’ that support local and regional outdoor recreation needs.
- ‘Backcountry networks’ that provide challenging adventures in natural settings.

DOC has compiled these into a series of maps to support discussions with communities about which sites are of greatest priority in working towards the intermediate outcome of increasing participation. Figure 10 is an example of this, and shows the Icon sites. These discussions will take place in the context of developing the second generation of conservation management strategies (CMSs). (See section 11.4 and <http://www.doc.govt.nz/cms>).

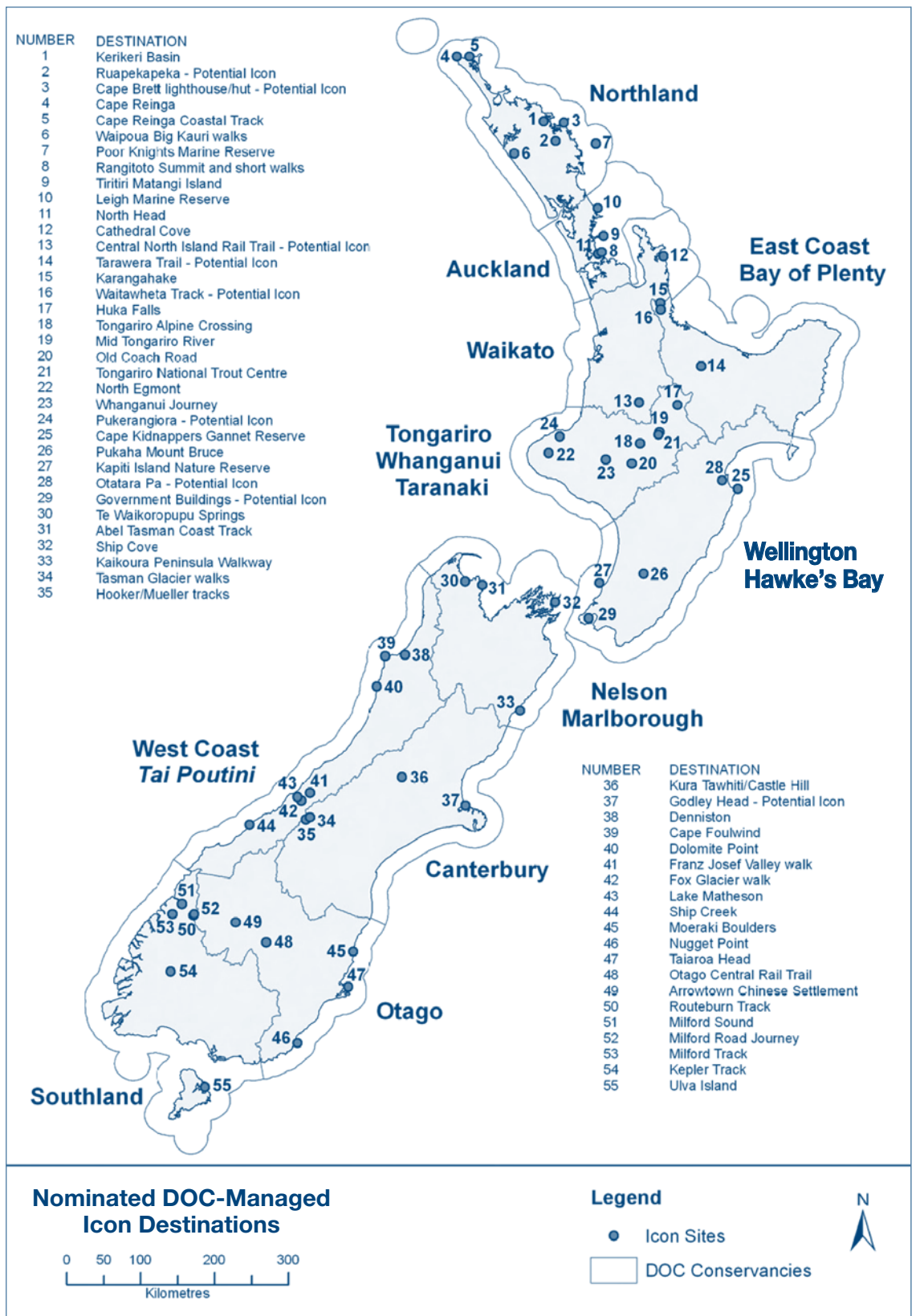


Figure 10. Icon sites in each DOC conservancy

3.2.3 Using data to assess the effectiveness of management interventions—taking a long-term view

Increasingly robust data, presented as maps and graphs, will enable DOC to identify the sites it considers a priority for management across all its functions. This information is a major resource for DOC’s conversations internally, and with communities, tangata whenua, businesses and others, on ways to collaborate in order to increase biodiversity, recreation and engagement outcomes.

However, using the data and approaches described above to define where DOC works to maximise its effectiveness is difficult and is a work in progress. Assessing the effectiveness of management interventions, and hence value for money, is even more difficult. Data must first be collected from the field, then analysed and added to related trend data. Each annual cycle of control for browsing animal pests, for example, results in incremental improvements to the forest canopy, but demonstrable changes can take years, and often decades, to show.

DOC’s approach to this is to remain focused on identifying the most cost-effective set of interventions to enable progress towards its long-term intermediate outcome indicators. This requires data that establishes the relationship between management interventions and the indicators of change, as well as data on the full cost of the interventions. It is expensive to maintain teams in the field, so the opportunity is taken to integrate as much data collection as possible into annual output delivery programmes. Most programmes in natural heritage now contain output and outcome monitoring components, and a requirement to collect the relevant data when on site.

Steady improvements have been made in describing output and outcome metrics, and data gathering methods and standards for the natural heritage output

class. A major advance is the beginning of field data gathering for the national monitoring framework. Data will be gathered at sample plots across New Zealand to measure status and trends in natural heritage. The aim is for every plot to be measured on a 5-yearly rotation—about 260 plots each year. To ease the transition to the new monitoring regime, initial sampling is being phased in over 2 years, with 130 planned for 2012–2013. DOC is supporting consideration of aligned monitoring by other agencies, which will strengthen the national picture.

Advances in the prioritisation of species and ecosystems for management are also significant. DOC is also collating data to enable evidence-based assessments of its efficiency in delivering outputs. Figures 11, 12 and 13 show the trends in DOC’s programmes to control costs against the background of increasing inflation in three of its major work areas: possum control, goat control and track maintenance.

The data is also providing a greater understanding of output delivery over time for core programmes aimed at maintaining annual treatment and long-term sustained management in a difficult economic climate. A number of approaches to efficiency have been implemented in recent years. For example, decreasing bait sowing rates, trickle baiting and improving bait distribution. These are, however, being offset by cost increases, for example increased fuel and insurance costs for contractors.

The lessons learnt in natural heritage will be assessed and applied to the body of knowledge building around the application of the prioritisation and cost-effectiveness approach in other parts of DOC, particularly recreation.

To fully complete the outcomes cycle and deliver an effective outcomes-based management approach, DOC is consolidating these elements into its planning, analysis and reporting systems to provide a consistent organisational basis upon which to prioritise its work, allocate resources and monitor progress. Much of this work will begin in late 2011.



Figure 11. Possum control area treated—actual costs versus inflation-adjusted output costs per hectare

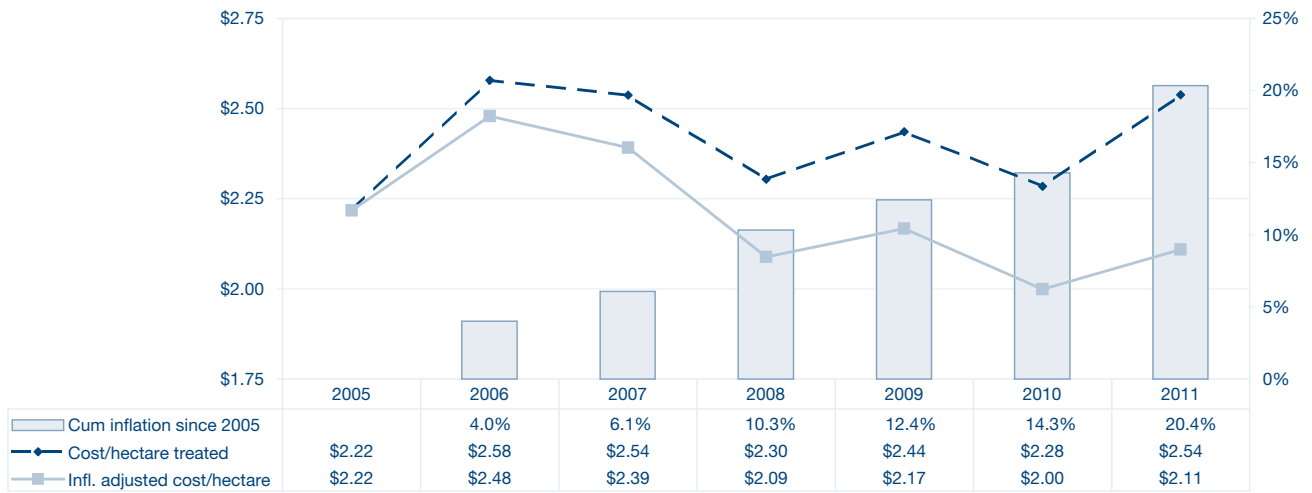


Figure 12. Goat control area treated—actual costs versus inflation-adjusted output costs per hectare

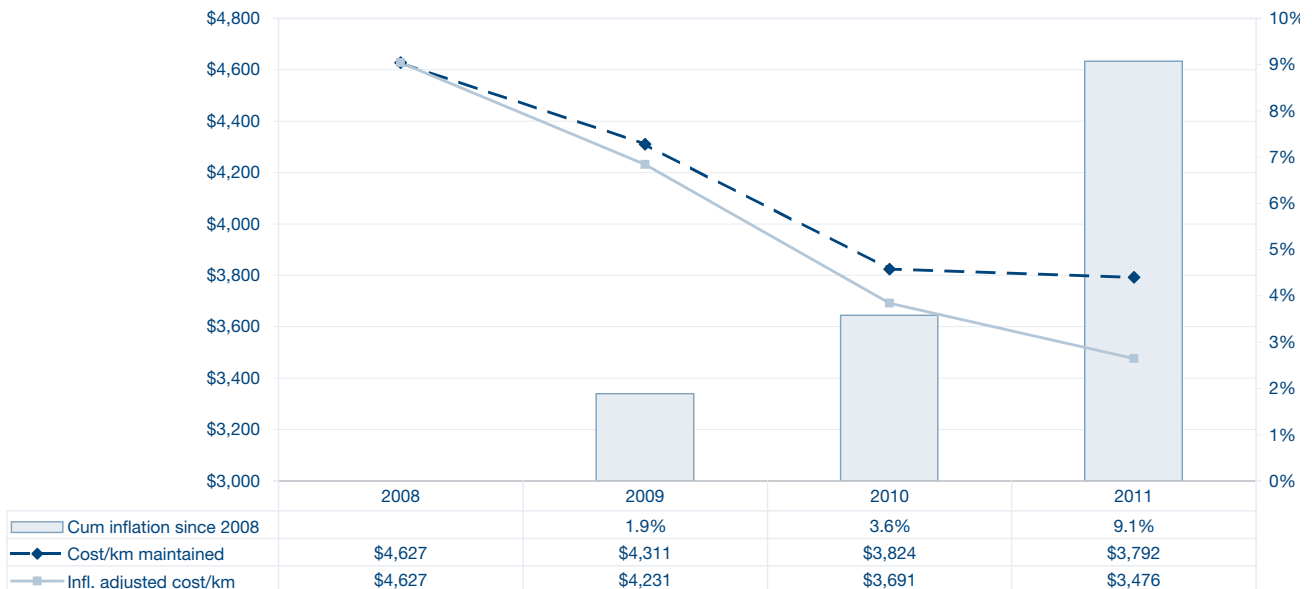


Figure 13. Track maintenance—actual costs versus inflation-adjusted output costs per kilometre

The outcome statement: measuring progress

As discussed in section 2.1, the outcome that DOC works towards is:

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

How we measured progress towards the outcome

DOC monitors 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 'healthy functioning ecosystems' aspect of the outcome. It uses both the Land Environments of New Zealand (LENZ) database and the Land Cover Database (LCDB), combining maps of the different types of environment in New Zealand with interpretations of land cover types (for example, forest, shrub and pasture) derived from satellite imagery.

This indicator was first reported on in the Annual Report for the year ended 30 June 2006. The next report was due in 2009, but could not be made because the third iteration of the LCDB was not yet available. A report is due this year, but again cannot be made because the updated LCDB3 is not yet available. Landcare Research and the Ministry for the Environment are working to make the database available later in 2011.

This indicator was not included in DOC's 2011-2014 statement of intent and will not be reported on again. Instead, progress will be reported through the natural heritage indicator: 'Improve land cover', which is part of the natural heritage intermediate outcome. The indicator measures the land under native vegetation and will be reported on in 2012 and then every 5 years.

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

This indicator provides a measure of the 'benefits' aspect of the outcome. A quantitative survey is used to assess the connections New Zealanders make between conservation and benefits. It was first reported on in the year ended 30 June 2006,¹¹ was reported on again in 2008, and is reported on this year.

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

In 2010-2011, DOC changed its research provider. This led to variance in how the 2011 survey results were coded compared with previous surveys, and has affected DOC's ability to report on trends. Some baseline data from 2011 are:

- 19% of people surveyed identified benefits in protecting New Zealand's image.
- 12% cited tourism and economic benefits, including 4% who cited the benefit of protecting natural resources.
- 37% saw benefits in protecting the environment, green space, waterways, and native plants and animals.
- 31% saw benefits in protecting the natural environment for future generations.
- 29% identified the ability to access green spaces and enjoy a healthy, natural environment as a benefit.
- 12% identified recreation and fishing and 7% access to tracks and places to walk as benefits.
- 7% identified clean air and drinking water as benefits.

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

This indicator was 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 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'.

¹¹ At that time, DOC had two high-level outcomes: Protection and Appreciation. The 2006 indicator report was for the Appreciation outcome.

A report on this indicator is not due this year. The indicator is being further developed as a repeatable survey to track changes over time. Aspects were trialled in 2011, and the results of this trial are reported below.

During the trial, respondents were asked how they ranked conservation in relation to 'other New Zealand issues, such as education, health, and law and order'. The results were:

- 20% considered conservation 'somewhat less important' than the other issues.
- 62% said it was 'about the same level of importance'.
- 11% said it was 'somewhat more important'.
- 5% said it was 'a lot more important' than the other issues.

Of those surveyed, 85% considered conservation 'very important' or 'important' to them. As well:

- 78% 'strongly agreed' or 'agreed' with the statement: 'I think that spending money on conservation is a good investment in the prosperity and well-being of all New Zealanders'.
- 75% 'strongly agreed' or 'agreed' with the statement: 'Conservation should be considered in all key decisions about New Zealand's future'.
- 71% 'strongly agreed' or 'agreed' with the following statements: 'I encourage other people to care about and conserve natural resources'; and 'I think conservation is at the heart of what it means to be a New Zealander'.

5.

Natural heritage: Report against operating intentions

Intermediate outcome 1: The diversity of our natural heritage is maintained and restored

What we are seeking to achieve and why

All of DOC's work towards this intermediate outcome addresses the ongoing depletion of New Zealand's natural heritage and contributes to the goals and objectives in the New Zealand Biodiversity Strategy. The work delivers benefits as described in DOC's outcome statement (section 2.1).

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

The six objectives are described below, along with DOC's work towards the Government's priority for fresh water.

Conserving a full range of New Zealand's ecosystems to a healthy functioning state

Ecosystems work aims to protect a full range of biodiversity values. It includes terrestrial, freshwater and marine ecosystems, both private and publicly owned. Protecting examples of the full range of ecosystems is fundamental to protecting New Zealand's many threatened species. The desired outcome for these ecosystems is that native species, the non-living parts (such as sunlight, temperature and water) and natural processes (such as nutrient cycling) all function together in sustainable communities, habitats and landscapes.

Conserving nationally threatened species to ensure their persistence

This work aims for security from extinction and the longer-term recovery of as many species as possible.

The focus is on species that naturally occur in New Zealand. Species are conserved for their contribution to biodiversity and for their role in native ecosystems.

Retention of all species would ideally occur under the wider ecosystem-based work. However, a specific focus on threatened species is necessary because some threatened species require management at sites not targeted for ecosystem management. This includes species on private land, and DOC works with private landowners and other agencies as necessary.

Improving nationally iconic ecosystems, landforms and landscapes

In addition to the range of ecosystems that are prioritised for their biodiversity values, there are a small number of landforms, landscapes and seascapes that the public considers vital in defining who we are as New Zealanders. These are managed as national icons.

Improving populations of nationally iconic species

In addition to the nationally threatened species, there is a small number of species that most New Zealanders would recognise as important to their identity as New Zealanders. The purpose of this work is to ensure such iconic species are protected.

Improving locally treasured natural heritage

The focus of this work is to partner with communities to improve the condition of natural heritage that they treasure at local scales. Examples of this work include projects for species that are taonga for local tangata whenua, or a community restoration project.

Holding public conservation lands, waters and species for the benefits they deliver now and for the future

The focus here is on the core management activity required on all public conservation lands and waters, regardless of whether it is a priority under the other objectives for the natural heritage intermediate outcome. Fire control and monitoring ensure that the benefits of ecosystem services (such as freshwater yield and storage, soil stability and fertility, and carbon storage) continue to be delivered to New Zealanders. The ongoing protected status of these public conservation lands and waters means they remain available to benefit future generations.

Contributions to the Government's freshwater priority

The land managed by DOC on behalf of New Zealanders includes a wide range of freshwater wetlands, lakes, rivers and streams. DOC's aims in natural heritage include contributing to the Government's freshwater priority that:

New Zealand's fresh water is well governed and sustainably managed to realise the maximum benefit possible for present and future environmental, cultural, social and economic values.

This draws on DOC's legislative mandate under Part II of the Conservation Act 1987 to 'preserve so far as practicable all indigenous freshwater fisheries and protect recreational freshwater fisheries and freshwater fish habitats'. In keeping with this mandate, DOC works to retain and improve the environmental values associated with fresh water, and to deliver the ecosystem services provided by freshwater ecosystems. The latter includes regulating water quality and quantity, flood control, and delivering recreational and cultural values.

What we did to achieve this: actions in 2010–2011

Minister's priorities: the natural heritage management system (NHMS)

NHMS is an outcomes-management programme on a country-wide scale that no other nation has attempted. It is designed to help deliver more natural heritage outcomes for the available resources. The key means to achieve this are tools to assist priority setting, and collection and collation of monitoring information to help assess the effectiveness of management. Building the NHMS suite of tools is almost complete, and implementation is now being managed over a number of years.

The NHMS tools are relevant to all who manage native biodiversity in New Zealand, including businesses, tangata whenua, communities, non-government organisations and landowners, so DOC is sharing the tools to help inform decisions and build New Zealand-wide consistency. This will contribute towards reporting on the state of biodiversity across the whole country, not just areas managed by DOC.

Key NHMS developments during 2010–2011 were:

- Using the priority-setting tool for species to identify the 31 most cost-effective threatened species not previously worked on. These are among the 50 species projects that have been optimised for funding from existing resources in 2011–2012.¹²
- Completing a preliminary ranking of 600 sites as part of developing the optimisation tool for ecosystems. This involved defining spatial locations and management actions, including outcome monitoring actions, and determining the cost-effectiveness for each site.
- Developing definitions for ‘nationally iconic ecosystems, landforms and landscapes’, ‘iconic’ species, and ‘locally treasured’ sites and species, and using the internet and surveys to ask New Zealanders which natural features and species they value as nationally iconic. The public process to develop regional conservation management strategies is being used to confirm what New Zealanders see as nationally iconic, and to hear from local communities, tangata whenua and other stakeholders about what they value locally.
- Completing the design of the national monitoring framework, which was piloted in 2008–2009, and preparing for the monitoring of an initial 80 plots to begin in the summer of 2011–2012. This monitoring enables DOC to report on losses and gains in biodiversity across public conservation land. This provides a background against which to assess the effectiveness of management at priority sites. (Further discussion of the monitoring system is in section 3.2.3).
- Continuing to collate existing natural heritage information into a biodiversity inventory, to be held in a database, and planning for new information to be collected in digital form.
- Using the web to make information widely available to support natural heritage decision-making by all managers, not just on public conservation lands. Maps of key pests and weeds are now widely available through DOC’s geoportal, using the national information system known as NATIS. The Freshwater Ecosystems of New Zealand (FENZ) geo-database is also available and in use by many agencies. Terrestrial data is being prepared to be accessible in a similar way in 2012–2013.

- Using the NHMS tools and information to support development of guidelines for biodiversity offsets.¹³ The guidelines offer a transparent mechanism to ensure approved developments result in no net loss of biodiversity. This assists with decisions on where and how to best balance economic development and conservation values, including the delivery of ecosystem services.

Minister’s priorities: proposal for a Kauri National Park, Waipoua

An investigation was progressed under section 8 of the National Parks Act 1980 as to whether the Waipoua Forest in Northland should become New Zealand’s 15th national park. The first step in this investigation was a report provided to the Director-General in February 2011 by a joint DOC–Te Roroa working group under the Te Roroa Claims Settlement Act 2008. A public discussion document on the proposal was released in May 2011, and public consultation was due to conclude in July 2011. The area under investigation is approximately 14,000 hectares and is botanically rich, with a large area of forest containing kauri.

Contributing to the Government’s freshwater priority

DOC continued ongoing core programmes, including:

- Threat assessments and recovery actions for threatened species.
- Supporting the Government’s international obligations under the Convention on Wetlands of International Importance, especially waterfowl habitat (the Ramsar Convention).
- Managing the whitebait fishery and enhancing streamside whitebait habitat.
- Enforcing regulations on barriers to fish passage.
- Continuing to coordinate the national wetland restoration programme known as Arawai Kākāriki (‘Green Waterway’), centred on three of New Zealand’s most significant wetland/freshwater sites—Whangamarino (Waikato), Ō Tū Wharekai (mid-Canterbury) and Awarua Wetlands (Southland).
- Resolving unclear jurisdiction between DOC and the Ministry of Fisheries over freshwater fish species so that interested parties are clear on which government agency is responsible.

¹² Optimisation is based on the cost effectiveness of management, and the urgency and uniqueness of each species.

¹³ Further explanation of biodiversity offsets is available at <http://www.doc.govt.nz/publications/conservation/biodiversity-offsets-programme>.

Sharing tools and knowledge to benefit natural heritage across New Zealand

DOC provided technical and policy advice to the Ministry for the Environment in its development of a National Policy Statement on Protecting Biodiversity on Private Land. This initiative recognises that some very important rare, threatened and iconic ecosystems and landscapes exist mostly on private land.

DOC worked as part of a cross-sector reference group to upgrade the National Institute of Water and Atmospheric Research (NIWA) freshwater biodiversity information system. DOC is supporting freshwater decision-making by parties such as regional councils and industry groups, by making FENZ widely available. This data tool, based on GIS (geographic information system) technology, assists assessment of the ecosystem values of water bodies.

Technical and policy advice was provided to help establish a sound factual basis for future planning and decision-making as part of the New Start for Fresh Water programme coordinated by the Ministry for the Environment and the Ministry of Agriculture and Forestry.

The suite of natural heritage training is available to the public through a partnership with the Nelson Marlborough Institute of Technology. External demand from local councils and community and iwi groups to enrol in the natural heritage field courses continued to rise during the year. Uptake has been strong for online natural heritage training, both within New Zealand and internationally.

TABLE 2. ENROLMENTS IN NATURAL HERITAGE FIELD COURSES AND ONLINE COURSES IN 2010–2011

NATURAL HERITAGE TRAINING COURSES	EXTERNAL PARTICIPANTS	DOC STAFF
Field courses	47	183
Online course enrolments	1,486	453

In addition, Ngā Whenua Rāhui and DOC co-funded and supported conservation training courses to build capacity and capability among Māori. This will help them fulfil their kaitiaki (guardianship) responsibilities following Treaty settlements. The first intake of the Tauria Kaitiaki Taiao Conservation Cadetship programme graduated in 2010 and a second intake began in March 2011.

Species and ecosystems highlights

Achievements during 2010–2011 included:

- Eradication of kiore (Polynesian rats) from Taranga Island, in the Hen and Chicken Island group. This was completed in conjunction with local iwi, Ngātiwai, following an agreement over the island's future management. The island holds a number of endangered species.
- A pilot study to control wasps was carried out on Mayor Island (Tuhua), in the Bay of Plenty, and may lead to a world first—the eradication of wasps from an island.
- Working with Crown research institute (CRI) Scion Limited to trial new poison mixtures and application methods for controlling woody weeds, including wilding pines. The results have exceeded expectations and are likely to result in significantly cheaper and more accurately targeted weed control.
- A successful aerial 1080 operation over 25,000 hectares in Waitutu Forest, jointly funded by the Nature Heritage Fund and DOC, with full support from South Island Landless Native Act (SILNA) landowners. Monitoring of moreporks and kākā recorded no deaths from the operation, and kākā subsequently had the most successful breeding season on record.

Marine highlights

Significant progress was made on marine protected areas (MPAs). The Subantarctic Islands MPA planning forum's recommendations resulted in decisions by the Government in early 2011 to establish the following:

- A marine reserve over the entire territorial sea of the Antipodes Island Group.
- A marine reserve over 58% of the territorial sea of the Bounty Islands, with the remainder of the territorial sea protected through a new prohibition on Danish seining¹⁴ under the Fisheries Act 1996.
- A marine reserve over 39% of the territorial sea of Campbell Island/Motu Ihupuku, and the remainder of the territorial sea protected through a new prohibition on Danish seining for an initial period of 5 years. After this time, a review will consider extending the marine reserve to cover the entire territorial sea around the island.
- Regulations under the Fisheries Act 1996 prohibiting Danish seining in the territorial sea around the Bounty and Campbell Islands.

These areas add more than 600,000 hectares to marine protection in New Zealand.

¹⁴ A Danish seine is a conical net with two relatively long wings and a bag where fish are collected. Drag lines extend from the wings and are used to encircle a large area. Danish seines target fish species that are either scattered on, or close to, the sea floor.

In the South Island, the West Coast MPA forum also made progress, with its report due to be presented to Ministers in July 2011.

A 5-year strategy, PlanBlue, was developed to improve DOC's ability to contribute to decision-making about marine conservation stewardship. The PlanBlue programme promotes making information on marine values (biodiversity, economic, social and cultural) accessible to decision-makers as they consider issues, including ecosystem integrity indicators and marine pressures.

During the year, DOC worked with the Ministry of Fisheries to map, analyse and report on broad-scale marine habitats within the New Zealand territorial sea and locations that may qualify as marine protected areas. A joint inventory and gap analysis for 14 bioregions identified and mapped the areas and percentages of different habitats covered by marine protected areas and other related legislation. This work will help guide the next steps in implementing the MPA Policy and Implementation Plan.

Other marine achievements included:

- Identifying research priorities for Maui's dolphin, a 'nationally critical' species.
- Working with the fishing industry and Ministry of Fisheries to avoid, remedy or mitigate bycatch of protected marine species. This includes participation in the Southern Seabird Solutions Trust, a multi-stakeholder group working towards seabird bycatch mitigation.
- The listing of new marine species under Appendix 7A of the Wildlife Act 1953, to ensure their absolute protection within New Zealand waters, including the giant (or Queensland) grouper, whale shark, manta ray, spinetail devil ray (also known as spinetail mobula), deepwater nurse shark, all stony coral species in the Order Scleractinia, all gorgonian species in the Order Gorgonacea and the basking shark.
- Further work to survey southern right whales. The work has demonstrated that individuals migrate between the subantarctic islands and mainland New Zealand, and is enabling better understanding of the links between different populations.

Working with others

DOC services several independent funds: Ngā Whenua Rāhui, the Nature Heritage Fund and the Biodiversity

Condition and Advice Funds. While independent of DOC, the funds each contribute to this intermediate outcome by protecting and maintaining New Zealand's rare ecosystems on lands outside public conservation areas. Therefore an overview of their achievements is provided here. Further information on the performance of these funds is provided in a separate report.¹⁵

The Ngā Whenua Rāhui Committee allocated \$4,011,000 from its Ngā Whenua Rāhui Fund for the covenanting of land, and \$624,000 from its Matauranga Kura Taiao Fund. The purpose of these funds is described in section 11.3.

The Biodiversity Condition and Advice Funds support the management and enhancement of native biodiversity on private land. Two funding rounds (15 and 16) began during the year. Funding round 15 allocated \$3.492 million to 92 projects for up to 3 years. A further \$4.924 million is being contributed by landowners and other funders, resulting in a total investment of \$8.416 million on biodiversity projects on private land. In funding round 16, 85 applications requesting \$4.21 million were received and will be assessed during 2011–2012.

The Nature Heritage Fund's purpose is described in section 11.3. Two significant purchases (Pati Tapu in eastern Wairarapa, and Whanganui Inlet in Golden Bay) were made to meet New Zealand Biodiversity Strategy priorities for protecting biodiversity on private land. Since it was established in 1990, the Nature Heritage Fund has protected 340,449 hectares, at an average cost of \$458 per hectare.

DOC manages the terrestrial and freshwater biodiversity information system (TFBIS) programme, which is overseen by a steering committee involving central government agencies, CRIs and local government representatives. The programme supports the conservation of New Zealand's native biodiversity by increasing awareness of, and access to, information about New Zealand's terrestrial and freshwater biota and biodiversity.

In 2010–2011, the TFBIS programme allocated \$1,252,868. This included supporting:

- Continued development of the New Zealand Organism Register (NZOR)—a catalogue of taxonomic names of all New Zealand biota and other taxa of importance to New Zealand.
- The upgrade of the NIWA freshwater biodiversity information system.

¹⁵ The annual report on the independent funds administered by DOC is the Vote Conservation Report in relation to selected Non-departmental Appropriations for the year ended 30 June 2011.

- Completion of the Community of Practice website, Dataversity. This connects central and local government data managers, promotes cross-sector initiatives in sharing biodiversity information, and enables collaborative work.
- Completion of the New Zealand Weeds Key. This consolidates weeds lists and facilitates weed identification. Its value will increase as new technologies allow biodiversity managers to positively identify pest weeds while in the field.

How we measure the impact that DOC makes in natural heritage

DOC has a suite of indicators to assess performance in relation to ecosystems and species. They were developed with the assistance of Landcare Research. The core concept is measurement of ‘ecological integrity’—a healthy natural functioning condition. Ecological integrity is measured by focusing on three components:

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

The suite of indicators applies across terrestrial, freshwater and marine ecosystems and species. They are presented in full in the Statement of Intent 2011–2014 (pages 19–20). Progress in reporting against each indicator is tracked each year. Further work is under way to develop appropriate indicators for marine species and ecosystems. Implementation of the national monitoring framework in 2011–2012 will provide the baseline against which to measure changes. Full trends will begin to become evident in 10 years. Indicators due for reporting in 2010–2011 are reported below.

Measures of indigenous dominance: Maintaining ecosystem processes

Improve land cover—measured by the land under indigenous vegetation.

A report on this indicator was due this year, but was not able to be provided because the third iteration of the Land Cover Database (LCDB3) is not yet available. Landcare Research and the Ministry for the Environment are working to make LCDB3 available later in 2011. A report on this indicator is therefore expected in 2012, and every 5 years after that.

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

DOC is responsible for fire management on public conservation lands and, where applicable, within a 1-kilometre ‘fire safety margin’ of these lands. DOC and the National Rural Fire Authority collaborate in reporting the extent of fires by maintaining fire records and associated spatial data.

TABLE 3. THE NUMBER AND EXTENT OF FIRES IN AREAS FOR WHICH DOC IS RESPONSIBLE

	NUMBER OF FIRES	EXTENT OF FIRES (HECTARES BURNT)
2010–2011	147	208 hectares

During 2010–2011, the total area burnt was relatively low due to a La Niña weather pattern, which reduced the fire risk in many areas (see Table 3). Most of the burnt land was within the 1-kilometre fire safety margin (116 hectares) and 92 hectares of public conservation land were also burnt. Most fires were extinguished quickly—82 fires (56%) burnt less than 0.01 hectare and 88% were less than 1 hectare. Most fires occurred in Canterbury (29 fires; 19%) and Otago (37 fires; 25%).

In the future, these data will be combined with other natural heritage indicators and used to identify vulnerable environments (e.g. east coast of New Zealand), and to model the relationship between ‘fire return time’ and the condition of native biodiversity.

Measures of species occupancy: Preventing declines and extinctions

Reduce extinctions—measured through the number of extinctions.

A forget-me-not and a kiwi feather louse are newly listed as extinct. The plant has not been seen since 1917. The louse became extinct when mainland populations of the host (little spotted kiwi) died out several decades ago.

The total number of extinct species listed has gone from 33 in the previous threatened species lists to 79, mainly because pre-European extinctions are now included in the data. Improvements in identification, and acknowledgement of uncertainty, have also caused amendments.

More than 70 other species have not been seen for more than 20 years. However, these are not formally listed as

extinct, because the necessary level of certainty has not been reached for these small and cryptic species.

This indicator will be reported on again in 3 years.

Improve status of 'threatened' taxa and 'at risk' taxa—measured through trends in the:

- Number of 'threatened' taxa and 'at risk' taxa.
- Number of 'threatened' taxa and 'at risk' taxa under active management.
- Demographic response to management at population level for selected 'threatened' taxa and 'at risk' taxa.

Assessments of the threat status of species are made using the New Zealand Threat Classification System, with the status of all species reviewed over a 3-year cycle. The system methodology was revised in 2008 to improve its usefulness.

The results of the 2008 and 2011 listings are shown in Table 4.

These trends will be reported on again in 3 years.

TABLE 4. NUMBER OF 'THREATENED' AND 'AT RISK' TAXA IDENTIFIED IN THE 2007 AND 2011 THREAT CLASSIFICATION LISTS

	NUMBER OF 'THREATENED' TAXA	NUMBER OF 'AT RISK' TAXA
2007 Threat Classification List	672	2,123
2011 Threat Classification List	855	2,950

Note: In the revised system, 'threatened' is roughly equivalent to 'acutely threatened' in the previous system, and 'at risk' is roughly equivalent to 'chronically threatened' in the previous system.

Most changes result from improved coverage of groups previously not assessed, and improved knowledge and changes in definitions of categories. However, 57 species have declined sufficiently to trigger a change to a more severely threatened category, and 7 species have recovered under management sufficiently to move to a less severely threatened category.¹⁶

Measures of ecosystem representation: Ecosystem composition

Two measures are reported on as indicators of ecosystem composition. These measures are:

- Size-class structure of selected canopy dominants.
- Representation of plant functional types (such as aquatic plants and palatable plants).

These measures will be reported on annually. They are designed to provide early warning of critical changes and potential problems in ecosystems so that effective management interventions can be made. Forewarning is, however, difficult in most ecosystems, and particularly in forests dominated by long-lived species.

Reports are provided on the impact of red deer on these two measures. Red deer were chosen because they are the most widespread introduced hoofed species (ungulate) in New Zealand, and, although their initial effects on forests are well documented, there is much debate about their ongoing impacts on long-term forest processes and structure.

To address whether red deer have long-term widespread effects on both native forest composition (through their browsing effects on young plants and on forest structure, through reduced regeneration of canopy species) two large datasets of forest plots were analysed. These comprised a nationwide data set from the Land Use and Carbon Analysis System (LUCAS),¹⁷ and fenced and unfenced areas of forest. Deer and goats had been excluded from the fenced areas for at least 15 years. Analysis focused on the different impacts on tree species that are palatable to deer ('selected'), those that deer eat in proportion to their abundance ('not selected'), and those that are unpalatable to deer ('avoided').

Pronounced regeneration of palatable species occurred inside fenced areas, compared with adjacent unfenced areas. However, tree size class distributions of palatable species inside the fenced plots were the same as those in the nationwide LUCAS data set. These findings suggest that deer can reduce the relative frequency of small palatable trees where these animals are locally

¹⁶ It should be noted that the terrestrial and freshwater invertebrate lists have not yet been published and very minor changes in total numbers are therefore possible.

¹⁷ The Land Use and Carbon Analysis System (LUCAS) tracks and quantifies carbon stocks and land use, particularly since 1990. It is helping New Zealand meet its international reporting requirements under the United Nations Framework Convention on Climate Change and the Kyoto Protocol. A cross-government programme, it is led by the Ministry for the Environment. DOC provides input, along with several other government departments.

abundant, but there was no evidence that they are causing national-scale regeneration failure of palatable tree species.

The results can be explained in several ways. For example, it could be evidence that long-term management and control of pest animals is effective in maintaining recruitment of native tree species.

Further analysis using vegetation classes¹⁸ was undertaken to assess whether regeneration is sufficient for a forest to replace itself. These analyses found that there did not seem to be an issue for forests dominated by beech, but there did seem to be reduced recruitment of palatable trees in mixed podocarp-broadleaf forests.

This work emphasises the need to continue to link key datasets, including vegetation, animal distribution and abundance, environmental variables and functional traits, to understand the long-term consequences of short-term management interventions and key drivers of ecosystem processes.

A conclusion is that deer control should be focused on ecosystems where deer are shown to have lasting impacts.

- Demography of widespread animal species (including fish and invertebrates).

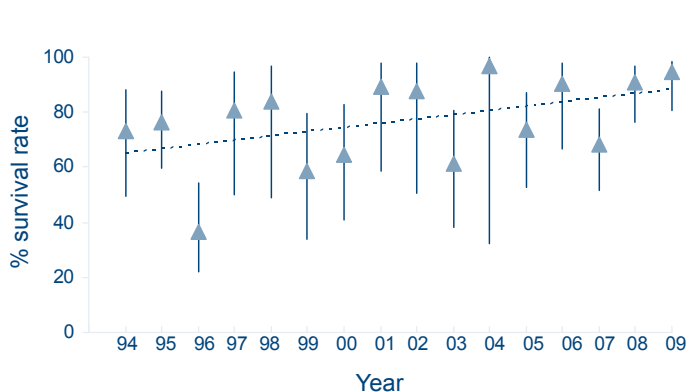


Figure 14. Survival rate of adult female bats with some rat control (Walker Creek, Eglinton Valley)

Note: Triangles show percentage survival of bats as calculated by Program MARK, with 95% confidence intervals shown by the vertical error bars. An overall trend line (linear regression) is shown by the dotted line ($R^2=0.2$).

This measure will be reported in 2012, and then annually. An interim report is provided for two species selected as indicators for forested ecosystems vulnerable to introduced mammalian predators: long-tailed bats and the South Island robin. Tracking trends in the demography of these species, and others to be selected in coming years, will help determine the impacts of management on the species and provide more information about factors that impact on their numbers.

Changes in demography for these species were analysed and interpreted using long-term datasets from work undertaken in the Eglinton Valley, Southland. The datasets enabled examination of long-term trends with varying management regimes and predator levels.

Long-tailed bats

High numbers of rats were present in the managed site in 1996, 1999, 2000 and 2006, but rat control was only carried out in 2006. Figure 14 shows an overall increasing trend of adult female long-tailed bats at the managed site. In contrast, at the site with no management, the survival of adult female bats declined to below 60% in 2007 (Figure 15). This led to an overall decline in the survival of this group.

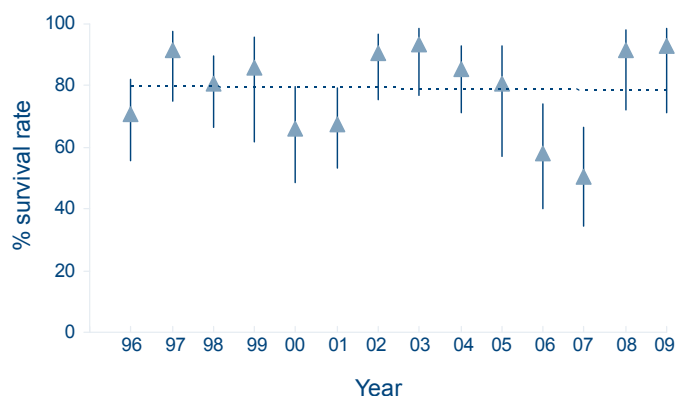


Figure 15. Survival of adult female bats with no management (Knobs Flat, Eglinton Valley)

Note: Monitoring began for this group in 1996. Triangles show percentage survival of bats as calculated by Program MARK, with 95% confidence intervals shown by the error bars. An overall trend line (linear regression) is shown by the dotted line ($R^2=0.001$).

¹⁸ This uses a recently developed quantitative classification for forest and shrublands, which defines 24 vegetation classes across New Zealand.

South Island robins

Rat numbers increased during 2006 at Walker Creek (managed site) and Knobs Flat (unmanaged site). Predator management was undertaken at Walker Creek from June 2006, and rat numbers were reduced to 30%,

compared with 61% at Knobs Flat. This appears to have contributed to an overall increasing trend in the number of robins at Walker Creek (Figure 16). While there is a decreasing trend in the robin population at Knobs Flat, numbers have increased since 2008 (Figure 17).

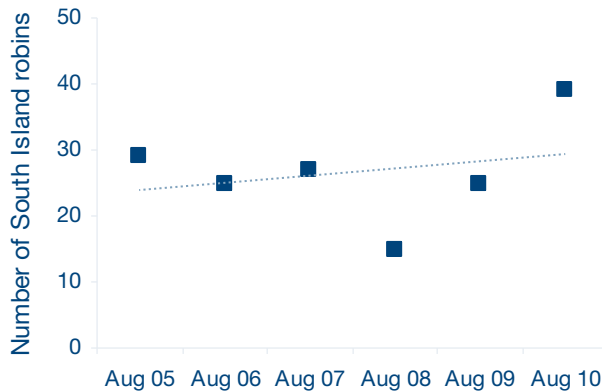


Figure 16. Estimated number of robins derived from territory mapping at Walker Creek, Eglinton Valley (managed site)

Note: Dotted line represents the overall trend line (linear regression) ($R^2=0.07$).

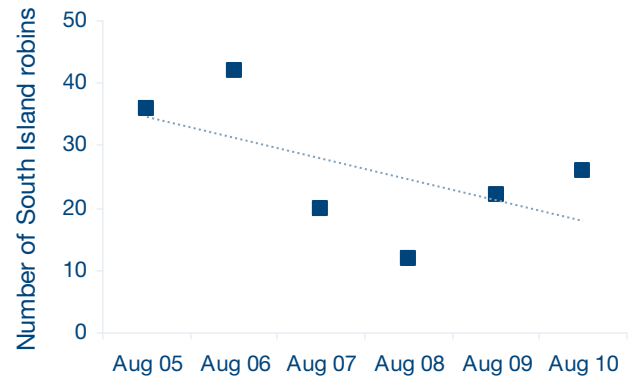


Figure 17. Estimate of the number of robins derived from territory mapping at Knobs Flat, Eglinton Valley (unmanaged site)

Note: Dotted line represents the overall trend (linear regression) ($R^2=0.3$).

Analysis

Trends in survival of the long-tailed bat confirm that effective rat control is essential to maintain or increase long-tailed bat numbers. A similar result was found with robin numbers. It is expected that the increase in survival might be even more marked if rat numbers can be controlled even more effectively (e.g. below 30% tracking rates).

Measures of ecosystem representation: improved environmental representation and protected status

- Proportion of environmental unit protected.

The trends for this measure are shown in Table 5. This shows land areas 'protected' over the period 2004 to 2011, where 'area protected' includes all land administered by DOC, but excludes protected land controlled and managed by other agencies, unprotected

land of interest to DOC, and reserves vested in other agencies. The table uses the Land Environments of New Zealand (LENZ) classification system. 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.

Table 5 illustrates that for many land environment types, the proportion protected is very small. This is especially so for lowlands. Higher altitude land environment types are, however, highly protected. Most land environment types show increases in the level of protection over the 7 years covered by the table. Most increases come from the tenure review process. The growth in lowland areas protected is critical to the many species confined to these habitats. A closer analysis of some of these habitats is provided by the next measure.

TABLE 5. PROTECTION OF NATURAL HERITAGE AS REPRESENTED BY LEGAL PROTECTION OF EACH LENZ CATEGORY FOR THE YEARS 2004 TO 2011

LENZ (LEVEL I CLASSIFICATION)	LAND ENVIRONMENT NAME	TOTAL AREA OF EACH LENZ LEVEL I CLASSIFICATION ACROSS ALL NEW ZEALAND, EXCLUDING OFFSHORE ISLANDS (ha)	% OF EACH LENZ LEVEL I CLASSIFICATION PROTECTED 30 JUNE 2011 (%)	AREA OF EACH LENZ LEVEL I CLASSIFICATION PROTECTED 30 JUNE 2011 (ha)	CHANGE IN AREA PROTECTED BETWEEN 30 JUNE 2010 AND 30 JUNE 2011 (ha)	AREA OF EACH LENZ LEVEL I CLASSIFICATION PROTECTED 30 JUNE 2010 (ha)	AREA PROTECTED IN EACH LENZ LEVEL I CLASSIFICATION AS AT 30 JUNE 2009 (ha)	AREA PROTECTED IN EACH LENZ LEVEL I CLASSIFICATION AS AT 30 JUNE 2008 (ha)	AREA PROTECTED IN EACH LENZ LEVEL I CLASSIFICATION AS AT 30 JUNE 2007 (ha)	AREA PROTECTED IN EACH LENZ LEVEL I CLASSIFICATION AS AT 30 JUNE 2006 (ha)	AREA PROTECTED IN EACH LENZ LEVEL I CLASSIFICATION AS AT 30 JUNE 2005 (ha)	AREA PROTECTED IN EACH LENZ LEVEL I CLASSIFICATION AS AT 30 JUNE 2004 (ha)
A	Northern lowlands	1,853,745	4.85	89,921	-246	90,167	87,886	90,002	89,659	87,948	87,793	86,594
B	Central dry lowlands	691,433	1.76	12,170	823	11,347	11,333	8,658	8,521	7,819	5,957	5,794
C	Western and southern North Island lowlands	635,918	0.98	6,228	111	6,117	5,691	6,020	5,919	5,571	5,578	5,508
D	Northern hill country	2,099,624	19.19	402,847	-3850	406,697	399,537	401,634	400,538	399,976	400,604	400,668
E	Central dry foothills	1,323,675	27.09	358,554	5431	353,123	352,626	311,625	301,303	294,338	221,514	195,457
F	Central hill country and volcanic plateau	5,241,270	18.78	984,567	81	984,486	1,003,537	982,719	982,203	978,892	978,161	980,163
G	Northern recent soils	338,680	7.41	25,093	-60	25,153	23,723	24,868	25,076	24,233	24,453	23,865
H	Central sandy recent soils	135,282	20.66	27,954	-148	28,102	27,901	28,014	28,094	27,824	27,862	27,862
I	Central poorly drained recent soils	120,994	2.8	3,434	-4	3,438	3,337	3,373	3,369	3,319	3,232	3,229
J	Central well-drained recent soils	293,580	1.94	5,696	49	5,647	4,703	5,612	5,382	4,273	4,031	3,879
K	Central upland recent soils	160,716	27.47	44,154	96	44,058	42,605	37,605	35,767	33,809	27,522	26,930
L	Southern lowlands	801,165	7.86	62,992	-15	63,007	58,772	62,384	62,455	58,767	59,355	57,056
M	Western South Island recent soils	220,345	50.88	112,119	226	111,893	110,010	110,556	111,390	109,712	109,317	109,358
N	Eastern South Island plains	2,044,508	0.95	19,368	97	19,271	15,880	18,052	15,073	12,682	13,079	12,587

Continued on next page

Table 5. Protection of natural heritage as represented by legal protection of each LENZ category for the years 2004 to 2011—continued

LENZ (LEVEL I CLASSIFICATION)	LAND ENVIRONMENT NAME	TOTAL AREA OF EACH LENZ LEVEL I CLASSIFICATION ACROSS ALL NEW ZEALAND, EXCLUDING OFFSHORE ISLANDS (ha)	% OF EACH LENZ LEVEL I CLASSIFICATION PROTECTED 30 JUNE 2011 (%)	AREA OF EACH LENZ LEVEL I CLASSIFICATION PROTECTED 30 JUNE 2011 (ha)	CHANGE IN AREA PROTECTED BETWEEN 30 JUNE 2010 AND 30 JUNE 2011 (ha)	AREA OF EACH LENZ LEVEL I CLASSIFICATION PROTECTED 30 JUNE 2010 (ha)	AREA PROTECTED IN EACH LENZ LEVEL I CLASSIFICATION AS AT 30 JUNE 2009 (ha)	AREA PROTECTED IN EACH LENZ LEVEL I CLASSIFICATION AS AT 30 JUNE 2008 (ha)	AREA PROTECTED IN EACH LENZ LEVEL I CLASSIFICATION AS AT 30 JUNE 2007 (ha)	AREA PROTECTED IN EACH LENZ LEVEL I CLASSIFICATION AS AT 30 JUNE 2006 (ha)	AREA PROTECTED IN EACH LENZ LEVEL I CLASSIFICATION AS AT 30 JUNE 2005 (ha)	AREA PROTECTED IN EACH LENZ LEVEL I CLASSIFICATION AS AT 30 JUNE 2004 (ha)
O	Western South Island foothills and Stewart Island	1,414,258	82.48	1,166,458	-876	1,167,334	1,164,335	1,164,995	1,165,310	1,163,870	1,164,275	1,164,468
P	Central mountains	3,248,591	75.69	2,458,737	1902	2,456,835	2,517,831	2,347,450	2,325,497	2,315,771	2,205,866	2,181,691
Q	Southeastern hill country and mountains	3,271,981	21.4	700,134	16,012	684,122	704,622	624,199	604,446	595,507	580,367	556,499
R	Southern Alps	1,926,881	95.02	1,830,935	178	1,830,757	1,832,838	1,803,733	1,799,921	1,799,656	1,795,980	1,797,754
S	Ultramafic soils	33,476	93.5	31,300	0	31,300	31,262	31,245	31,245	31,245	31,245	31,067
T	Permanent snow and ice	157,015	97.9	153,723	4	153,719	154,728	153,550	153,042	153,035	152,901	152,935
Other		211,363	20.60	43,548	-144	43,692	40,213	41,793	41,815	39,076	37,984	37,690
Total		26,224,500	32.56	8,539,932	19,667	8,520,265	8,593,371 [‡]	8,258,087	8,196,025 [†]	8,147,323	7,937,076	7,861,054

[‡] The 2009 figure includes an overall +1.11% variance (equalling approximately 92,000 hectares) caused by the change in methodology explained above.

[†] In the Annual Report for the year ended 30 June 2007, the figure reported for year-end 2007 was 8,206,098 hectares. The difference is because moveable marginal strips administered by DOC have now been excluded, giving a total of 8,196,025 hectares.

Analysis qualifiers

1. Before 2009, the summary statistics were defined using a grid analysis methodology. The new method uses a revised selection criteria for determining protected areas, but statistics are calculated using a 'flattened' vector polygon layer, and this method will be used in future. Figures were incorrect in DOC's 2010 annual report due to the vector layers not being flattened. The 2010 figures in Table 5 in this report (to 30 June 2011) have been recalculated using the flattened methodology.
2. The summary statistics exclude offshore islands and marine areas, but include nearshore islands, within the geographic extents of the LENZ database. As offshore islands, the Chatham Islands are excluded from the database. Total land protected on offshore islands is 257,885 hectares.
3. The above summary statistics also exclude moveable marginal strips administered by DOC due to incomplete national data.
4. All figures have been rounded to the nearest hectare.

- Change in extent and integrity of naturally uncommon, significantly reduced habitats/ecosystems that are protected.

A critical factor in halting the decline in biodiversity is to focus conservation effort on habitats and ecosystems that make large contributions to native biodiversity. In New Zealand, the diversity of the landscape has resulted in a diverse array of small, often widely dispersed, rare ecosystems that tend to occur in extreme environments. Such ecosystems may contribute significantly to biodiversity by having very high native species richness (e.g. ephemeral wetlands, coastal turfs), many species unique to New Zealand (e.g. ultramafic areas, karst), and/or specialised life forms (e.g. halophytes in salt pans, tropical taxa in geothermal

areas). Many types of naturally rare ecosystems are poorly understood and are often small, vulnerable and highly threatened.

Work under way by DOC has focused on defining the extent of these habitats and ecosystems. Data are presented for 10 of the 72 types listed in: 'Protecting our Places'¹⁹ (Table 6). Of these, volcanic dunes, shell barrier beaches and coastal turfs have less than 25% of their total area protected. Landcare Research continues to develop frameworks for assessing the integrity of a select number of these rare habitats and ecosystems.

This measure is reported on for the first time this year, so Table 6 shows baseline data. The measure will be reported on every 5 years.

TABLE 6. BASELINE DATA SHOWING PERCENTAGE OF NATURALLY UNCOMMON, SIGNIFICANTLY REDUCED HABITATS/ECOSYSTEMS THAT ARE PROTECTED FOR 10 RARE HABITATS/ECOSYSTEMS

NATURALLY RARE HABITATS/ ECOSYSTEMS	% PROTECTED					
	0–5%	6%–25%	26%–50%	51%–75%	76%–95%	96%–100%
Acid rain systems						x
Braided rivers			x			
Coastal turf		x				
Granitic sand plains						x
Marine mammal haulouts			x			
Seabird burrowed soils				x		
Seabird guano			x			
Shell barrier beach		x				
Shingle beaches			x			
Volcanic dunes*		x				

* While not on protected land, volcanic dunes are largely on military land, which places a range of restrictions on access, activities and development.

¹⁹ Ministry for the Environment; Department of Conservation. 2007: *Protecting our Places: Introducing the national priorities for protecting rare and threatened native biodiversity on private land*. Ministry for the Environment, Wellington. ISBN: 0-478-30130-8.

- Proportion of environmental unit in marine protected areas.

Of New Zealand’s marine environment (its territorial sea and exclusive economic zone (EEZ)), 0.3% is protected through 33 marine reserves, which cover 1.28 million hectares (Appendix 1). There has been no change from the previous reporting periods in 2008–2009 and 2009–2010. However, the Government’s announced intention to establish protected areas around the subantarctic islands and to gazette Tāwharanui Marine Park will increase the percentage area of marine reserves in the EEZ and territorial sea to 0.4%. In addition, a review of the draft inventory of marine protected areas in the territorial sea is expected to increase the total percentage area of marine protected areas in the EEZ and territorial sea to 0.5%.

Outputs that contribute to this intermediate outcome

The output classes and main outputs that contribute to this intermediate outcome are set out in Table 1. These are reported on in the statements of service performance below.

Because natural heritage management takes up about 49% of DOC’s annual budget, to optimise that investment it is important that DOC is consistent in the way it chooses what to work on, and in its monitoring of how effective that work is. It is also important that DOC ensures quality standards are met across the range of its natural heritage work.

In species management, DOC is an international practice leader. However, within New Zealand there are no parties of comparable scale to allow external benchmarking of operational quality and standards. DOC uses species recovery groups, involving technical experts and scientists from within and outside the organisation, to quality check the standards and techniques it uses for output delivery.

External experts also advise DOC on the management prescriptions for individual species and ecosystems developed for the NHMS prioritisation process. This pool of external expertise is growing as the community and other agencies (such as Landcare Research and universities) become more involved in work DOC has traditionally led.

One example where DOC is one of several agencies undertaking the work is possum control. The Animal Health Board (AHB) undertakes operations on a similar scale and frequency. The AHB and DOC have therefore worked to develop quality standards and protocols to ensure control and monitoring meet industry best practice.

Weed control is one area where industry standards have been adopted. DOC relies on spray application standards and guidelines used in the agricultural sector and makes extensive use of external contractors to ensure these standards are met and operational success is achieved.

Supporting information for the statement of service performance 2010–2011: Managing natural heritage

Figures 18–21 provide supporting information for the statement of service performance for natural heritage. They show trends in areas covered by DOC’s annual delivery of outputs for possums, goats, deer and weed control, for the 12 years between 2000 and 2011. In each figure:

- ‘Receiving treatment’ means the total number of hectares at any one site where the pests are controlled in any one financial year.
- ‘Sustained control’ means the total number of hectares where the pest control is sustained over time.

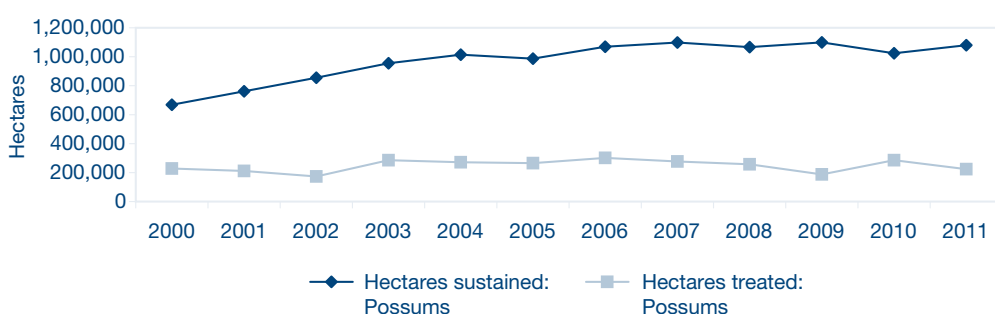


Figure 18. Output trends: possum control—hectares receiving treatment versus hectares under sustained control

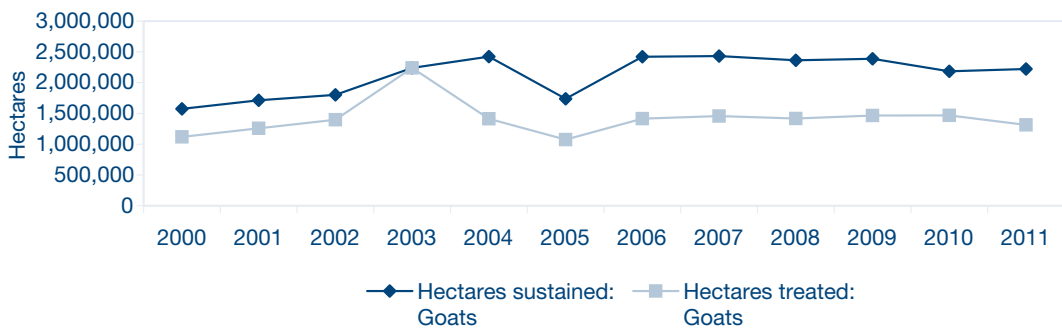


Figure 19. Output trends: goat control—hectares receiving treatment versus hectares under sustained control

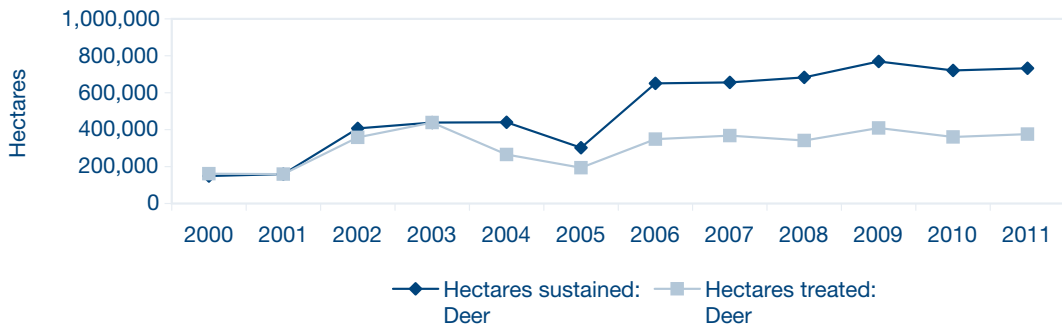


Figure 20. Output trends: deer control—hectares receiving treatment versus hectares under sustained control

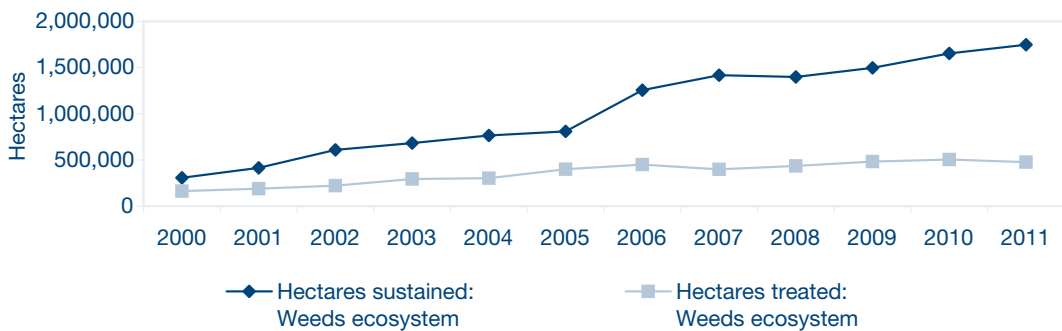


Figure 21. Output trends: weed control—hectares of ecosystem receiving treatment versus hectares under sustained control

STATEMENT OF SERVICE PERFORMANCE 2010–2011: MANAGING NATURAL HERITAGE

2010–2011 PERFORMANCE MEASURES AND TARGETS	NATIONAL COMMENTARY
<p>Note: DOC considers that target performance has been achieved when the output is within a tolerance level acceptable for the nature of the operation. For field operations, this is generally within plus or minus 5% of the projected performance target.</p>	
<p>Fire control</p>	
<p>9 conservancies will operate within a fire response/action plan published in accordance with the National Departmental Fire Plan.</p>	<p>9 conservancies operated within a fire response/action plan published in accordance with the National Departmental Fire Plan.</p> <p>The conservancies in this group are Northland, Auckland, Waikato, East Coast Bay of Plenty, Tongariro Whanganui Taranaki, Wellington Hawke's Bay, Nelson/Marlborough, Canterbury and Otago.</p>
<p>3 conservancies will operate within the fire plan of a rural fire district.</p>	<p>2 conservancies (West Coast and Southland) operated under a fire plan of a rural fire district.</p> <p>Canterbury Conservancy is only partially covered by a Rural Fire District Plan and is excluded from this measure.</p>
<p>Pest and weed control: possums</p>	
<p>234,451 hectares of land will receive treatment this year for possums.</p>	<p>223,523 hectares of land received treatment this year for possums.</p>
<p>1,069,522 hectares of land will be under sustained control for possums.</p>	<p>1,080,120 hectares of land were under sustained control for possums.</p>
<p>94 possum control operations will be undertaken (90% of operations will meet their targets for operational success at year end).</p>	<p>89 possum control operations were undertaken, with 84 meeting their targets for operational success at year end (94%).</p>
<p>Pest and weed control: deer</p>	
<p>363,872 hectares of land will receive treatment this year for deer.</p>	<p>375,724 hectares of land received treatment for deer.</p>
<p>722,203 hectares of land will be under sustained control for deer.</p>	<p>732,203 hectares of land were under sustained control for deer this period.</p>
<p>Pest and weed control: goats</p>	
<p>1,441,715 hectares of land will receive treatment this year for goats.</p>	<p>1,313,036 hectares of land received treatment this period for goats.</p> <p>Waikato Conservancy reported the deferral of 33,500 hectares of goat control until 2011–2012, pending decisions flowing from the completion of the Thames Coast Flood Protection Project. The Conservancy also reported an overstatement of the target set for goat control of approximately 67,000 hectares.</p> <p>Nelson/Marlborough Conservancy reported cancellation of planned aerial control in Kahurangi National Park affecting 35,927 hectares, because weather conditions had pushed animals from open areas into bush-clad valleys, making aerial control ineffective.</p>
<p>2,240,806 hectares of land will be under sustained control for goats.</p>	<p>2,221,403 hectares of land were under sustained control for goats.</p>
<p>Pest and weed control: other terrestrial animal pests</p>	
<p>42 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>43 pest control operations were undertaken against other terrestrial pests.</p> <p>All operations met the criteria for success set out in their programme plan.</p>
<p>Pest and weed control: aquatic animal pests</p>	
<p>3 aquatic animal pest eradication operations undertaken in treatable sites will meet the criteria for success set out in their programme plan.</p> <p>(Success criteria is measured 2 years after operation is run.)</p>	<p>13 aquatic animal pest eradication operations were undertaken in treatable sites.</p> <p>Nelson/Marlborough Conservancy reported unplanned eradication operations at 8 sites discovered during the year.</p> <p>11 met the criteria for success set out in their programme plan.</p>

Continued on next page

2010–2011 PERFORMANCE MEASURES AND TARGETS	NATIONAL COMMENTARY
Pest and weed control: weeds (including aquatic weeds)	
107 weed control work plans will be completed using a weed-led approach. (The number that met the criteria for success set out in their programme plan will be reported at year end.)	114 weed control work plans were completed using a weed-led approach. 112 met the criteria for success set out in their programme plan.
502,204 hectares of land will receive treatment this year for weeds using a site-led approach.	475,439 hectares of land received treatment for weeds using a site-led approach this period. Canterbury Conservancy reported a 50,000-hectare reduction in expected treatment area because it refocused its priorities for wilding trees, lupins and other weed control from widespread, younger, sparse, scattered non-spreading outlier trees and onto dense, confined seeding/spreading clusters.
1,749,431 hectares of land will be under sustained weed control using a site-led approach.	1,748,522 hectares of land was under sustained weed control using a site-led approach.
Natural heritage restoration	
52 restoration programmes will be undertaken. (90% will meet the criteria for success set out in their programme plan at year end).	53 restoration programmes were undertaken. 52 met the criteria for success set out in their programme plan.
87 island biosecurity programmes will maintain a pest-free status.	88 island biosecurity programmes maintained a pest-free status out of the 90 island biosecurity programmes in place.
Species management	
42 'acutely threatened' species or subspecies will have improved security for one or more populations as a result of active species conservation programmes. (Excludes vascular plants and birds.)	36 'acutely threatened' species or subspecies have improved security for one or more populations as a result of active species conservation programmes. 4 programmes did not proceed once more detailed work planning was undertaken. 1 programme was delayed due to a shortage of specialised staff. 1 programme was delayed due to higher priorities.
18 'chronically threatened' species or subspecies will have improved security for one or more populations as a result of active species conservation programmes. (Excludes vascular plants and birds.)	16 'chronically threatened' species or subspecies have improved security for one or more populations as a result of active species conservation programmes. 1 programme involving new experimental design was delayed following technical advice. 3 programmes initially scoped were combined following detailed planning.
9 'at risk' species or subspecies will have improved security for one or more populations as a result of active species conservation programmes. (Excludes vascular plants and birds.)	10 'at risk' species or subspecies have improved security for one or more populations as a result of active species conservation programmes.
52 reclassified 'at risk' vascular plant and bird species or subspecies will have improved security for one or more populations as a result of active species conservation programmes. (Includes only vascular plants and birds.)	54 reclassified 'at risk' vascular plant and bird species or subspecies have improved security for one or more populations as a result of active species conservation programmes.
130 reclassified 'threatened' vascular plant and bird species or subspecies will have improved security for one or more populations as a result of active species conservation programmes. (Includes only vascular plants and birds.)	126 reclassified 'threatened' vascular plant and bird species or subspecies have improved security for one or more populations as a result of active species conservation programmes. Four programmes initially scoped did not proceed once more detailed work planning was undertaken.

Continued on next page

2010–2011 PERFORMANCE MEASURES AND TARGETS	NATIONAL COMMENTARY
Species management—continued	
<p>DOC will have achieved improved understanding of status and threats for 54 ‘acutely threatened’ species or subspecies through survey monitoring and research.</p> <p>(Excludes vascular plants and birds from 2009–2010.)</p>	<p>Improved understanding of status and threats has been achieved for 52 ‘acutely threatened’ species or subspecies through survey monitoring and research.</p> <p>One programme reported a delay pending recruitment of specialised staff. Several other programmes reported delays to better align the timing of monitoring cycles.</p>
<p>DOC will have achieved improved understanding of status and threats for 28 ‘chronically threatened’ species or subspecies through survey monitoring and research.</p> <p>(Excludes vascular plants and birds from 2009–2010.)</p>	<p>Improved understanding of status and threats has been achieved for 30 ‘chronically threatened’ species or subspecies through survey monitoring and research.</p>
<p>DOC will have achieved improved understanding of status and threats for 13 ‘at risk’ species or subspecies through survey monitoring and research.</p> <p>(Excludes vascular plants and birds from 2009–2010.)</p>	<p>Improved understanding of status and threats has been achieved for 13 ‘at risk’ species or subspecies through survey monitoring and research.</p>
<p>Improved understanding of status and threats will be achieved through survey, monitoring, and research for 52 reclassified ‘at risk’ vascular plant and bird species or subspecies.</p> <p>(Includes vascular plants and birds from 2009–2010.)</p>	<p>Improved understanding of status and threats has been achieved for 51 ‘at risk’ species or subspecies through survey monitoring and research.</p> <p>1 programme reported a delay due to absence of staff with specialist skills.</p>
<p>Improved understanding of status and threats will be achieved through survey, monitoring, and research for 164 reclassified ‘threatened’ vascular plant and bird species or subspecies.</p> <p>(Includes only vascular plants and birds from 2009–2010.)</p>	<p>Improved understanding of status and threats has been achieved for 155 ‘threatened’ species or subspecies through survey monitoring and research.</p> <p>6 programmes were delayed due to poor field conditions.</p> <p>2 programmes were delayed to better align the timing of monitoring cycles between programmes.</p> <p>1 programme was delayed due to a shortage of specialist staff at a key point in the programme.</p>
<p>The Conservation Services Programme will meet its agreed performance criteria and milestones.</p> <p>Achievement will be reported at year end.</p>	<p>The Conservation Services Programme undertakes research into the interactions between commercial fishing and marine protected species. In 2010–2011, 887 days of observer coverage in 18 fisheries was achieved to monitor protected species interactions.</p> <p>Field projects were undertaken as part of population studies into New Zealand sea lions, white-capped albatrosses and black petrels. Final reports can be found on DOC’s website at http://www.doc.govt.nz/publications/conservation/marine-and-coastal/marine-conservation-services/csp-reports/.</p> <p>New work included increasing awareness of, identifying, and implementing measures to reduce interactions with protected species, especially in the inshore trawl and demersal longline fisheries; and describing protected coral distribution based on commercial fishing activity.</p> <p>Projects undertaken by the Conservation Services Programme are reviewed by a technical working group prior to posting on DOC’s website. In addition to the above projects, presentations to the technical working group included coral and seabird identifications, bottom longline mitigation trials and distribution of Auckland Island sea lions. The Conservation Services Programme maintained an active involvement in the Agreement on the Conservation of Albatrosses and Petrels and other regional fishery management organisations.</p>

2010–2011 PERFORMANCE MEASURES AND TARGETS	NATIONAL COMMENTARY
Legal protection of areas and sites	
Hectares of marine areas legally protected during the year.	
Concurrence Sought from Minister of Fisheries for: Akaroa Harbour 530 hectares	Concurrence Akaroa Harbour 530 hectares—declined by the Minister of Conservation.
Fully approved If agreed, yet to be gazetted: Akaroa Harbour 530 hectares Tāwharanui 400 hectares	Fully Approved Akaroa Harbour declined Tāwharanui (394 hectares) was approved by Ministers and will be gazetted in 2011–2012. Other achievement was four marine reserves totalling 435,558 hectares that were approved by Ministers in 2010–2011. These will be gazetted during 2011–2012. The Reserves are: <ul style="list-style-type: none"> • Campbell Island/Motu Ihupuku Islands (113,251 hectares). • Bounty Islands (104,626 hectares). • Antipodes Island Group (217,287 hectares).
1,279,704 hectares of marine areas will be gazetted and under sustained management during the year.	3,124,878 hectares of marine area was fully gazetted and under sustained management at year end. This is made up of 1,279,180 hectares of marine reserves (comprising 33 marine reserves) and 1,845,698 hectares of marine mammal sanctuary (comprising 6 marine mammal sanctuaries). The marine mammal sanctuary area is not new but had not previously been reported as part of this performance metric.
56,556 hectares of terrestrial environment will be legally protected during the year.	20,074 hectares of terrestrial environment has been legally protected during the year. Canterbury Conservancy reported delays in negotiation and agreements arising from tenure review negotiations affecting approximately 20,000 hectares. Otago Conservancy reported 3 tenure reviews were not completed for Shingley Creek, Cluden, and The Larches.

OUTPUT CLASS OPERATING STATEMENT 2010–2011: MANAGEMENT OF NATURAL HERITAGE

	ACTUAL 30/06/11 \$000	MAIN ESTIMATES 30/06/11 \$000	SUPP. ESTIMATES 30/06/11 \$000	ACTUALS 30/06/10 \$000
Revenue				
- Crown	146,004	146,562	146,004	146,879
- Other	9,250	12,175	12,175	9,434
Total revenue	155,254	158,737	158,179	156,313
Expenses	154,753	158,737	158,179	153,736
Surplus/(deficit)	501	0	0	2,577

STATEMENT OF SERVICE PERFORMANCE 2010–2011: REGIONAL PEST MANAGEMENT STRATEGIES

2010–2011 PERFORMANCE MEASURES AND TARGETS	NATIONAL COMMENTARY
Note: DOC considers that target performance has been achieved when the output is within a tolerance level acceptable for the nature of the operation. For field operations, this is generally within plus or minus 5% of the projected performance target.	
Crown pest/weed exacerbator costs	
13 regional pest management strategies with completed Crown exacerbator weed and pest programmes.	DOC completed exacerbator weed and pest programmes for 17 regional councils/unitary authorities. The slight increase in the number of regional councils/unitary authorities is mainly due to more formal recognition of existing agreements and inclusion of several district councils running exacerbator programmes.

OUTPUT CLASS OPERATING STATEMENT 2010–2011: REGIONAL PEST
MANAGEMENT STRATEGIES

	ACTUAL 30/06/11 \$000	MAIN ESTIMATES 30/06/11 \$000	SUPP. ESTIMATES 30/06/11 \$000	ACTUALS 30/06/10 \$000
Revenue				
- Crown	3,015	3,006	3,015	2,958
- Other	58	0	0	7
Total revenue	3,073	3,006	3,015	2,965
Expenses	2,866	3,006	3,015	2,949
Surplus/(deficit)	207	0	0	16

6.

Historic heritage: Report against operating intentions

Intermediate outcome 2: Our history is protected and brought to life

What we are seeking to achieve and why

DOC encourages New Zealanders to learn about and visit key heritage sites on public conservation lands and waters, and to actively contribute to the conservation and interpretation of heritage. DOC is continuing to refine its approach to this area of its business.

DOC seeks to provide opportunities for people to connect to places and stories from New Zealand's past, to know about these, and to value them as part of their national identity. To that end, all known historic sites on public conservation lands and waters will be protected from avoidable harm from human activity. Sites recognised by DOC or the community as having particular historical significance (key heritage sites) will be restored. Some of these sites, known as Icon sites, will be developed to a higher standard to tell an important story of New Zealand identity and provide an outstanding visitor experience.

This work delivers benefits as enshrined in DOC's outcome, described in section 2.1. Conservation of places and stories also contributes to community well-being by providing opportunities for shared experiences in conserving, visiting and enjoying them. Bringing historic heritage to life also provides business opportunities, with resulting economic benefits. Further discussion of the latter is included under intermediate outcome 5.

What we did to achieve this: actions in 2010–2011

Progress in 2010–2011 included further developing the Icon sites programme, bringing it under DOC's destination management approach, which is described under intermediate outcome 3: Recreation. A programme was set up to invest in Icon sites as high profile tourism destinations, working with iwi, local tourism, business and communities.

Experience Development Plans (EDPs) were completed for the Molesworth high country (Marlborough), North Head (Auckland) and Government Buildings (Wellington). See section 7 for further comment on EDPs.

Work continued on increasing public access to information about key heritage sites via DOC's website, with information upgraded for the 17 Icon sites open to the public. Overall, web information is provided for 84 of DOC's actively conserved sites.

An ongoing interactive training programme helps communicate the value of historic heritage. An online introductory historic heritage management course was developed and will be made publicly available during 2011–2012.

Other achievements during 2010–2011 included:

- Historic interpretation was developed for the Pureroa Timber Trail cycleway in Waikato, and some historic features of the trail were reinstated, including the Ongarue spiral.
- Major conservation work was completed at Perano Whaling Station in the Queen Charlotte Sound. This included recording oral histories from former whalers and their families and also involved a major volunteer contribution.
- The 'Denniston Experience' near Westport was fitted out as a tourist attraction, and a concessionaire now runs commercial tours.
- The upgrade of Gabriel's Gully, Otago, was completed in time for the 150th anniversary of

the discovery of gold in New Zealand and the founding of Lawrence township.

- The historic Māori Beach sawmilling site on Stewart Island was incorporated into the Rakiura Great Walk. This work was done in conjunction with the Winton Vintage Machinery Club.
- Heritage assessments published for two of DOC's most interesting historic tracks: the Croesus Track, built for gold mining; and the Copland Track, built for tourism. Both are on the west coast of the South Island.

How we measure the impact DOC makes in historic heritage

Three interlinked elements describe historic heritage. These are stories (the history of a site), its fabric (the physical substance of a site) and culture (how society interacts with a site). The four indicators DOC uses to monitor the impact it is making in historic heritage pick up on all three elements.

The first two indicators focus on 566²⁰ key heritage sites, including the 20 Icon sites. The second two focus specifically on the 20 Icon sites.

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

As an indicator of this measure, each year DOC counts the number of heritage assessment reports completed to DOC standards for the 566 sites that are actively conserved. These heritage assessment reports preserve the stories, identify the values, and make information available to the public. The intention is to safeguard key history at all 566 sites.

This indicator is reported on annually. It was revised in 2009–2010 to include information about historic sites posted on DOC's website and, to date, 84 reports have been made available through this medium.

Up to and including 2008–2009, data recorded against this indicator were for a mixture of single assets and sites that include a number of assets. In the 2010 annual report, this changed to only cover the number of sites for which heritage assessment reports have been completed to DOC standards, and this is reflected in Table 7.

Table 7 shows an additional 4.2% of sites have now had their history safeguarded by DOC—33.4% of the total number of actively conserved sites.

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

This indicator was established in 2009–2010 and is due to be reported on this year.

A site is assessed as 'stable' when the annual programmed maintenance is completed to standard (as determined by the site objectives) and, where there is an upgrade programme, the entire programme has been completed to standard. Compared with 2009–2010, the number of stable sites rose by 9.3% (Table 8).

The Canterbury earthquakes and aftershocks of 2010 and 2011 mean the structural condition of all Canterbury sites has not been assessed, nor categorised as stable or deteriorating. The Canterbury sites have therefore not been included in Table 8. Where assessments have been done, sites have moved from stable to deteriorating as a result of the earthquakes' impact.

TABLE 7. THE NUMBER OF HISTORIC SITES (AND ASSETS, UP TO 2008–2009) WHERE HISTORY HAS BEEN SAFEGUARDED

	2006–2007	2007–2008	2008–2009	2009–2010	2010–2011
Total sites where heritage assessments have been completed	222 assets and sites	299 assets and sites	385 assets and sites	165 sites (out of 591)	189 sites (out of 566)

TABLE 8. THE PERCENTAGE OF KEY HERITAGE SITES CATEGORISED AS STABLE OR DETERIORATING

	2009–2010		2010–2011*	
	SITES STABLE	SITES DETERIORATING	SITES STABLE	SITES DETERIORATING
Total number of sites	48.6% (287 out of 591)	51.4% (304 out of 591)	57.9% (290 out of 501)	42.1% (211 out of 501)

* All 2010–2011 figures exclude Canterbury data.

²⁰ In 2009–2010, the total number of actively managed historic sites was 591. DOC's Statement of Intent 2010–2013 (being reported against) says DOC actively manages 664 key heritage sites, including the 20 Icon sites. However, the actual number is 566 as some sites have been removed from the actively managed list, in part due to natural forces (including the Canterbury earthquakes), and in part due to decisions to redirect funding.

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

This is the second year of reporting against this indicator. It is reported for 10 Icon sites where development is completed or advanced, and where visitor counting methodology is in place (Table 9). Visitor counting at other Icon sites will be progressively phased in as the sites are developed.

Overall, visitor numbers have risen by 3.7% compared to 2009–2010. This increase is despite an overall drop in domestic and international visitors to New Zealand.

Figures in Table 9 have been adjusted to accommodate damage at Godley Head, which has been severely affected by the Christchurch earthquakes of 2010 and 2011 and was closed to visitors for most of 2010–2011. Visitor figures for Godley Head have therefore been excluded for 2010–2011, and the total visitor numbers for 2009–2010 recalculated to exclude Godley Head,²¹ enabling an accurate picture to be drawn of progress in overall visitor numbers to Icon sites.

Increase in New Zealanders' aspiration to visit Icon sites.

A report on this indicator is due in 2013, and thereafter 5-yearly. Measuring people's aspiration to visit a site will complement data on the number of people who actually visit a site. 'Aspiration' provides an indication of how much New Zealanders value a site and the history it represents, even if they have not been able to visit it.

The baseline for this indicator is the Automobile Association's (AA) survey of the top 101 places that New Zealanders most aspire to visit. Eight heritage sites were voted by the public onto the list, six of them on public conservation lands and waters.

The methodology for measuring the indicator has not yet been developed, but it is also intended to measure satisfaction levels. The most cost-effective method for assessing people's interaction with a site will be a sample survey of visitor satisfaction as people exit a site. Work will progress to establish this method for Icon sites.

TABLE 9. ESTIMATED VISITOR NUMBERS AT THE 10 COMPLETED ICON SITES*

ICON SITE	ESTIMATED VISITOR NUMBERS 2009–2010	ESTIMATED VISITOR NUMBERS 2010–2011
1. Cape Reinga, Northland	250,000	250,000
2. Ruapekapeka Pā, Northland	4,000	4,500
3. Karangahake mines, Bay of Plenty	44,000	50,000
4. Waitawheta tram, Bay of Plenty	9,000	6,000
5. Bridge to Nowhere, Whanganui	10,000	7,000
6. Government Buildings, Wellington	6,000	26,000
7. Ship Cove, Marlborough	22,000	20,000
9. Central Otago Rail Trail, Otago	24,000	21,000
10. Arrowsmith Chinese settlement, Otago	45,000	45,000
Total	414,000	429,500 (+3.7%)

* The data is compiled from visitor numbers formed from three data sources: SAP visitor counter data, the national visitor booking system, and permissions. The data is then moderated by staff based on their knowledge of a site and its visitor patterns, to provide an estimated visitor number.

²¹ In 2009–2010, estimated visitor numbers for Godley Head were 36,000.

Outputs that contribute to this intermediate outcome

The output classes and output groups that contribute to this intermediate outcome are set out in Table 1. These are reported on in the statement of service performance below.

DOC's historic heritage work adheres to national and international standards and best practice. In July 2010, DOC compared its historic heritage condition monitoring system to international practice and some

areas for improvement were identified, which will be developed in 2011–2012. For example, establishing a nationally consistent framework for condition assessments.

DOC's heritage assessments are based on an international methodology used for World Heritage and employed by the New Zealand Historic Places Trust. In September 2010, DOC compared its system against Australian best practice and world trends. The system was found to be robust and to reflect most recent developments in this area.

STATEMENT OF SERVICE PERFORMANCE 2010–2011: MANAGEMENT OF HISTORIC HERITAGE

2010–2011 PERFORMANCE MEASURES AND TARGETS	NATIONAL COMMENTARY
<p>Note: DOC considers that target performance has been achieved when the output is within a tolerance level acceptable for the nature of the operation. For field operations, this is generally within plus or minus 5% of the projected performance target.</p>	
Historic heritage restoration	
36 historic or cultural heritage assets for which remedial work is completed to standard	<p>Remedial work was undertaken to standard on 26 historic or cultural heritage assets. Auckland Conservancy reported planned remedial work on assets at two sites had been reviewed and were no longer required.</p> <p>Tongariro Whanganui Taranaki Conservancy reported that delays in recruiting specialist staff had affected remedial work involving 3 heritage assets.</p> <p>Nelson/Marlborough Conservancy reported a delay at Johnstons United Battery pending further archaeological work next financial year.</p> <p>Bay of Plenty/East Coast Conservancy reported that delays in consent processes meant the Tauwhare Pā upgrade could not be completed before year end.</p>
1004 historic or cultural heritage assets for which regular maintenance work is on track to standard.	<p>Maintenance work is on track to standard for 944 historic or cultural heritage assets. West Coast Conservancy reported a shift in focus to work arising from the Pike River disaster, and to completion of the Denniston Coal Mine project. As a result, the focus was on achieving maintenance of assets at key sites rather than all sites across the Conservancy. This affected maintenance on 46 historic assets.</p> <p>Auckland Conservancy reported a delay in the maintenance programme affecting 20 historic assets as staff and work programmes bedded down after the amalgamation of two area offices (Warkworth and Great Barrier Island).</p>
44 historic or cultural heritage assessment reports completed to standard.	<p>41 historic or cultural heritage assessment reports were completed to standard. West Coast and Nelson/Marlborough Conservancies reported a reduction in assessments completed due to redirecting staff to higher priority work (e.g. Pike River emergency work).</p>

OUTPUT CLASS OPERATING STATEMENT 2010–2011: MANAGEMENT OF HISTORIC HERITAGE

	ACTUAL 30/06/11 \$000	MAIN ESTIMATES 30/06/11 \$000	SUPP. ESTIMATES 30/06/11 \$000	ACTUALS 30/06/10 \$000
Revenue				
- Crown	5,616	5,126	5,616	5,139
- Other	404	477	477	165
Total revenue	6,020	5,603	6,093	5,304
Expenses	5,498	5,603	6,093	5,360
Surplus/(deficit)	522	0	0	(56)

Recreation: Report against operating intentions

Intermediate outcome 3: More people participate in recreation

What we are seeking to achieve and why

The aim of DOC's work towards this intermediate outcome is that New Zealanders and international visitors enjoy nature-based outdoor activities on public conservation lands and waters through a range of opportunities that include sightseeing, walking, hunting, diving, tramping, mountain biking, camping, driving and picnicking. The goal is to get more people participating by providing experiences that encourage new people to begin to enjoy the outdoors, and by providing enjoyable experiences that lead people to visit more often.

The benefits expected to accrue include employment and revenue that flow into communities from recreation concessions and the business opportunities they create, such as tourism. As well, nature-based outdoor recreation is expected to deliver benefits for improved quality of life²² and improved health objectives²³ including reduced obesity.

DOC's work in growing recreational use of public conservation areas is guided by its destination management approach. The explicit focus is on meeting the needs and expectations of visitors. To achieve this, destination management has five objectives: being demand driven, optimising investment, providing quality experiences, promoting what is available and working with others. The aim is to provide experiences that are accessible, memorable and affordable, and supported by businesses and local communities.

What we did to achieve this: actions in 2010–2011

Responding to the Minister's priorities

During 2010–2011, as part of its delivery towards the recreation intermediate outcome, DOC responded to the following priorities of the Minister of Conservation.

Developing cycle opportunities

The New Zealand Cycle Trail Project is being created to generate lasting economic, social and environmental benefits for New Zealand communities through a network of world-class cycling experiences. DOC's contributions include leading the development of four new cycleways over the past 18 months:

- Work is nearing completion on the new Pureora Timber Trail Cycleway (formerly known as the Central North Island Rail Trail).
- Completion of the Mangapurua-Kaiwhakauka (in Whanganui National Park) as part of the Ruapehu Whanganui Trails – Nga Ara Tuhono (Mountains to the Sea).
- Completion of the Ohakune Old Coach Road (Tongariro National Park) as part of the Ruapehu Whanganui Trails – Nga Ara Tuhono (Mountains to the Sea).
- Completion of the St James cycleway.

DOC is also working in support of numerous community groups where they are leading other initiatives for new cycleways. Examples include:

- The recently completed Gibbston Trail, along Otago's Kawarau River.
- Two sections of the Motu cycleway, near Opotiki. The Pakahi valley section is near completion and the Tirohanga coastal section is under way.
- The Paeroa-Karangahake Gorge/Waikino leg of the Hauraki cycle trail.

Camping sites

Since 2004 DOC has focused on the continued provision of affordable camping options for New Zealand families. The approach taken has been a collaborative one, involving private sector camp managers, and enabling the changing situation across New Zealand to be monitored and responded to. Over the past 7 years, this has led to increased camping capacity in both privately and publically managed campsites.

As a result, 600 more campers can be accommodated at DOC sites following developments undertaken over the past year.

New camps have been developed at Okiwi (Kaikoura coast), Puhi Puhi (near Kaikoura), Lindis Hotel Historic Reserve site (near Lindis Pass), and Okareka (Rotorua Lakes). All camps were open to the public during the

²² SPARC. 2009. *Sport and Recreation New Zealand (SPARC) Outdoor Recreation Strategy 2009–15*. Available at: <http://www.sparc.org.nz/en-nz/resources-and-publications/Research-reports/Outdoor-Recreation-Strategy-2009-15/>

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

2010–2011 summer. Collectively these new camps provide opportunities for 350 campers.

In existing camps, Waikawau Bay campground on Coromandel Peninsula was extended to cater for an additional 250 people, and facilities were upgraded at Maitai Bay (Northland), Peel Forest (Canterbury) and Pelorus Bridge (Marlborough) to better meet campers' needs.

New camping capacity for approximately 450 people is currently being developed by a concessionaire at Twelve Mile Delta Recreation Reserve near Queenstown.

Other achievements

DOC completed the formal development stages of its destination management approach. This work built on DOC's established life-cycle management approach for visitor facilities, and looked to grow its understanding of demand for visits to conservation destinations. Research about recreation and tourism in New Zealand and Australia was reviewed, and DOC conservancies were described according to their demographic profiles and patterns of tourist visits and recreation participation. Work proceeded to determine the best mix of destinations to meet the twin needs of growing visitor numbers and remaining within available resources.

A tool has been produced, known as an Experience Development Plan (EDP), that is used to inform a place's potential as a competitive and successful visitor product. The tool has been piloted at three historic Icon destinations (see section 6). EDPs will be used to identify and develop outstanding visitor experiences at a range of destinations managed by DOC.

Development began on a national visitor monitoring plan to track DOC's progress in growing participation, and through this achieving the intermediate outcome. The plan is expected to be implemented in 2011–2012. Advice was collated on how best to engage with communities of interest, and a national survey of New Zealanders was set up to help identify the size and structure of the market for visitors to DOC-managed destinations, and to better identify customer needs.

Other significant recreation related achievements for 2010–2011 included:

- Support for the Department of Internal Affairs in introducing a Freedom Camping Bill to Parliament.
- Flood protection works at Milford Sound to protect infrastructure that is essential to all recreational and commercial activities based in Milford.

- Opening the Heaphy Track for mountain biking for 5 months from 1 May 2011 as part of a 3-year trial. During the first 2 months, 1100 riders used the track, a huge increase in participation.
- Improvements to the Cape Reinga multi-day walk (campgrounds, board walking and a new bridge) to make it more appealing to families and international visitors.
- Ongoing recreation facility replacement in accordance with the DOC capital asset management programme. Almost \$30 million of capital investment in recreation facilities was undertaken over the course of the year. More than \$15 million of this was focused on the like-for-like replacement of priority recreation facilities (including seven backcountry huts) that were in poor condition or failed to properly meet the needs of the people using them. A further \$14 million was dedicated to capital upgrades of recreation facilities and the development of new recreation destinations, some of which are highlighted in this report.

How we measure the impact that DOC makes in recreation

There are three indicators to monitor progress towards this intermediate outcome and all are due to be reported this year. A nationwide telephone survey of a representative sample of 2200 New Zealanders aged 15 years and over is used to measure these indicators.

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

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

This indicator is measured annually. Of people surveyed in 2010–2011, 78% said they were aware DOC provided places to visit and recreate in. These results are a significant increase from the previous year, where a 60% awareness rate was reported. The reason for this reported increase is not immediately attributable to any one action or event over the past year. DOC will endeavour to better understand what has driven this change so that this increased level of community awareness can be sustained into the future.

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

Participation measures people's uptake of recreation opportunities. The number of people taking part indicates the relevance of the available opportunities. The desired trend is an increase over time. This indicator is measured annually.

This year's results are that 38% of New Zealanders aged more than 15 years had visited an area managed by DOC in the previous 12 months. This is the first increase in the 4 years the survey has been run, although it is not quite back to the 2008 level of 39% (Figure 22). The increase may be linked to the greater level of awareness of DOC as a recreation provider.

Consistent with the positive trend seen for visitation to all conservation areas, there has been an increase in

the proportion of New Zealanders who say they have visited a national park in the last 12 months (Figure 22).

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

The degree of reported satisfaction indicates whether the level of infrastructure and services provided by DOC enables a 'good' or 'satisfying' experience for visitors.

This year's results (Figure 23) show 88% of visitors were either 'satisfied' or 'very satisfied'. This is very close to the 89% achieved last year. While the positive upwards trend since 2008 appears to have halted, there remains a relatively high level of satisfaction with the level of access to public conservation land, and the facilities and services provided.

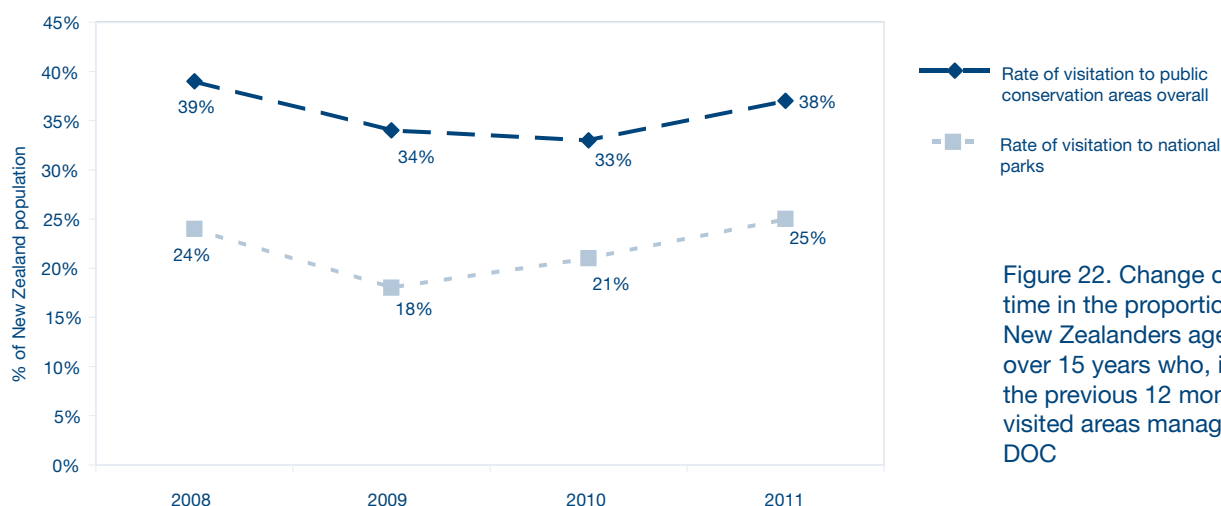


Figure 22. Change over time in the proportion of New Zealanders aged over 15 years who, in the previous 12 months, visited areas managed by DOC

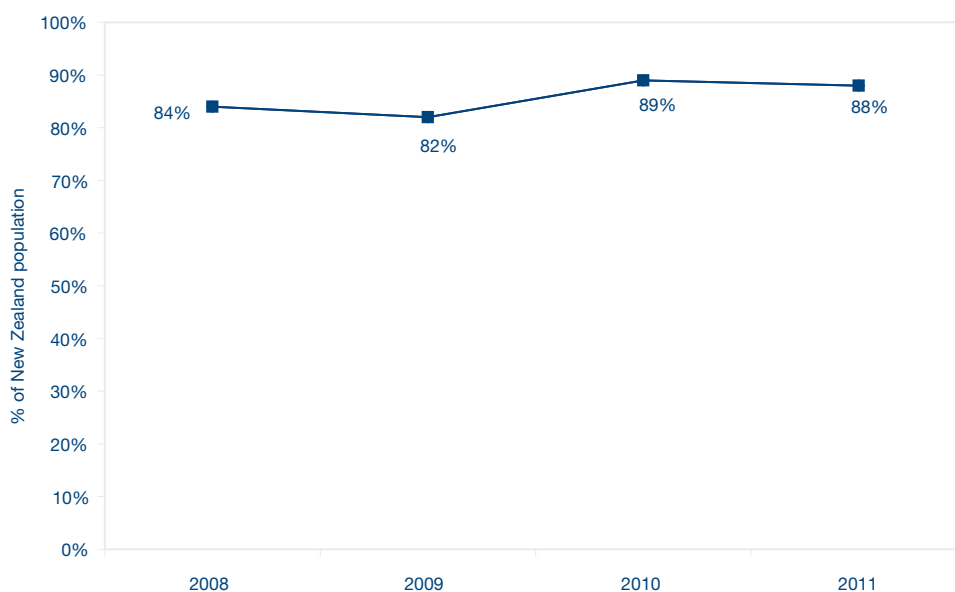


Figure 23. Level of satisfaction with the DOC facilities used most recently

Outputs that contribute to this intermediate outcome

The output classes and output groups that contribute to this intermediate outcome are set out in Table 1. These are reported on in the statement of service performance below.

Quality assurance for this work is managed through best practice and standard operating procedures. Track and structure quality standards are managed to the standards set out in the New Zealand Standards Association Handbook, *Tracks and Outdoor Visitor Structures*.²⁴ Huts are managed according to the *Huts Service Standard*, which sets out the level of service to be provided at DOC backcountry huts. These standards were developed in consultation with external user groups. The Asset Management Information System (AMIS) is used to ensure the standards for huts, tracks and structures are actively managed, with regular reports throughout the year. Quality assurance for recreation publications is managed through the internal standard developed by DOC's publications

experts. This helps ensure publications meet a consistent quality standard and are easily identified by the DOC brand.

A thorough review of DOC's concessions systems was undertaken in 2009 at the request of the Minister of Conservation. The Concessions Processing Review²⁵ was released in April 2010. It called for significant changes to the way DOC processes and manages concessions to ensure, amongst other things, processing quality standards are set and met. New performance measures are under development that will reflect and report on time frames and processing standards from the 2012–2013 year.

Supporting information for the statement of service performance 2010–2011: Recreation opportunities

Figure 24 provides supporting information for the statement of service performance for recreation. It shows the results of DOC's outputs to manage visitor assets to standard for the 9 years between 2003–2011.

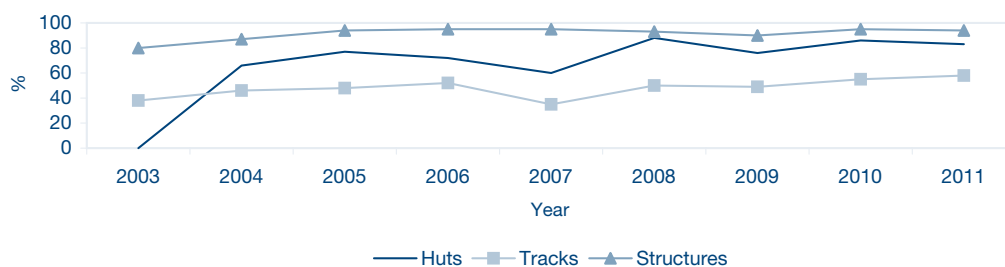


Figure 24. Output trends: percentage of assets to standard

²⁴ Standards New Zealand. 2004: *SNZ HB 8630:2004—Tracks and Outdoor Visitor Structures*. Standards New Zealand, Wellington. DOC worked with the New Zealand Standards Association to lead the development of this handbook.

²⁵ DOC. 2010: *Concessions Processing Review: Final Report—April 2010*. Department of Conservation, Wellington. The report can be downloaded at: <http://www.doc.govt.nz/upload/documents/about-doc/concessions-and-permits/concessions/concessions-processing-review-report.pdf>.

STATEMENT OF SERVICE PERFORMANCE 2010–2011: RECREATION OPPORTUNITIES

2010–2011 PERFORMANCE MEASURES AND TARGETS	NATIONAL COMMENTARY
Note: DOC considers that target performance has been achieved when the output is within a tolerance level acceptable for the nature of the operation. For field operations, this is generally within plus or minus 5% of the projected performance target.	
Recreation opportunities management	
90% of visitor recreation and interpretation publications will meet publication standard.	292 visitor recreation and interpretation publications out of a total of 373 met publication standard (78%). West Coast, Southland and Canterbury Conservancies contributed the most to the variance explanations, which included amalgamation of publications, deleting out-of-date publications and publishing to the (lesser) standard used by community groups are the main variance explanations. Conservancies generally report this work as being of lower priority to other conservation work and therefore frequently deferred.
Asset management	
90% of huts will meet the required service standard.	799 huts out of 968 met the required service standard for the period (83%). 119 of the 169 huts not-to-standard were as a result of outstanding service standard tasks. These tasks are part of the normal ongoing maintenance programme and are not considered serious or critical. 58 huts had outstanding inspections at year end. 4 conservancies reported a total of 8 huts that had serious or critical work outstanding at year end: Whanganui (1), Wellington Hawke's Bay (1), Canterbury (4) and Otago (2).
40% of tracks will meet the required service standard.	8065 km out of 13,910 km of tracks met the required service standard for the period (58%).
98% of structures will meet the required service standard.	12,402 structures out of 13,159 met the required service standard for the period (94%). 11 structures had serious or critical work outstanding at year end. 100 structures were closed. Inspections were not completed for 355 structures. Meeting the target of 98% to standard will always be difficult to achieve due to the dynamic nature of the environment. At any one time, structures will be closed pending critical repairs, or have restrictions where structural work is deemed to be a low safety risk.
Business opportunities management: recreation concessions	
492 active one-off recreation concessions will be managed.	533 active one-off recreation concessions were managed.
A target of 15% of active longer term recreation concessions will be monitored annually.	282 active longer term recreation concessions were monitored during the period out of 1126 longer term concessions managed (25%).
1108 active longer-term recreation concession permits, licenses, leases and easements will be managed.	1126 active longer-term recreation concession permits, licenses, leases and easements were managed.
Business opportunities management: other resource use concessions	
131 active one-off other resource use concessions will be managed.	134 active one-off other resource use concessions were managed.
A target of 15% of active longer-term other resource use concessions will be monitored annually.	437 active longer-term other resource use concessions were monitored this period out of 3000 longer term concessions managed (15%).
2972 active longer-term other resource use concession permits, licenses, leases and easements managed.	3000 active longer-term other resource use concession permits, licenses, leases and easements were managed.

OUTPUT CLASS OPERATING STATEMENT 2010–2011: MANAGEMENT OF RECREATION OPPORTUNITIES

	ACTUAL 30/06/11 \$000	MAIN ESTIMATES 30/06/11 \$000	SUPP. ESTIMATES 30/06/11 \$000	ACTUALS 30/06/10 \$000
Revenue				
- Crown	109,672	107,136	109,672	102,815
- Other	22,809	21,772	24,272	24,093
Total revenue	132,481	128,908	133,944	126,908
Expenses	131,716	128,908	132,444	123,325
Surplus/(deficit)	765	0	1,500	3,583

OUTPUT CLASS OPERATING STATEMENT 2010–2011: RECREATIONAL OPPORTUNITY REVIEW

	ACTUAL 30/06/11 \$000	MAIN ESTIMATES 30/06/11 \$000	SUPP. ESTIMATES 30/06/11 \$000	ACTUALS 30/06/10 \$000
Revenue				
- Crown	0	0	0	0
- Other	0	0	0	0
Total revenue	0	0	0	0
Expenses	272	400	350	278
Surplus/(deficit)	(272)	(400)	(350)	(278)

Engagement: Report against operating intentions

Intermediate outcome 4: More people engage with conservation and value its benefits

What we are seeking to achieve and why

DOC's aim is that New Zealanders will engage with conservation in a range of ways, including by learning about conservation and its benefits, experiencing natural and historic heritage, exercising kaitiakitanga, working on conservation projects and contributing to debates and decisions about conservation issues. As a result, conservation will increasingly be seen as part of New Zealanders' identity and values, and more people will support conservation and participate in conservation activities.

Engagement delivers benefits as enshrined in DOC's outcome statement, described in section 2.1. Engagement can also extend opportunities for conservation-based businesses. The combined impact is stronger and more prosperous communities, and better results for natural and historic heritage.

What we did to achieve this: actions in 2010–2011

Conservation education strategy

DOC has identified that education is key to broadening support for conservation and developing New Zealanders' ecological literacy and conservation capability, and is developing a 20-year strategy for its education work. National and international research indicates that early contact with nature plays a vital role in developing pro-environmental values and behaviours, so the focus is on young people. In the first 5 years, the emphasis is on primary-aged children, their teachers and families.

The approach is aligned with and supports the Ministry of Education's mission, the New Zealand Curriculum and its partner document Te Marautanga o Aotearoa. An external advisory board has been formed, with members from central and local government, and from other education and conservation-related organisations. The board agreed three core problems to be addressed by the strategy:

- New Zealanders' increasing disconnection from the natural world.
- A lack of leadership and co-ordination for environmental and conservation education in New Zealand.
- The value conservation education delivers for New Zealand's future well-being and prosperity is not well recognised, which undermines investment.

Further work is under way to prioritise these problems and determine the key strategic interventions. New research is being finalised on the most effective approaches to connect children with nature.

Other achievements

Other achievements during the year included:

- The pilot Tauria Kaitiaki Taiao Conservation Cadetship programme was evaluated by an independent evaluator acting on behalf of Te Puni Kōkiri, a part-funder of the pilot programme. The first intake graduated in 2010 and a second intake began in March 2011. The recommendations from the evaluation are being implemented during 2011–2012.
- The Kia Wharite project, centred on Whanganui National Park, won the 'Excellence in Working Together for Better Services Award' at the 2010 Institute of Public Administration New Zealand (IPANZ) awards. The award targets projects that enhance government's engagement with communities and recognises outstanding performance and achievement of joint outcomes across public sector agencies. The Kia Wharite project integrates management of 180,000 hectares of the Whanganui catchment to improve land, water and biodiversity health, and enhance community and economic well-being. It is the largest project of its kind in New Zealand and is achieving national species protection targets.
- Using new social media (YouTube TrakaBat channel) to raise awareness about large-scale pest control operations to protect forest ecosystems.
- Sustaining a close working relationship with the Guardians of the Bay of Islands and iwi to carry out biosecurity work and develop species translocation proposals for the Eastern Bay of Islands restoration programme. Significant funds were raised through sponsorships and events.
- Working with the community on Otago Peninsula to develop a management plan for threatened jewelled gecko.
- Hosting a site at the New Zealand National Agricultural Fielddays, near Hamilton. The DOC site promoted recreational use of public conservation land and, in collaboration with local government, the Weedbusters programme. There were an estimated 20,000 visitors to the DOC site.

- Working with Te Rūnanga o Makaawhio and Te Āti Awa to relocate Haast tokoeka to offshore islands to create insurance populations of this nationally critical kiwi species. Both iwi were involved in early planning and the actual relocations, as well as ensuring important tikanga (cultural) elements were an integral part of the process.

DOC's international work is reported on as part of intermediate outcome 6: Other functions.

How we measure the impact that DOC makes in engagement

There are three indicators to monitor progress towards the engagement intermediate outcome. All three are due to be reported on this year.

Change in New Zealanders' understanding of important conservation issues.

The impact of DOC's efforts to increase awareness of conservation is tracked through quantitative surveys that show trends from year to year. This indicator was reported on for the first time in the Annual Report for the year ended 30 June 2006, and is reported on annually.

In 2011 the main conservation issues identified by people surveyed were similar to previous years: 'protecting native forest, bush and plants' (37% in 2011, 44% in 2010, and 38% in 2009), followed by 'protecting the environment, green space and waterways' (37% in 2011).

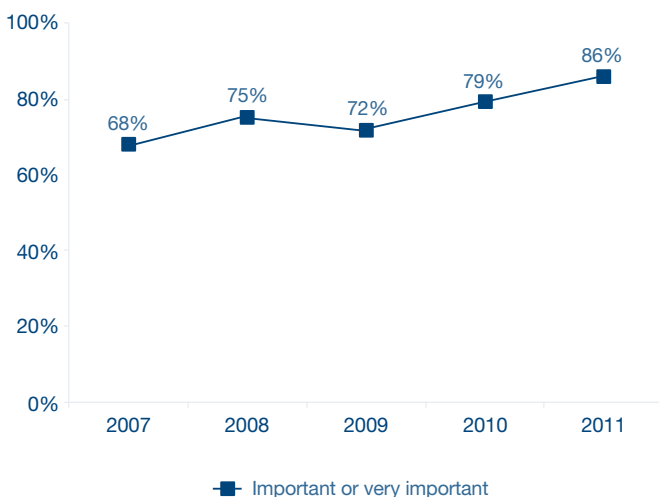


Figure 25. Changes over time in the proportion of New Zealanders who think conservation is important to them

In mid-2011, 86% of people surveyed stated that conservation is 'important' or 'very important' to them personally, about the same as the 2010 (79%), 2009 (72%) and 2008 (75%) results. A further 10% said that conservation is 'neither important nor unimportant' and 4% said it was 'unimportant'.

People tend to rate conservation as more important to the country and the planet than to themselves as individuals (Figure 25).

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

In 2011, the research for this indicator consisted of in-depth interviews with senior staff of 39 key stakeholder organisations. Many of these interviews were at chief executive level. The interviews followed up with stakeholder organisations involved in the 2009 research, along with some additional stakeholder organisations that had not previously participated.

The most significant change since 2009, from a stakeholder perspective, has been an observed attitudinal shift within DOC, shown as a willingness to be more open towards, and potentially supportive of, commercial opportunities on DOC-managed public conservation lands and waters. Many, however, did indicate that this shift has yet to be proven by actual opportunities on the ground, and they were taking a 'wait and see' approach. For example, there is concern about whether the new approach will be picked up in all parts of DOC.

In many instances, commercial organisations, and some non-commercial stakeholder organisations, expressed support for the continued development of a more scientifically-based biodiversity offsets programme. This is discussed in the report on DOC's operating intentions for business opportunities (see section 9).

Some organisations—in particular non-commercial recreation organisations, but also some smaller concessionaires—were less supportive of increased commercial opportunities on DOC-managed public conservation lands and waters. Most of these organisations were concerned that DOC's conservation mandate would be sacrificed in favour of economic development. They also raised concerns about their own businesses and the possibility of increased competition.

Some of the major relationship issues identified are that similar types of organisations can have very different experiences when dealing with DOC; there is concern over inconsistent decisions between different conservancies; and there is a lack of transparency in some local decision-making.

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

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

The indicator was not measured in 2011 because of anecdotal evidence in the 2010 survey of survey respondent fatigue, along with DOC's desire to re-evaluate the measure to ensure it continues to fit DOC's outcome framework. It is planned to survey tangata whenua associates again in the 2011-2012 year.

Outputs that contribute to this intermediate outcome

The output classes and output groups that contribute to this intermediate outcome are set out in Table 1. These are reported on in the statement of service performance below.

Supporting information for the statement of service performance 2010-2011: Engagement

Figure 26 provides supporting information for the statement of service performance for engagement. It shows trends in the number of education initiatives delivered, and in participant satisfaction with those initiatives.

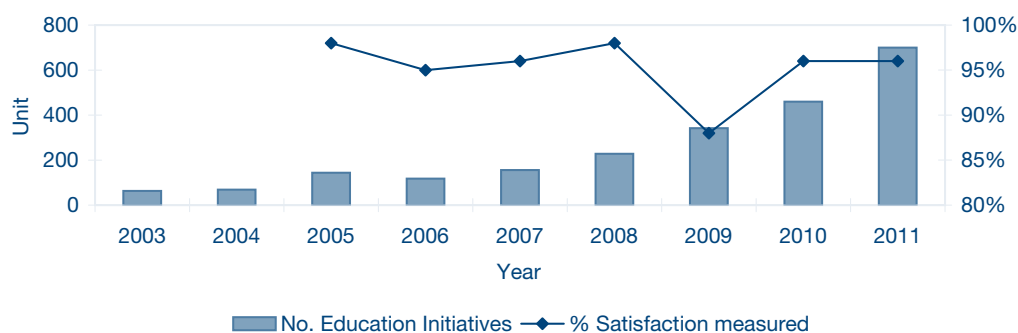


Figure 26. Output trends: education initiatives and participant satisfaction

STATEMENT OF SERVICE PERFORMANCE 2010–2011: ENGAGEMENT

2010–2011 PERFORMANCE MEASURES AND TARGETS	NATIONAL COMMENTARY
<p>Note: DOC considers that target performance has been achieved when the output is within a tolerance level acceptable for the nature of the operation. For field operations, this is generally within plus or minus 5% of the projected performance target.</p>	
Education and communication	
<p>446 education initiatives will be provided during the year with greater than 90% of participants surveyed rating the initiatives as 'effective' or 'partly effective' at meeting their objectives.</p>	<p>700 education initiatives were provided during the year. 96% of participants (722 participants of 752 surveyed) rated the initiatives as 'effective' or 'partly effective' at meeting their objectives.</p> <p>Conservancies that exceeded the target reported this was due to responding to high demand, particularly from schools.</p>
Participation	
<p>27,167 work-day equivalents will be contributed by people volunteering.</p>	<p>32,507 workday equivalents were contributed by people volunteering.</p> <p>A range of explanations were provided. Nelson reported greater than expected numbers participating in the Big Beach Clean Up.</p> <p>Waikato reported international student volunteers returning for extra field work.</p> <p>Southland reported more volunteers staying for longer on the Whenua Hou kākāpo breeding programme, which is very popular with volunteers.</p>
<p>474 partnerships will be run during the year with greater than 80% of partners surveyed rating their contribution to conservation as 'moderate' or 'significant'.</p>	<p>508 partnerships were run during the period.</p> <p>95% of participants (211 participants of 222 surveyed) rated the initiatives as 'effective' or 'partly effective' at meeting their objectives.</p>
<p>30% of the 426 partnerships involve tangata whenua.</p>	<p>135 of the 508 partnerships run involved tangata whenua (27%).</p> <p>Canterbury Conservancy reported that variance was attributable to a shortage of staff capacity to lead, arrange and then follow up on partnerships involving tangata whenua.</p>

OUTPUT CLASS OPERATING STATEMENT 2010–2011: CONSERVATION WITH THE COMMUNITY (ENGAGEMENT)

	ACTUAL 30/06/11 \$000	MAIN ESTIMATES 30/06/11 \$000	SUPP. ESTIMATES 30/06/11 \$000	ACTUALS 30/06/10 \$000
Revenue				
- Crown	15,262	13,745	15,262	14,630
- Other	910	1,303	1,303	958
Total revenue	16,172	15,048	16,565	15,588
Expenses	15,845	15,048	16,565	14,810
Surplus/(deficit)	327	0	0	778

Business opportunities: Report against operating intentions

Intermediate outcome 5: More business opportunities delivering increased economic prosperity and conservation gains

What we are seeking to achieve and why

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

Additional environmental benefits will include:

- Contributions to conservation from resources generated by business opportunities on public conservation lands and waters.
- A wider recognition of the links between conservation and successful businesses, and the economic value that flows from conservation-based business.
- A wider range of people will have a stake in the conservation of New Zealand's natural and historic heritage.
- Enhanced conservation management due to different ideas and initiatives arising from DOC's interactions with the commercial sector.

The focus is on:

- Improving DOC's ability to deliver positive commercial outcomes.
- Building productive business partnerships that deliver conservation gains.
- Increasing net revenue flows.
- Enabling business opportunities that are consistent with conservation to raise New Zealand's prosperity.
- Increasing awareness and participation in recreation on public conservation land.

What we did to achieve this: actions in 2010–2011

Responding to the Minister's priorities

During 2010–2011, as part of its delivery towards the business opportunities intermediate outcome, DOC responded to the following priorities of the Minister of Conservation.

Establishing a commercial business unit

A Commercial Business Unit (CBU) was established, with a focus on delivering to, and extracting value from, DOC's two key customer groups: business and visitors. The CBU leads the management of relationships with businesses from whom DOC receives revenue and/or resources. The CBU also takes a 'sales and marketing' approach to visitors, maximising the opportunity for DOC's own brand and for DOC's commercial recreation activity.

Iwi afforestation agreement

In November 2009, the Government announced that 35,000 hectares of Crown conservation land would be made available to five iwi for carbon sequestration through afforestation. During 2010–2011, officials from DOC, the Ministry for the Environment (lead agency) and the Ministry of Agriculture and Forestry met with representatives of the five iwi and identified potential sites of Crown conservation land for afforestation. The compatibility of afforestation options with the legal requirements that pertain to Crown conservation land were clarified, and a finalised Crown conservation contract was drafted.

Carbon sequestration

The primary focus of DOC's work on carbon sequestration through afforestation was the programme with five iwi described above. DOC has used the experience gained from that programme to refine its approach to identifying sites on public conservation land that could be suitable for indigenous afforestation under the New Zealand emissions trading scheme, which began in 2008. The programme has also resulted in a template for Crown conservation contracts that could be used to implement public-private carbon farming agreements.

Identifying conservation values and mineral prospects on public conservation land

DOC has continued to work with the Ministry of Economic Development to implement decisions arising from the review of Schedule 4 of the Crown Minerals Act 1991. This includes policy work to implement Government decisions to change decision-making on access to conservation land for mining purposes, and for the public notification of significant applications seeking access to such land for mining purposes.

Resource Management Act II Reforms

DOC contributed to phase two of reforms to the Resource Management Act 1991 by undertaking further work on a preferred option for nationally significant proposals that require both resource consents and concessions for public conservation land.

Reviewing tax laws for conservation work on private land

The Minister of Revenue and the Minister of Finance have determined that this is not a priority for the Inland Revenue Department. No further work is planned at this stage.

Other achievements

A partnership between DOC, the Tindall Foundation, Meridian Energy and Project Crimson has created a 'Living Legends' project for the Rugby World Cup. This involves local rugby unions, communities, regional councils, businesses, and 'rugby legends', and centres on tree plantings on public conservation land to coincide with Rugby World Cup games. During 2011, 85,000 trees will be planted. Over 5 years, the project will invest \$1.5 million to plant 170,000 trees.

Sponsorship has been secured from Matua Valley Wines to support ongoing wetland biodiversity restoration work at Ahuriri Estuary (Napier), Motu Scenic Reserve (Gisborne) and the Wairau Bar (Blenheim).

DOC worked with the Franz Josef Wildlife Centre to develop a captive management facility where visitors can see New Zealand's rarest kiwi, the rowi, and observe conservation management in progress.

DOC continued to engage with the commercial sector to enable private sector delivery of initiatives that encourage more people to participate in recreation. Achievements include the following.

- Launching an 'Approved Operator' programme to acknowledge the value of DOC concessionaire business to conservation, and to help the public better identify and engage with DOC concessionaires and their products.
- Trialling inclusion of concessionaires on the DOC website to help website users with their trip planning, and to provide concessionaires with increased profile.
- Working with the Holiday Parks Association of New Zealand to investigate how public conservation lands can provide additional private sector camping opportunities.
- Partnering with the Automobile Association to run an Easter school holidays 2011 marketing campaign targeting Aucklanders, and encouraging them to visit DOC-managed destinations in Northland, Auckland and Coromandel.

How we measure the impact that DOC makes for business opportunities

Two indicators have been developed during 2010–2011 to monitor progress towards the business opportunities intermediate outcome and baseline information gathered for both. They will be reported against for the first time in 2011–2012, and annually after that.

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

This indicator measures changes in investment received from sponsorships, donations, concessions revenue and other payments from commercial sector third parties. The desired trend is an increase in investment over time. The initial focus is on increases in sponsorship and concessions revenue. Future trends will be measured against the baseline set this year (Table 10).

TABLE 10. BASELINE DATA FOR REVENUE RECEIVED FROM CONCESSIONS AND SPONSORSHIPS

REVENUE RECEIVED	2010–2011 BASELINE
Concessions	\$13.835 million
Sponsorship	\$2.531 million

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

This indicator uses financial measures to show improvements in the performance of key DOC products and services. The initial focus is on overall performance of the visitor centre network, and sales of bed nights at backcountry huts, campsites, and Great Walks. Future trends will be measured against the baseline set this year.

TABLE 11. BASELINE DATA FOR REVENUE RECEIVED FROM KEY DOC PRODUCTS AND SERVICES

REVENUE RECEIVED	2010–2011 BASELINE
Backcountry huts	\$1.447 million
Conservation campsites	\$3.328 million
Great Walks	\$4.210 million
Visitor centre network	\$2.515 million

Outputs that contribute to this intermediate outcome

The output classes and output groups that contribute to this intermediate outcome are set out in Table 1.

Statutory obligations: Report against operating intentions

Intermediate outcome 6: Statutory obligations and other government functions are met

What we are seeking to achieve and why

DOC's core functions have resulted in the development of a regionally distributed agency with strong expertise in areas such as land management. As a result, it is ideally placed to deliver a range of government functions beyond those that relate solely to the conservation and enjoyment of New Zealand's heritage on public lands and waters. These functions are assigned to DOC by the Government on a case-by-case basis. For example, DOC is the lead agency for a number of international agreements that serve to improve environmental and biodiversity management in other countries, and carries out rural fire control over 40% of New Zealand's land area to protect all public and private values.

This is part of DOC's role as a public service department, serving the Government of the day, and delivering value to New Zealanders as citizens and taxpayers.

What we did to achieve this: actions in 2010–2011

The work that contributed to this intermediate outcome included the following:

- DOC contributed to the review of the Foreshore and Seabed Act 2004, which culminated in the passing of the replacement Marine and Coastal Area Act in 2011.
- DOC worked closely with the Office of Treaty Settlements on more than 35 iwi negotiations to help achieve the Government's target of settling all historical Treaty of Waitangi claims by 2014.
- DOC managed fire to meet obligations under the Forest and Rural Fires Act 1977. These

requirements include reducing the likelihood of fires; planning for readiness to respond to fire events; responding to fires; and undertaking recovery actions following a fire event. DOC also actively supported fire-related research.

- DOC continued to contribute to regional pest management strategies (RPMs) as an exacerbator,²⁶ with funding allocated to it for that purpose. DOC is contributing to the development of a statutory National Policy Direction (NPD) under the Biosecurity Act 1993. Good neighbour obligations are being defined as part of this NPD.

DOC carried out a variety of activities to meet New Zealand's international covenants and treaty obligations. These included:

- *10th Conference of the Parties to the Convention on Biological Diversity*: DOC participated in the Conference, in Nagoya, Japan, at which a new global strategic plan and specific targets for 2011–2020 were adopted. DOC continued to support the establishment of a new Intergovernmental Platform on Biodiversity and Ecosystem Services (IPBES) through the United Nations General Assembly. IPBES will undertake regional and global assessments of biodiversity and its trends—a function closely associated with DOC's own natural heritage monitoring and reporting System.
- *International Whaling Commission*: DOC supported the New Zealand Commissioner to the International Whaling Commission by participating in its scientific committee and other subsidiary bodies, and providing technical advice as New Zealand sought to reform the International Whaling Commission and how it operates.
- *Participation in United Nations processes*: The United Nations General Assembly has formed a working group on the marine environment and DOC has been an active member of delegations considering matters such as marine biodiversity on the high seas and how it can be conserved and managed. DOC has also participated in the Informal Consultative Process on the Law of the Sea, which this year focused on preparations for the 'Rio +20' meeting.²⁷
- *Convention on Trade in Endangered Species*: DOC led New Zealand's input to discussions on how to monitor and manage the introduction of high seas species listed on the schedules of the Convention

²⁶ DOC's role as an exacerbator is where that activity would not otherwise be a priority for conservation, does not benefit conservation (e.g. control of ragwort), or is undertaken to a level that exceeds requirements for conservation.

²⁷ 'Rio +20' is intended to review the global progress on implementing the conventions that arose from the 1992 conferences in Rio de Janeiro on the future of the world's environment.

into states' responsibilities. The arguments are complex but ultimately could have significant impacts on other uses of the high seas

DOC ran training courses on the Convention's requirements to help Pacific nations implement their border controls and documentation systems. New projects were established, with funding from the New Zealand Aid Programme, to advance invasive species control in some countries and begin a marine turtle monitoring project. Both projects intend to improve the quality of life for local communities, and potentially help develop economic opportunities. The projects are being established in co-operation with the Secretariat for the Pacific Regional Environment Programme (SPREP).

- *World Heritage sites:* Work continued to develop proposals on the New Zealand tentative list of world heritage sites. Discussions were held with the Guardians of Fiordland on the proposal that the waters of the fiords be proposed for inscription on the World Heritage list. Further research was conducted on the strength of the case for nominating Kahurangi National Park, Farewell Spit, Waikoropupu Springs and the Cannan karst system as a World Heritage Site.

How we measure the impact that DOC makes in other functions

Recognition of this aspect of DOC's work as a separate intermediate outcome was new in 2010–2011. Further work was done during the year to determine relevant indicators of success. This work made it clear that it is difficult to separate out DOC's contributions to conservation from its contributions to other Government objectives. As a result, DOC decided not to repeat this intermediate outcome in 2011–2012 and beyond. The functions covered by this intermediate outcome are accordingly managed and reported on under the remaining five intermediate outcomes included in the Statement of Intent 2011–2014.

Outputs that contribute to this intermediate outcome

The output classes and output groups that contribute to this intermediate outcome are set out in Table 1.

11.

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

11.1

Policy advice

DOC contributes to the Government's priorities and the intermediate outcomes through effective policy advice on major initiatives, Treaty of Waitangi settlement and foreshore and seabed agreement negotiations, and advice on proposals for amending legislation and regulations. Policy work completed by DOC during 2010–2011, and not covered elsewhere in this report, included:

- Providing advice to the Minister of Conservation on her Resource Management Act (RMA) statutory coastal responsibilities, including regional coastal plan approvals, residual restricted coastal activity applications, and reclamation vesting applications. DOC prepared a proposed regional coastal plan for the Kermadec and subantarctic islands, and hearings began in late June 2011.
- Contributing to the reform of aquaculture legislation.
- Gazetting of the revised New Zealand Coastal Policy Statement in December 2010, and working with Local Government New Zealand to develop an implementation programme.
- Commenting on national policy statements on biodiversity, renewable electricity, and fresh water; and on national environmental standards on plantation forestry, air quality, and contaminants in soil.

11.2

Ministerial services

Ministerial services focuses on providing effective services to the Minister of Conservation. This includes writing submissions, drafting replies to Ministerial correspondence and Parliamentary questions, and responding to Ministerial requests for information. The Ministerial Services Unit operates from the National Office, and the Minister's Office. Its outputs for 2010–2011 are reported in Table 12.

11.3

Statutory and ministerially appointed bodies

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

The NZCA's role is to advise the Minister of Conservation and the Director-General of Conservation on issues of national importance for conservation. It is also responsible for approving the General Policy for National Parks, conservation management strategies (CMSs) and national park management plans, which set objectives for DOC's management of public conservation areas. (See section 11.4). Members are appointed for a three-year term and may be re-appointed. At year end, all appointments had expired, but the Conservation Act 1987 provides for members to remain in office until replaced to allow the Authority's work to continue uninterrupted.

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

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

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

11.4

Management planning

Part of the context within which DOC operates is a statutory planning framework required by the Conservation Act 1987 and the National Parks Act 1980. (See section 1.1 for further discussion.) A current

TABLE 12. MINISTERIAL SERVICING*

	2005–2006	2006–2007	2007–2008	2008–2009	2009–2010	2010–2011
Ministerial correspondence**	1,682	1,325	1,678	991	1,473	1,333
Ministerial requests for information	394	479	526	580	655	661
Departmental submissions	365	363	355	336	296	259
Official Information Act requests to the Minister	81	75	54	49	66	78
Official Information Act requests to DOC	111	80	87	113	193	171
Parliamentary Questions for written answer	264	304	207	120	338	115
Email correspondence	10,056	11,435	10,297	11,311	21,563	27,830
Mail correspondence	490	550	418	434	303	310

* This table contains corrected data for 2005–2006 to 2009–2010 financial years.

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

focus is supporting the establishment of a 'second generation' of CMSs. These are drafted by DOC in consultation with the relevant conservation boards, and other stakeholders such as local authorities. Public consultation is a critical part of this process, and final approval rests with the NZCA. The strategies provide guidance to DOC for its management of public conservation lands and waters.

During 2009–2010, a new approach to the structure and content of CMSs was developed and discussed with the NZCA. In 2010–2011, guidelines on this new approach were revised, and development of the first six 'second generation' CMSs got under way in Northland, Auckland, Waikato, Canterbury, Otago and Southland. The remainder will begin later in 2011.

Other management planning achievements during 2010–2011 were:

- The NZCA approved the Stewart Island/Rakiura CMS, the Rakiura National Park Management

Plan, the Mt Aspiring National Park Management Plan, and the partial review of the Kahurangi National Park Management Plan.

- The Tongariro/Taupo Conservation Board recommended that the NZCA approve amendments to the Tongariro National Park Plan.
- A management plan for the Abel Tasman Foreshore Scenic Reserve, developed jointly by the Tasman District Council and DOC, was notified for public submissions.
- A review of the Whanganui National Park Management Plan was progressed.

Outputs that contribute to this intermediate outcome

The output classes and output groups that contribute to this intermediate outcome are set out in Table 1. These are reported on in the statement of service performance below.

STATEMENT OF SERVICE PERFORMANCE 2010–2011: POLICY ADVICE AND SERVICES

2010–2011 PERFORMANCE MEASURES AND TARGETS	NATIONAL COMMENTARY
<p>Notes: DOC considers that target performance has been achieved when the output is within a tolerance level acceptable for the nature of the operation. For field operations, this is generally within plus or minus 5% of the projected performance target. All written communications for the Minister of Conservation meet the requirements, standards and style specified by the Minister and/or Cabinet Office as set out in the 'Ministerial Standard Operating Procedure'.</p>	
Policy advice	
Policy advice will be provided in accordance with the work programme and to the quality standards agreed with the Minister.	DOC provided a range of policy advice to the Minister of Conservation. This was in accordance with the agreed work programme set by the Director-General, and the policy provided met the Minister's requirements. This year's primary focus has been on realising the value from carbon, mineral prospects, RMA reforms, reducing red tape, and natural resources sector development.
Ministerial servicing	
It is expected that DOC will send 350–400 submissions to the Minister.	DOC sent 259 submissions to the Minister.
It is expected that DOC will receive 60–70 ministerial Official Information Act requests.	DOC received 78 ministerial Official Information Act requests.
It is expected that DOC will receive 200–250 Parliamentary Questions with 100% meeting the ministerial deadline.	DOC received 115 Parliamentary Questions with all meeting the ministerial deadline.

OUTPUT CLASS OPERATING STATEMENT 2010–2011: POLICY ADVICE AND SERVICES

	ACTUAL 30/06/11 \$000	MAIN ESTIMATES 30/06/11 \$000	SUPP. ESTIMATES 30/06/11 \$000	ACTUALS 30/06/10 \$000
Revenue				
- Crown	5,194	5,076	5,194	5,328
- Other	627	530	530	485
Total revenue	5,821	5,606	5,724	5,813
Expenses	4,679	5,606	5,724	4,859
Surplus/(deficit)	1,142	0	0	954

Managing in a changeable operating environment

12.1

External drivers, current risks and mitigation strategies

The wider environment creates both opportunities and challenges.

The Government's accounts are in deficit and it is committed to returning to an operating surplus no later than 2015–2016. To support this aim, the Government is restraining new discretionary initiatives and further reprioritising spending towards higher value work. DOC, in common with the rest of the public sector, faces the challenges of delivering better, smarter public services within current resources, managing public expectations as to what it should deliver, and continuing to improve its ability to recruit, retain and develop staff. In addition, inflationary pressures act on DOC's principal operating costs of wages, salaries and operational contractors. DOC is also susceptible to increasing costs for vehicle fuels, aircraft and helicopter hire, and flights.

In addition to resource constraints, the size of the conservation task is not diminishing. 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. Animal and plant pests are a constant pressure that will continue to cause significant declines in biodiversity and will increase pressure on ecosystem services, such as fresh water and soil fertility. Climate change will exacerbate these issues.

DOC's response is the ongoing development of the efficiency and effectiveness initiatives, which are focused on NHMS, the DMF and its business improvement programme of work (outlined in section 13). As well, the CBU's work is expected to bring in more resources for conservation, and DOC's ongoing engagement with communities and tangata whenua is building collaborations that will help increase conservation outcomes.

The complexity of natural resource management issues and their interrelationship with economic development provide both challenges and opportunities. DOC continues to progress initiatives to contribute to New Zealand's economic prosperity, particularly in response to the Government's priorities. DOC also makes a sustained and constructive contribution to the Natural Resources Sector Network, bringing its expertise and perspectives to the table, with a focus on developing a broader view of the issues, advancing shared network goals, and realising the value to be gained from collaborative effort.

The Treaty of Waitangi settlements process is changing the governance and management of some conservation areas. DOC sees both challenges and opportunities in the settlement process, including opportunities for more work with iwi and hapū to achieve conservation outcomes.

Demographic forecasts have implications both for staff recruitment and retention, and for the ways in which DOC interacts with New Zealanders, who are becoming increasingly diverse and urban. Sections 5–11 of this annual report (reports against operating intentions) and section 13 (organisational health and capability) discuss work under way to respond to these issues.

DOC's operating environment is also influenced by unpredictable and/or unmanageable events (such as fire, adverse weather, biosecurity incursions, earthquakes and volcanic eruptions), which can compromise natural heritage, and/or DOC's ability to deliver the outputs and outcomes in the Director-General's Output Plan with the Minister of Conservation.

12.1.1

The Canterbury earthquakes

One suite of unpredictable events during 2010–2011 was the Canterbury earthquakes. DOC's response to the quake on 22 February 2011 was across three distinct streams:

- Staff welfare: ensuring all staff and their families were alive and safe, then supporting staff and families through the crisis.
- Business continuity: ensuring DOC business returned to as-near normal as possible, as soon as possible, in a safe and supportive environment.
- Support to the National Civil Defence Emergency Response.

Across all three streams, DOC and its people performed to an exceptionally high level. Staff were well looked after, processes stood up well and operations were up and running very quickly.

Support to the National Civil Defence Emergency Response

DOC's experience in operational matters meant its people and equipment were of value to many aspects of the National Civil Defence emergency response. Immediately after the earthquake, DOC established a field emergency response team based at the Mahaanui Area Office, Sockburn, with a second support team based at National Office. Liaison officers worked between DOC and the National Civil Defence Emergency Response team to make available DOC staff and resources from across New Zealand.

DOC contributed:

- Experienced rural fire fighting staff.
- Thermal imaging cameras and operators to assist with the recovery of people from collapsed buildings.
- A specialised fire engine, designed for working on rough backcountry tracks, for operating over earthquake-damaged roads.
- A self-contained command vehicle at Hagley Park, from which DOC staff managed air traffic control over the city.
- 22 4WD vehicles to support the work of rescue and recovery teams.
- Pumps for clearing flooded areas and generators for emergency power.
- Staff with geospatial information system (GIS) mapping skills, and data entry and management capability to work in the emergency operations centre.
- Vehicles and logistical and support staff for the LandSAR operation.
- Media support for the New Zealand Fire Service.

After providing a high level of support for the initial 3 weeks, DOC's contribution was phased down as the immediate crisis passed and other resources were brought to play.

Establishing business continuity

The Conservancy Office in Hereford Street and the Regional Office in Kilmore Street were evacuated, and, at year end, both remain closed and inaccessible behind the Red Zone. Arrangements were made for staff to work from home or the Waimakariri Area Office, Rangiora, in the days following the earthquake. Within 4 weeks, Christchurch-based staff were variously co-located with Antarctic New Zealand, with Landcare Research, in Lincoln, and at DOC's Mahaanui Area Office.

Subsequent engineering inspections confirmed the Regional Office building will be demolished. DOC

gained entry to recover as much property as possible. As at 30 June 2011, the outcome for the Conservancy Office was unknown, with engineering inspections delayed by further aftershocks. Most departmental property and records, and the property of staff members, remain within the building. Options for the long-term accommodation of DOC's Christchurch-based staff are still being considered.

Lessons learnt

An internal review of DOC's response to the earthquake found that, both within the organisation and within the wider community, DOC's emergency management procedures were quickly in place and worked well. Some small areas for improvement were identified in both response and preparedness.

The main actions are to further embed the Coordinated Incident Management System (CIMS) into DOC, including setting up two National Office CIMS teams, and to work towards greater formal integration of DOC into the National Civil Defence Emergency Response structure.

12.2

Corporate governance

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

- The Executive Leadership Team (ELT) is made up of the Director-General and six Deputy Director-Generals. The team's purpose is to set strategy and culture and provide cohesive leadership for DOC. The team meets weekly, and several times each year meets for extended periods to address high-level planning issues.
- The Business Management Team (BMT) is chaired by the Deputy Director-General Business Services, and includes a range of tier III managers. The purpose of the BMT is to provide a business perspective to all proposed business and commercial initiatives and innovations against the context of the strategic directions set by ELT. BMT will prioritise these proposals, consider the change management needed to integrate them, and make recommendations to ELT. It will also identify whole-of-organisation business issues and risks, and actions to address them, and monitor progress towards achieving the outcomes. BMT meets twice each month.

- The Risk and Assurance Committee is an independent committee of three external experts and meets quarterly. It receives reports from the Chief Internal Auditor and provides advice to the Director-General to help him exercise oversight of the integrity of the financial, operational, internal control, risk management, and legislative compliance systems.
- The Finance Committee is chaired by the Deputy Director-General Business Services, and includes two other Deputy Director-Generals, the Chief Financial Officer and the Director, Commercial Business Unit. The Committee provides advice to ELT on financial and business issues, such as expenditure, long-term financial plans and strategy, and reporting against performance.

12.3

Risk management framework

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

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

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

The Legislative Compliance Register identifies key legal risks that would have high consequences and a high likelihood of occurring. Deputy Director-Generals, 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.

ELT meetings are held once a week. On a monthly basis, or more often if needed, these meetings include an environmental scan. This focuses primarily on issues relevant or potentially relevant to DOC overall, but may pick up on key issues relating to a Deputy Director-General's functional area. A more comprehensive environmental scan is undertaken 2-3 times per year as part of ELT's strategic thinking process.

12.4

Health and safety management

The nature of DOC's work is inherently hazardous, both in the tasks undertaken and in the locations. To manage 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. DOC successfully applied to the Accident Compensation Corporation for entry into the Accredited Employer Programme. This began on 1 July 2011.

13.

Organisational health and capability

This section reports on the main initiatives DOC is taking to strengthen its ability to work towards achievement of the outcome and the six intermediate outcomes. It includes a report on equal employment opportunities. The context is set by the current operating environment and likely changes in the future.

There are three main programmes of work under way to increase the efficiency and effectiveness of DOC's work: the natural heritage management system (NHMS), DOC's destination management approach, and the business improvement programme. The first two are discussed in sections 3, 5 and 7, while the business improvement programme is described below. There is an ongoing focus on ensuring that financial management systems are fit-for-purpose and foster continued improvements in efficiency and effectiveness. In addition, the Commercial Business Unit is building the capability and systems DOC needs to transform its approach to commercial operations (this is discussed in section 9).

DOC continues to improve natural heritage management by building capability, both within DOC and the community, by supporting research to provide information, and by developing technology, techniques and processes. DOC continues to build internal biosecurity awareness and capability.

13.1

Business improvement programme

What we are seeking to achieve and why

The business improvement programme of work was previously known as 'prioritising for the future'. As part of this programme, DOC is looking for opportunities to reduce costs, increase revenue and improve services.

What we did to achieve this: actions in 2010-2011

Achievements included the following:

- A shared services model was introduced for some corporate finance activities to improve the delivery of support services across business units. This achieved savings through greater efficiency. All other support services were being considered as part of an organisational review that began in May 2011, and further shared services initiatives are expected in the next financial year.
- Service delivery has been streamlined by reducing internal administration processes, reducing overheads, and identifying channels that reduce costs and improve customer services. DOC has prepared a draft channel strategy to facilitate clearer and more effective engagement with its customers. The strategy will be finalised later in 2011.
- Cost efficiencies have been achieved by improving the delivery of information technology services and systems, rationalising applications, and improving the timeliness, cost and quality of data collection and management. Negotiations resulted in reduced costs for information technology infrastructure and supporting applications. Opportunities to simplify the way applications interconnect, and hence increase staff productivity, will be investigated in conjunction with other changes.
- The capability of the national procurement team was improved. A review of key spending categories was started to find cost efficiencies and economies of scale.

- DOC is working to integrate and streamline its existing planning, analysis and reporting systems and work practices to support more efficient and effective delivery of outputs, to achieve its outcomes over a multi-year horizon. This is part of DOC's move towards an outcomes management approach to its business.

13.2

A well-coordinated natural resources sector

What we are seeking to achieve and why

DOC works increasingly as part of the Natural Resources Sector Network (NRSN)²⁸ to provide advice to support Government decision-making. The NRSN was developed as a response to the complex nature of some natural resource issues and the increasingly evident constraints: ecological, fiscal and/or political, or the limitations of available science. A broad view is needed to understand these issues and to develop effective responses.

The NRSN promotes a considered, coordinated and integrated approach to increase the overall strength and quality of collective policy thinking. DOC makes a sustained and constructive contribution to the NRSN, bringing its expertise and perspectives to the table, with a focus on developing a broader view of the issues, advancing shared NRSN goals, and realising the value to be gained from collaborative effort.

What we did to achieve this: actions in 2010-2011

DOC continued to make a significant contribution to the governance, resourcing, and work outputs of the NRSN. It has been particularly active on projects exploring ways to build shared capability across the sector, in order to increase the quality and availability of services, skills and knowledge, while decreasing costs.

Work in 2010-2011 included:

- Modifying DOC's Leadership Development Programme to suit the needs of the sector as a whole. It is now offered to participants from across the NRSN.
- Leading an assessment of the potential to share library services, and implementing DOC's Knowledge Services centre as a centre of excellence.

²⁸ The natural resources sector departments are the Ministry for the Environment, the Ministry for Agriculture and Fisheries, the Department of Conservation, Te Puni Kōkiri (the Ministry of Māori Development), Land Information New Zealand, and the Ministry of Economic Development.

- Supporting other shared capability projects covering geospatial services, mobile technology, strategic finance, and developing a shared property/land asset management system.
- Assisting in the development of the Economy and Environment Principles, a best-practice tool for policy analysts. A series of training workshops were held throughout June and July 2010 to launch it.
- Contributing to the development of papers on long-term issues of strategic importance, including biodiversity, marine issues, the Crown-Māori relationship, land use, and the economic valuation of ecosystem services.

13.3

Leadership, people and culture

What we are seeking to achieve and why

Organisational capability lies at the foundation of all of DOC's work. This means quality leadership, skilled and motivated people, quality organisational culture, quality relationships, quality information and communications systems, quality internal management and asset management systems, and appropriate structures.

What we did to achieve this: actions in 2010-2011

Organisational culture development continued with a focus on developing team-effectiveness and strengths, understanding choices around behaviour, and eliminating silos. There is an emphasis on innovation, building rapport (internally and externally) and being credible through continuing to work effectively for conservation.

A series of team workshops began, with a focus on building capability to work more effectively together, engage with others and focus on results. Another emphasis is on embedding the discipline of 'systems thinking'. This work will continue over the coming years.

The Conservation Leadership Programme was evaluated in 2010 by managers, staff and senior leaders, supported by an independent evaluation expert. The evaluation recommended changes to the programme, primarily to expand participation among senior management roles and also to non-managerial leaders. During 2010-2011, the programme was adopted by the Natural Resources Sector Network as its preferred senior leadership development programme for the sector.

The programme's value to DOC was demonstrated during the recent organisational review, where graduates played a major part in coordinating and facilitating the review workshops.

The Future of Work project²⁹ was deferred to free capacity for the 2011 organisational review. A decision will be made towards the end of 2011 on restarting this project.

DOC's talent management and succession planning was trialled with a number of teams, and received very positive feedback. Work will proceed in 2012 on embedding it more widely in DOC's people systems.

DOC continued to use engagement surveys as a tool to indicate the level of overall staff engagement, and chose to continue with the Gallup engagement survey, used for the previous 3 years. The annual data is allowing DOC to extract trend information (Figure 27), which can influence decision-making on DOC's people systems and organisational design.

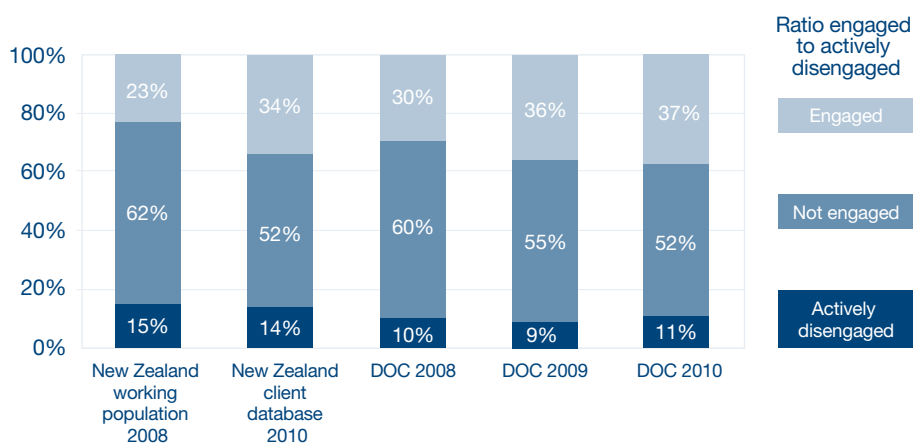


Figure 27. Annual trends from the Gallup engagement survey for DOC staff

²⁹ This project aims to help prepare DOC for the changing context in which it operates by looking at workplace and social trends, economic and environmental changes, and the implications of these on conservation and its place in society.

13.4 Equal employment opportunities

What we are seeking to achieve and why

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

What we did to achieve this: actions in 2010–2011

DOC's work on leadership development, talent management and succession planning is an important part of its work to develop staff in EEO target groups. (See section 13.3).

The Future of Work project and the related study of women's experiences of working in DOC were both deferred to free capacity for the organisational review.

Table 13 shows a representation of equal opportunity target groups in DOC.

13.5 Information technology

What we are seeking to achieve and why

DOC is ensuring that its information and communication technologies (ICT) are planned strategically across multiple years to build and strengthen its capability. This is done within the context of the Government Common ICT Capability Roadmap, and DOC's contributions to the Natural Resources Sector Network. ICT developments are designed to improve cost-effectiveness, increase staff productivity, improve financial and investment controls, support decision-making and increase public and stakeholder access to services and information. Sharing information with the wider community supports DOC's commitment to working with and enabling others to achieve conservation outcomes.

What we did to achieve this: actions in 2010–2011

The focus has been on four specific areas to help build and strengthen capability through information technology:

- Providing enhanced services more efficiently and cost effectively, both within DOC and for use by business and the community. The aim for 2010–2011 was to make three existing paper-based services available online, and to decrease the cost of providing these services by \$150,000 per year. One external and two internal paper-based processes have been made available online. Cumulative savings from all three exceed the savings target of \$150,000. These online processes are as follows:
 - Hunters can now apply for hunting permits online. Dollar savings are estimated to be \$33,979 over 12–18 months and efficiency savings (time saved) to equate to \$204,000 per annum. Hunters have provided feedback indicating they believe the service is greatly improved.
 - A DOC wiki has been established to foster collaboration. It provides an online place to post, access and discuss documentation for internal projects, and to collect ideas for innovations or improvements.
 - An online forum was established to enable staff to participate in the organisational review. The online forum will continue to be used to enable discussions on other topics.
 - Estimated time and efficiency savings from moving paper processes onto the wiki and the online forum are approximately \$43,326 per annum. Intangible benefits, such as improved outcomes from collaboration, are more difficult to measure, but anecdotal evidence suggests that, particularly for the wiki, project outcomes are more robust as a result of using collaboration tools.
 - DOC is trialling a variety of mechanisms to enable better engagement with the public. One example was Southland Conservancy's use of online consultation. It is too early to measure efficiency and effectiveness savings.

TABLE 13. EEO TARGET GROUP STATISTICS, AT 30 JUNE 2011

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Women	33.1%	33.0%	34.1%	34.7%	35.6%	36.3%	36.5%	37.6%	37.3%
Māori	10.7%	10.6%	10.6%	10.4%	10.25%	10.32%	10.4%	10.7%	11.26%
Pacific peoples	0.6%	0.4%	0.4%	0.3%	0.44%	0.38%	0.27%	0.37%	0.37%
People with disabilities	5.5%	5.0%	4.8%	4.4%	3.9%	3.6%	3.3%	3.15%	2.9%

- Reducing the cost of information technology infrastructure while improving its reliability and robustness. The aim for the period 2010–2013 is to reduce the cost of providing desktop services and associated infrastructure by 15%, and to have disaster recovery infrastructure and plans in place and tested.
 - Since transitioning to the all-of-government contract for computer hardware procurement in January 2011, 11.5% savings have been made on desktop procurement costs and 5% savings on laptop procurement.
 - Disaster recovery and back-up arrangements were significantly improved by implementing disaster recovery capability at a second site, while maintaining regular services via the primary data centre.
 - Further work is under way to improve disaster recovery and back-up capability for the areas outside of the main centres.
- Enhancing operations through the use of quality geospatial data. The aim for 2010–2011 was to collect field data electronically at source and transmit it to a centralised data warehouse for checking and publishing, and to have a minimum of five fundamental datasets that could be accessed by other government agencies and the public via the New Zealand Geospatial Office's Geoportal.
 - The generic ability to collect field data electronically and transmit to a centralised source was established. Two trials for specific types of data are under way (for whio and kākāpo) and further specific data requirements are currently being identified and the work scoped.
 - DOC's Geoportal node went live on 21 June 2011 (<http://geoportal.doc.govt.nz/geoportal>). It currently makes four datasets available to the public, with work under way to add three more by 1 August 2011.
- Developing technical capability and skills—particularly in data warehousing, business

analytics, geospatial information and data visualisation—to support conservation outcomes. The aim for 2010–2011 was to work with other natural resource agencies to determine geospatial capability needs, and to develop and implement a sector-wide plan to fill skill gaps. Work is under way for a sector-wide stocktake of geospatial infrastructure and capability as a basis for further action.

13.6

Efficiency through sustainability

What we are seeking to achieve and why

The purpose of this programme is to strategically position DOC to continue and enhance its role as a leader in sustainable business practice. The focus is on freeing up resources for conservation work by achieving operational savings. DOC strategically partners with other organisations at a national level, as well as locally.

What we did to achieve this: actions in 2010–2011

Key achievements in 2010–2011 were:

- Installing renewable energy systems on DOC-managed islands, including Motutapu, Motuihe and Kapiti.
- Installing solar hot water systems at DOC offices, houses, campgrounds and huts.
- Retrofitting DOC offices to improve energy efficiency and warmth for staff.
- Installing insulation in DOC offices and houses.
- Developing standing offers (national contracts) with substantial discounts for fridges and freezers, insulation, double glazing and heat pumps.
- Using the network of more than 90 sustainability 'champions' as a local source of information and advice.
- Trialling new products, such as biodiesel, LED lights in visitor centres, and proper recycling facilities at visitor centres and campgrounds.

Departmental capital and asset management intentions

This section outlines the work DOC is doing to strengthen its asset management.

Because it manages more than \$5 billion in capital assets, DOC is classified as Tier 1—Capital Intensive. Total non-current assets equate to more than \$6 billion. Approximately 92% of these are Crown-owned assets (predominately public conservation lands and waters) and 8% are DOC-owned assets (predominately visitor assets, such as tracks, huts and structures).

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

14.1

Asset management capability

DOC's revised Asset Management Strategy was approved in October 2010. This key document has been significantly updated to clarify accountabilities and to set the preferred approach for achieving enhanced asset management.

DOC is about to begin work on its first multi-year asset management plan (AMP). This will focus on the significant visitor assets class as a test case for enhanced asset management, and will be informed by the destination management work already under way.

An approach to this work was developed during 2010–2011, and a working framework will be delivered over the next 3 months. If successful, the full AMP is expected to be delivered by the end of 2011. The successful delivery of an AMP will promote a shift in DOC's asset management capability from 'core' to 'moderate' for visitor assets.

14.2

Performance of physical assets

Capital asset management (CAM) has four predefined, non-financial performance measures: availability, utilisation, functionality and condition. A high-level assessment of these measures was made in 2010–2011 for DOC's two most critical assets: the 'Public Conservation Estate' (Asset Group: Land) and 'Visitor Assets' (Asset Group: Specified Cultural and Heritage).

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

Acutely threatened, chronically threatened and critically under-protected classes are fragile in nature and are therefore in very poor or poor condition, with unfit or partial functionality. Active pest management focused in these areas will improve standards over time.

The balance of classes has average condition and moderate functionality. As they are not being actively managed, this deteriorates over time.

The condition and functionality of asset groups for 'Visitor Assets' are considered to be 'average' and 'moderate' respectively by CAM standards, and are predicted to decline to 'poor' over the next 10 years. For most assets, their availability and utilisation is considered to be 70%–80% currently, but this will also decline as they will not meet the needs of the population in the medium term. DOC's destination management work and resulting AMP will help address these issues.

The standard indicators for the intermediate outcomes provide further measures for the performance of physical assets. The most relevant are the indicators for intermediate outcome 1: natural heritage, which relate to the 'Public Conservation Estate' asset group (see section 5), and the indicators for intermediate outcome 3: recreation, which relate to the 'Visitor Assets' group (see section 7).

14.3

Capital expenditure intentions

The forecast period represented in tables 14-16 is for the years 2011-2012 through to 2013-2014 (Crown and departmental assets combined). The data are from DOC's October 2010 annual capital intentions report to The Treasury as part of the CAM initiative.

TABLE 14. FORECAST CAPITAL EXPENDITURE

	FORECAST (\$m)		
	2011-2012	2012-2013	2013-2014
Computer hardware	0.8	0.3	0.2
Computer software	5.6	3.6	3.6
Infrastructure assets	2.0	3.1	2.6
Land	1.0	1.5	2.7
Motor vehicles	3.9	3.9	3.9
Non-residential buildings	1.2	2.7	3.1
Plant and equipment	2.9	3.6	4.6
Residential buildings	0.1	0.2	0.2
Specified cultural and heritage	31.4	31.4	31.4
Vessels	0.2	0.3	0.2
Total capital intentions	49.1	50.6	52.5

TABLE 15. FORECAST DEPRECIATION EXPENDITURE

FORECAST (\$m)		
2011-2012	2012-2013	2013-2014
27.6	27.7	27.8

TABLE 16. FORECAST ASSET-RELATED OPERATING EXPENDITURE

FORECAST (\$m)		
2011-2012	2012-2013	2013-2014
141.5	141.5	141.7

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 2011.



Alastair Morrison
Director-General
30 September 2011



Countersigned by
Christeen Mackenzie
Chief Financial Officer
30 September 2011

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

This audit report relates to the financial statements, statement of service performance and schedules of non-departmental activities of the Department of Conservation for the year ended 30 June 2011 included on Department of Conservation's website. The Department of Conservation's Director-General is responsible for the maintenance and integrity of Department of Conservation's website. We have not been engaged to report on the integrity of Department of Conservation's website. We accept no responsibility for any changes that may have occurred to the financial statements, statement of service performance and schedules of non-departmental activities since they were initially presented on the website.

The audit report refers only to the financial statements, statement of service performance and schedules of non-departmental activities named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements, statement of service performance and schedules of non-departmental activities. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements, statement of service performance and schedules of non-departmental activities as well as the related audit report dated 30 September 2011 to confirm the information included in the audited financial statements, statement of service performance and schedules of non-departmental activities presented on this website.

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



Independent auditor's report

To the readers of the Department of Conservation's financial statements, non-financial performance information and schedules of non-departmental activities for the year ended 30 June 2011.

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

We have audited:

- The financial statements of the Department on pages 82 to 111 that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2011, the statement of comprehensive income, statement of changes in equity, statement of departmental expenses and capital expenditure against appropriations, statement of unappropriated expenditure and capital expenditure and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information and;
- The non-financial performance information of the Department on pages 30 to 68 that comprises the statement of service performance, which includes the outcomes.
- The schedules of non-departmental activities of the Department on pages 112 to 121 that comprise the schedule of assets, schedule of liabilities and revaluation reserves, schedule of commitments and schedule of contingent liabilities and contingent assets as at 30 June 2011, the schedule of expenses, schedule of expenditure and capital expenditure against appropriations, schedule of unappropriated expenditure and capital expenditure, schedule of income and statement of trust monies, for the year ended on that date and the notes to the schedules that include accounting policies and other explanatory information.

Opinion

In our opinion:

- The financial statements of the Department on pages 82 to 111:
 - Comply with generally accepted accounting practice in New Zealand; and
 - Fairly reflect the Department's:
 - Financial position as at 30 June 2011;
 - Financial performance and cash flows for the year ended on that date;
 - Expenses and capital expenditure incurred against each appropriation administered by the Department and each class of outputs included in each output expense appropriation for the year ended 30 June 2011; and
 - Unappropriated expenses and capital expenditure for the year ended 30 June 2011; and
- The non-financial performance information of the Department on pages 30 to 68:
 - Complies with generally accepted accounting practice in New Zealand; and
 - Fairly reflects the Department's service performance and outcomes for the year ended 30 June 2011, including for each class of outputs:
 - Its service performance compared with the forecasts in the statement of forecast service performance at the start of the financial year; and
 - Its actual revenue and output expenses compared with the forecasts in the statement of forecast service performance at the start of the financial year.



- The schedules of non-departmental activities of the Department on pages 112 to 121, fairly reflect:
 - The assets, liabilities, contingencies, commitments and trust monies as at 30 June 2011 managed by the Department on behalf of the Crown; and
 - The revenues, expenses, expenditure and capital expenditure against appropriations and unappropriated expenditure and capital expenditure for the year ended on that date managed by the Department on behalf of the Crown.

Our audit was completed on 30 September 2011. This is the date at which our opinion is expressed.

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

Basis of opinion

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

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

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

An audit also involves evaluating:

- The appropriateness of accounting policies used and whether they have been consistently applied;
- The reasonableness of the significant accounting estimates and judgements made by the Director-General;
- The appropriateness of the reported non-financial performance information within the Department's framework for reporting performance;
- The adequacy of all disclosures in the financial statements, the non-financial performance information and the schedules of non-departmental activities; and
- The overall presentation of the financial statements, the non-financial performance information and the schedules of non-departmental activities.

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



Responsibilities of the Director-General

The Director-General is responsible for preparing:

- Financial statements and non-financial performance information that:
 - Comply with generally accepted accounting practice in New Zealand;
 - Fairly reflect the Department's financial position, financial performance, cash flows, expenses and capital expenditure incurred against each appropriation and its unappropriated expenses and capital expenditure; and
 - Fairly reflect its service performance and outcomes; and
- Schedules of non-departmental activities, in accordance with the Treasury Instructions 2010 that fairly reflect those activities managed by the Department on behalf of the Crown.

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

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

Responsibilities of the auditor

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

Independence

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

In addition to the audit we have carried out a Capital Asset Management Strategy assurance assignment, which is compatible with those independence requirements. Other than the audit and this assignment, we have no relationship with or interests in the Department.

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

Statement of accounting policies

for the year ended 30 June 2011

Reporting entity

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

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

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

The financial statements of the Department are for the year ended 30 June 2011. The financial statements were authorised for issue by the Director-General of the Department on 30 September 2011.

Basis of preparation

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

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

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

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

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

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

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

- I. Removes the previous disclosure concessions applied by the Department for arms-length transactions between the Department and entities controlled or significantly influenced by the Crown. The effect of the revised standard is that more information is required to be disclosed about transactions between the Department and entities controlled or significantly controlled by the Crown.
- II. Provides clarity on the disclosure of related party transactions with Ministers of the Crown. Further, with the exception of the Minister of Conservation, the Department will be provided with an exemption from certain disclosure requirements relating to transactions with other Ministers of the Crown. The clarification could result in additional disclosures should there be any related party transactions with Ministers of the Crown.
- III. Clarifies that related party transactions include commitments with the related parties.

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

NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9 (2009). NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39.

The approach in NZ IFRS 9 (2009) is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in NZ IAS 39. The new standard is required to be adopted for the year ended 30 June 2014. The Department has not yet assessed the effect of the new standard and expects it will not be adopted early.

Accounting policies

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

Budget figures

The budget figures are those included in the Department's Statement of Intent for the year ended 30 June 2011, which are consistent with the financial information in the Main Estimates. In addition, the financial statements also present the updated budget information from the Supplementary Estimates.

Revenue

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

Revenue is measured at the fair value of consideration received.

Revenue Crown

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

Sale of publications

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

Application fees

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

Vested assets

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

Cost allocation

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

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

Direct costs assigned to outputs

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

For the year ended 30 June 2011, direct costs accounted for 60% of the Department's costs (2010: 61%).

Indirect and corporate costs assigned to outputs

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

For the year ended 30 June 2011, indirect costs accounted for 40% of the Department's costs (2010: 39%).

Financial instruments

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

Cash and cash equivalents

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

Debtors and other receivables

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost, less impairment changes.

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

Inventories

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

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

Operating leases

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

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

Finance leases

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

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

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

Property, plant and equipment

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

- Freehold land and administrative buildings are stated at fair value as determined by an independent registered valuer. Fair value is determined using market-based evidence where available, or depreciated replacement cost. Land and buildings are revalued at least every 5 years.

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

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

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

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

Additions

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

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

Disposals

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

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future

economic benefits or service potential associated with the item will flow to the Department and the cost of the item can be measured reliably.

Depreciation

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

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

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

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

Community assets

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

Intangible assets

Software acquisition and development

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

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

Staff training costs are recognised as an expense when incurred.

Amortisation

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

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

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

Impairment

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

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

its remaining future economic benefits or service potential.

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

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

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

Statement of cash flows

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

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

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

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

Goods and Services Tax (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

Taxation

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

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

Donation receipts

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

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

Taxpayers' funds

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

Creditors and other payables

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

Employee entitlements

Short-term employee entitlements

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

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

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

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

Long-term employee entitlements

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

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

Provisions

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

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

Critical accounting estimates and assumptions

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

Retirement and long service leave

Note 18 details the results of analysis as to the exposure in relation to estimates and uncertainties used in determining the retirement and long service leave liabilities.

Valuation of certain items of property, plant and equipment

Note 12 details the valuation of property, plant and equipment.

Commitments

Future expenses and liabilities to be incurred on contracts that have been entered into at balance

date are disclosed as commitments at the point a contractual obligation exists, to the extent that they are unperformed obligations.

Contingent liabilities

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

Changes in accounting policy

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

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

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

	NOTES	30/06/11 ACTUAL \$000	30/06/11 MAIN ESTIMATES \$000	30/06/11 SUPP. ESTIMATES \$000	30/06/10 ACTUAL \$000
REVENUE					
Crown		284,763	274,351	284,763	277,749
Other	2	34,058	36,257	34,341	35,142
Total revenue		318,821	310,608	319,104	312,891
EXPENSES					
Personnel costs	3	149,597	142,044	142,940	137,230
Operating costs	4	93,394	100,601	100,223	97,030
Depreciation and Amortisation expense		30,337	27,363	31,313	27,789
Capital charge	5	41,807	41,000	42,396	40,377
Finance costs	6	47	0	48	0
Loss on sale of property, plant and equipment		1,807	0	500	2,337
Total expenses		316,989	311,008	317,420	304,763
Net surplus/ (deficit) for the year		1,832	(400)	1,684	8,128
OTHER COMPREHENSIVE INCOME					
Property, plant and equipment revaluation gains/ (losses)		29	0	0	14,946
Total comprehensive income for the year		1,861	(400)	1,684	23,074

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 2011

	NOTES	30/06/11 ACTUAL \$000	30/06/11 MAIN ESTIMATES \$000	30/06/11 SUPP. ESTIMATES \$000	30/06/10 ACTUAL \$000
CURRENT ASSETS					
Cash and cash equivalents	8	36,104	25,053	32,168	29,685
Prepayments		1,248	1,193	1,216	1,215
Inventories	9	1,176	1,090	1,170	1,170
Trade and other receivables	10	4,756	6,221	5,261	4,797
Debtor Crown	11	36,792	39,607	36,792	44,779
Total current assets		80,076	73,164	76,607	81,646
NON-CURRENT ASSETS					
Property, plant and equipment	12	532,840	543,305	544,536	523,154
Intangible assets	13	7,744	9,129	11,079	7,171
Total non-current assets		540,584	552,434	555,615	530,325
Total assets		620,660	625,598	632,222	611,971
CURRENT LIABILITIES					
Trade and other payables	14	16,356	11,164	10,916	14,758
GST payable		2,409	(1,075)	3,597	1,793
Employee entitlements	15	19,308	12,912	14,111	14,112
Finance leases	17	268	0	157	0
Environmental provision	16	1,731	779	779	667
Provision for payment of surplus	7	1,214	0	1,834	4,676
Revenue in advance		5,147	2,735	4,270	4,271
Total current liabilities		46,433	26,515	35,664	40,277
NON-CURRENT LIABILITIES					
Employee entitlements	18	14,880	15,425	14,417	14,417
Finance leases	17	1,139	0	1,260	0
Total non-current liabilities		16,019	15,425	15,677	14,417
Total liabilities		62,452	41,940	51,341	54,694
TAXPAYER FUNDS					
General funds	19	439,839	474,880	460,226	436,622
Property, plant and equipment-revaluation reserves	19	118,369	108,778	120,655	120,655
Total taxpayer funds		558,208	583,658	580,881	557,277
Total liabilities and taxpayer funds		620,660	625,598	632,222	611,971

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

STATEMENT OF CHANGES IN TAXPAYER FUNDS FOR THE YEAR ENDED 30 JUNE 2011

	NOTES	30/06/11 ACTUAL \$000	30/06/11 MAIN ESTIMATES \$000	30/06/11 SUPP. ESTIMATES \$000	30/06/10 ACTUAL \$000
Total taxpayer funds at beginning of year		557,277	542,471	557,277	538,496
Net surplus/(deficit) for the year		1,832	(400)	1,684	8,128
Property, plant and equipment revaluation gains/(losses)		29	0	0	14,946
Total comprehensive income for the year		1,861	(400)	1,684	23,074
Distributions to Crown					
Other repayments to Crown		(17)	0	0	(424)
Provision for payment of surplus	7	(1,214)	0	(1,834)	(4,676)
Contributions from Crown					
Asset transfers		301	5,000	5,000	807
Capital contribution		0	36,587	18,754	0
Total taxpayer funds at end of year	19	558,208	583,658	580,881	557,277

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 2011

	30/06/11 ACTUAL \$000	30/06/11 MAIN ESTIMATES \$000	30/06/11 SUPP. ESTIMATES \$000	30/06/10 ACTUAL \$000
CASH FLOWS—OPERATING ACTIVITIES				
Cash provided from:				
Supply of outputs to				
--Crown	292,750	278,081	292,750	277,749
--Customers	34,542	35,896	33,875	37,286
Total cash provided	327,292	313,977	326,625	315,035
Cash disbursed to:				
Produce outputs				
--Employees	143,280	140,744	144,640	137,039
--Suppliers	90,860	106,100	101,163	100,474
--Capital charge	41,807	41,000	44,230	40,377
Total cash disbursed	275,947	287,844	290,033	277,890
Net cash inflow from operating activities	51,345	26,133	36,592	37,145
CASH FLOWS— INVESTING ACTIVITIES				
Cash provided from:				
Sale of property, plant and equipment	1,544	0	0	1,912
Cash disbursed to:				
Purchase of property, plant and equipment	39,426	43,503	43,171	43,525
Purchase of intangibles	2,242	5,100	6,150	1,305
Total cash disbursed	41,668	48,603	49,321	44,830
Net cash outflow from investing activities	(40,124)	(48,603)	(49,321)	(42,918)
CASH FLOWS—FINANCING ACTIVITIES				
Cash provided from:				
Capital contributions	0	36,587	18,754	0
Cash disbursed to:				
Payments of finance leases	109	0	366	0
Capital withdrawal	17	0	0	424
Payment of Surplus to Crown	4,676	1,935	3,176	4,445
Total cash disbursed	4,802	1,935	3,542	4,869
Net cash inflow/(outflow) from financing activities	(4,802)	34,652	15,212	(4,869)
Net increase/(decrease) in cash and cash equivalents	6,419	12,182	2,483	(10,642)
Add opening cash and bank balances	29,685	12,871	29,685	40,327
Closing cash and cash equivalents	36,104	25,053	32,168	29,685

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 2011

	30/06/11 ACTUAL \$000	30/06/11 MAIN ESTIMATES \$000	30/06/11 SUPP. ESTIMATES \$000	30/06/10 ACTUAL \$000
Net surplus/(deficit) for the year	1,832	(400)	1,684	8,128
ADD/(LESS) NON-CASH ITEMS				
Depreciation and amortisation expenses	30,337	27,363	31,313	27,789
Asset and other write-offs	254	0	0	38
Donated Assets	(434)	0	0	(38)
Total non-cash items	30,157	27,363	31,313	27,789
MOVEMENTS IN WORKING CAPITAL				
Prepayments (increase)/decrease	(33)	0	(1)	(22)
Inventories (increase)/decrease	(6)	0	0	(78)
Trade and other receivables (increase)/decrease	41	(361)	(465)	2,182
Debtor Crown (increase)/decrease	7,987	3,730	7,987	0
Trade and other payables increase/(decrease)	1,598	107	(3,842)	(2,889)
GST payable increase/(decrease)	616	(2,371)	1,138	(535)
Employee entitlements increase/(decrease)	5,659	0	0	191
Other provisions increase/(decrease)	1,064	(1,935)	(1,722)	42
Other liabilities increase/(decrease)	877	0	0	0
Net movement in working capital items	17,803	(830)	3,095	(1,109)
Net loss on sale of property, plant and equipment	1,553	0	500	2,337
Total investing activities	1,553	0	500	2,337
Net cash inflow from operating activities	51,345	26,133	36,592	37,145

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 2011

	30/06/11 ACTUAL \$000	30/06/10 ACTUAL \$000
COMMITMENTS BY CATEGORY		
Capital commitments:		
Land and buildings	1,028	725
Other plant and equipment	1,886	2,648
Infrastructural assets	1,056	2,119
Total capital commitments	3,970	5,492
Operating commitments:		
Non-cancellable accommodation leases	34,614	37,989
Other non-cancellable leases	1,192	2,117
Other commitments	8,133	2,594
Total operating commitments	43,939	42,700
Total commitments	47,909	48,192
COMMITMENTS BY TERM		
Less than 1 year	17,112	13,133
1–2 years	7,044	8,289
2–5 years	14,379	13,642
Greater than 5 years	9,374	13,128
Total commitments	47,909	48,192

In addition to the above, the Department has ongoing science contracts with universities, research institutions and individuals. These contracts are cancellable and extend up to 3 years and amount to \$1.4 million as at 30 June 2011 (2010: \$1.2 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 2011

	30/06/11 ACTUAL \$000	30/06/10 ACTUAL \$000
Public liability claims	2,660	681
Designations	0	0
Total contingent liabilities	2,660	681

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

COURT AND TRIBUNAL PROCEEDINGS AND OTHER POTENTIAL CLAIMS

	30/06/11 MAXIMUM EXPOSURE \$000	30/06/10 MAXIMUM EXPOSURE \$000
61 proceedings and potential claims of which 10 are quantifiable. The remaining 51 claims cannot be quantified. The contingent liability for the 10 quantifiable claims is shown below.		
A claim for compensation due to fencing boundaries	450	0
Other quantifiable proceedings and potential claims	2,210	681
Total court and tribunal proceedings and other potential claims	2,660	681

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

Indemnities

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

No new indemnities were granted in 2010–2011 for public access.

Contingent assets

The Department has no contingent assets (2010: nil).

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

STATEMENT OF DEPARTMENTAL EXPENSES AGAINST APPROPRIATIONS FOR THE YEAR ENDED 30 JUNE 2011

	30/06/11 ACTUAL \$000	30/06/11 SUPP. ESTIMATES \$000	30/06/11 UNDER/ (OVER) \$000	30/06/10 ACTUAL \$000
APPROPRIATION FOR OUTPUT EXPENSES				
Vote Conservation				
Management of natural heritage	154,753	158,179	3,426	153,736
Management of historic heritage	5,498	6,093	595	5,360
Management of recreational opportunities	131,716	132,444	728	123,325
Conservation with the community	15,845	16,565	720	14,810
Policy advice and Ministerial servicing	4,679	5,724	1,045	4,859
Recreational opportunities review	272	350	78	278
Crown Regional Pest Management Strategy contribution	2,866	3,015	149	2,949
Total appropriations for output expenses	315,629	322,370	6,741	305,317
Appropriations for other expenses				
Canterbury earthquake recovery expenses	1,132	1,500	368	0
Total departmental expenses against appropriations	316,761	323,870	7,109	305,317

RECONCILIATION OF OUTPUT APPROPRIATIONS TO THE STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

	30/06/11 ACTUAL \$000	30/06/11 SUPP. ESTIMATES \$000	30/06/11 UNDER/ (OVER) \$000	30/06/10 ACTUAL \$000
Total output appropriations	315,629	322,370	6,741	305,317
Unrealised remeasurements and other appropriations	228	0	(228)	(554)
Canterbury earthquake recovery expenses	1,132	1,500	368	0
Difference between appropriations for expenses and forecast expenses	0	(6,450)	(6,450)	0
Total expenses per statement of comprehensive income	316,989	317,420	431	304,763

There was no unappropriated expenditure in 2010-2011 (2010: 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 2011

	AS AT 30/06/10 \$000	CONTRIBUTIONS \$000	DISTRIBUTIONS \$000	NET INTEREST \$000	AS AT 30/06/11 \$000
Conservation Project Trust	901	624	(664)	140	1,001
Reserve Trust	0	0	0	0	0
NZ Walkway Trust	10	0	0	0	10
National Park Trust	50	62	(75)	2	39
Bonds/Deposits Trust	6,973	860	(297)	194	7,730
Total	7,934	1,546	(1,036)	336	8,780

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 2011

Note 1: Major budget variations

Significant variances between Actual and Supplementary Estimates Budget:

Statement of Comprehensive Income

Total revenue was \$0.3 million less than forecast in the Supplementary Estimates, mainly as a result of insurance revenue of \$0.3 million budgeted in respect of assets damaged in the February 2011 Christchurch Earthquake but not received before year end.

Total expenses were \$0.4 million less than forecast in the Supplementary Estimates (a variance of less than 1%).

Statement of financial position

Cash and bank balances were \$3.9 million greater than the balance in the Supplementary Estimates due to lower than forecast cash expenditure on operating expenses and non-current assets of \$15.0 million. This was partly offset by the Department deferring a capital injection of \$18.8 million until 2011-12.

Note 2: Revenue other

	30/06/11 ACTUAL \$000	30/06/10 ACTUAL \$000
Recreational charges	11,289	10,953
Leases and rents	614	642
Retail sales	2,709	2,888
Resource sales	2,334	898
Donations: sponsorships	5,147	6,595
Permissions cost recoveries	2,228	1,900
Administration cost recoveries	6,933	8,377
State Services Commission superannuation recovery	2,780	2,872
Other	24	17
Total revenue other	34,058	35,142

Note 3: Personnel costs

	30/06/11 ACTUAL \$000	30/06/10 ACTUAL \$000
Salaries and wages	133,886	129,978
Termination entitlements	5,780	0
Long service and retiring leave	1,229	82
Superannuation subsidies	3,902	3,377
Recruitment	415	360
Uniforms	456	395
ACC levies	2,243	1,846
Other	1,686	1,192
Total personnel costs	149,597	137,230

The increase in the long service leave and retirement leave costs is a result of changes made to the salary and interest rate assumptions used in valuing these liabilities as at 30 June 2011. This determination is undertaken by an independent actuary using salary growth and interest rates provided by Treasury. Further details are provided in Note 18.

Note 4. Operating costs

	30/06/11 ACTUAL \$000	30/06/10 ACTUAL \$000
Professional fees & contractors	32,474	33,483
Fees paid to auditors: audit of financial statements	346	333
Grants	791	979
Communications and computer expenses	8,451	9,079
Travel	4,984	5,232
Motor vehicle and vessel expenses	5,123	4,465
Accommodation	4,154	4,047
Office supplies	2,402	2,431
Field supplies	11,949	12,255
Lease expenses	14,942	16,845
Printing	1,373	1,485
Other	6,405	6,396
Total operating costs	93,394	97,030

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 2011 was 7.5 % (2010: 7.5%).

Note 6. Finance costs

	30/06/11 ACTUAL \$000	30/06/10 ACTUAL \$000
Interest on finance leases	47	0
Total finance costs	47	0

Note 7: Provision for payment of surplus

	30/06/11 ACTUAL \$000	30/06/10 ACTUAL \$000
Net surplus/(deficit) for the year	1,832	8,128
Less: donated assets	(2,250)	(3,176)
Plus: remeasurements	228	(554)
Plus: output class deficits	1,404	278
Total provision for payment of surplus	1,214	4,676

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

Note 8: Cash and cash equivalents

	30/06/11 ACTUAL \$000	30/06/10 ACTUAL \$000
Cash at bank	36,042	29,620
Petty cash floats	62	65
Total cash and cash equivalents	36,104	29,685

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

Note 9: Inventories

	30/06/11 ACTUAL \$000	30/06/10 ACTUAL \$000
Retail	407	403
Nursery	103	157
Fire control supplies	90	90
Wild animal control supplies	60	55
Publications	277	279
Park maps	239	186
Total inventories	1,176	1,170

Note 10: Trade and other receivables

	30/06/11 ACTUAL \$000	30/06/10 ACTUAL \$000
Gross trade receivables	4,087	4,212
Less: provision for doubtful debts	(365)	(473)
Net trade receivables	3,722	3,739
Other receivables	1,034	1,058
Total receivables	4,756	4,797

MOVEMENTS IN THE PROVISION FOR DOUBTFUL DEBTS

Balance brought forward	(473)	(450)
Additional provisions made during the year	(20)	(36)
Receivables written off during period	128	13
Closing balance	(365)	(473)

Note 11: Debtor Crown

Cabinet agreed in 2002 to a 20-year funding stream for visitor assets. Initially not all depreciation was funded in cash which resulted in the debtor Crown balance accumulating. The balance is scheduled to be progressively reduced until 2021-22 when it will be cleared to zero. It has reduced to \$36.8 million at 30 June 2011 in accordance with the original Cabinet decision (2010: \$44.8 million).

Note 12: Property Plant and Equipment

	LAND	BUILDINGS	PLANT AND EQUIPMENT	INFRASTRUCTURE	FENCING	VESSELS	MOTOR VEHICLES	FURNITURE AND FITTINGS	VISITOR AND CULTURAL ASSETS	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
COST OR VALUATION										
Balance at 1 July 2009	14,287	139,618	23,724	28,351	76,848	8,015	20,795	12,071	595,204	918,913
Additions	(54)	4,443	1,738	900	1,820	467	3,737	508	30,809	44,368
Revaluation movement	538	(747)	0	0	0	0	0	0	37,638	37,429
Disposals	(315)	(2,723)	(479)	0	(7)	(230)	(2,866)	(12)	(9,571)	(16,203)
Balance at 30 June 2010	14,456	140,591	24,983	29,251	78,661	8,252	21,666	12,567	654,080	984,507
Balance at 1 July 2010	14,456	140,591	24,983	29,251	78,661	8,252	21,666	12,567	654,080	984,507
Additions	0	1,806	3,465	636	2,778	163	2,599	(198)	31,286	42,535
Revaluation movement	20	0	0	0	0	0	0	0	9	29
Disposals	(92)	(876)	(321)	(10)	(1,040)	(261)	(2,466)	(224)	(7,720)	(13,010)
Balance at 30 June 2011	14,384	141,521	28,127	29,877	80,399	8,154	21,799	12,145	677,655	1,014,061
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES										
Balance at 1 July 2009	0	76,417	14,054	10,896	5,042	3,737	8,553	3,821	302,103	424,623
Depreciation expense	0	1,811	2,058	474	5,047	570	2,239	1,068	12,895	26,162
Eliminate on disposal	0	(1,328)	(401)	0	(1)	(163)	(2,026)	(7)	(7,989)	(11,915)
Eliminate on revaluation	0	(95)	0	0	0	0	0	0	22,578	22,483
Balance at 30 June 2010	0	76,805	15,711	11,370	10,088	4,144	8,766	4,882	329,587	461,353
Balance at 1 July 2010	0	76,805	15,711	11,370	10,088	4,144	8,766	4,882	329,587	461,353
Depreciation expense	0	1,890	2,242	495	5,091	555	2,295	1,218	14,882	28,668
Eliminate on disposal	0	(560)	(282)	(2)	(7)	(192)	(1,603)	(223)	(5,931)	(8,800)
Eliminate on revaluation	0	0	0	0	0	0	0	0	0	0
Balance at 30 June 2011	0	78,135	17,671	11,863	15,172	4,507	9,458	5,877	338,538	481,221
CARRYING AMOUNTS										
At 1 July 2009	14,287	63,201	9,670	17,455	71,806	4,278	12,242	8,250	293,101	494,290
At 30 June 2010	14,456	63,786	9,272	17,881	68,573	4,108	12,900	7,685	324,493	523,154
At 30 June 2011	14,384	63,386	10,456	18,014	65,227	3,647	12,341	6,268	339,117	532,840

Land, buildings and vessels

Freehold land has been valued at fair value as at 30 June 2011: administration buildings have been valued at fair value as at 31 March 2007 and vessels have been valued at fair value as at 30 April 2008 by Crightonstone (registered independent valuers).

Infrastructure

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

Visitor assets

The land formation costs of tracks, car parks and roads (\$109 million as at 30 June 2011) 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 \$16.015 million (2010: \$13.448 million).

Finance leases

The net carrying amount of information systems equipment held under finance leases is \$1.371 million (2010: \$0).

Note 13: Intangibles

	ACQUIRED SOFTWARE \$000	INTERNALLY GENERATED SOFTWARE \$000	TOTAL \$000
COST OR VALUATION			
Balance at 1 July 2009	1,462	12,737	14,199
Additions	334	971	1,305
Disposals	0	0	0
Balance at 30 June 2010	1,796	13,708	15,504
Balance at 1 July 2010	1,796	13,708	15,504
Additions	1,313	929	2,242
Disposals	0	0	0
Balance at 30 June 2011	3,109	14,637	17,746
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES			
Balance at 1 July 2009	764	5,942	6,706
Amortisation expense	210	1,417	1,627
Disposals	0	0	0
Impairment losses	0	0	0
Balance at 30 June 2010	974	7,359	8,333
Balance at 1 July 2010	974	7,359	8,333
Amortisation expense	215	1,454	1,669
Disposals	0	0	0
Impairment losses	0	0	0
Balance at 30 June 2011	1,189	8,813	10,002
CARRYING AMOUNTS			
At 30 June 2009	698	6,795	7,493
At 30 June 2010	822	6,349	7,171
At 30 June 2011	1,920	5,824	7,744

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

	30/06/11 ACTUAL \$000	30/06/10 ACTUAL \$000
Trade creditors	7,444	9,382
Other payables	8,912	5,376
Total trade and other payables	16,356	14,758

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

Note 15: Employee benefits (current)

	30/06/11 ACTUAL \$000	30/06/10 ACTUAL \$000
Accrued salaries and wages	2,729	2,202
Current portion of long service & retiring leave (as per note 18)	1,607	1,220
Other employee entitlements	14,972	10,690
Total employee entitlements (current)	19,308	14,112

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

Note 16: Environmental provision

	30/06/11 ACTUAL \$000	30/06/10 ACTUAL \$000
Opening balance	667	625
Provision utilised or reversed during the year	(96)	(99)
Provision made during the year	1,160	141
Closing balance	1,731	667

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

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

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

Note 17: Finance Leases

	30/06/11 ACTUAL \$000	30/06/10 ACTUAL \$000
Total minimum lease payments payable:		
Not later than 1 year	365	0
Later than one year and not later than 5 years	1,305	0
Later than 5 years	0	0
Future finance charges	(263)	0
Present value of minimum lease payments	1,407	0
Present value of minimum lease payments payable:		
Not later than 1 year	268	0
Later than one year and not later than 5 years	1,139	0
Later than 5 years	0	0
Total present value of minimum lease payments	1,407	0
Represented by:		
Current	268	0
Non-current	1,139	0
Total finance leases	1,407	0

The Department has entered into finance leases for the purchase of information systems hardware. The Department does have the right to purchase the assets at the end of the lease terms. There were no financial lease transactions entered into in the 2010 financial year.

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

Note 18: Employee entitlements (non-current)

	30/06/11 ACTUAL \$000	30/06/10 ACTUAL \$000
Retiring leave	13,493	12,837
Long service leave	2,994	2,800
Total retiring and long service leave	16,487	15,637
Less: current portion of long service & retiring leave (as per Note 15)	(1,607)	(1,220)
Total employee entitlements (non current)	14,880	14,417

The measurement of the retirement and long service leave obligations depends on factors that are determined on an actuarial basis using a number of assumptions. Two key assumptions used in calculating this liability are the salary inflation factor of 3.5% (2010: 3.0%) and the interest rate used to discount the projected cash flows back to the valuation date. In respect of the discount rate 2.8% (Year 1), 3.8% (Year 2) and 6.0% (Year 3+) were applied.

The discount rates used are those specified by Treasury in IAS19 for use in valuations as at 30 June 2011.

Any changes in these assumptions will affect the carrying amount of the liability. The table below shows the impact varying the assumed rate of salary growth and interest rates has on the valuation result if all other assumptions are left unaltered.

CHANGES IN ASSUMPTIONS	INCREASE/(DECREASE) IN SURPLUS/(DEFICIT) \$000
Salary growth: 2.5% per year	1,375
Salary growth: 4.5% per year	(1,583)
Discount rates: 1% above assumed	1,340
Discount rates: 1% below assumed	(1,566)

Note 19: Taxpayer funds

	30/06/11 ACTUAL \$000	30/06/10 ACTUAL \$000
GENERAL FUNDS		
Balance at 1 July	436,622	429,719
Net surplus/(deficit) for the year	1,832	8,128
Transfers from revaluation reserve on disposal	2,315	3,068
Capital repayments to the Crown	(17)	(424)
Capital contribution from the Crown	0	0
Provision for repayment of surplus to the Crown	(1,214)	(4,676)
Asset transfers between Department and Crown	301	807
General funds at 30 June	439,839	436,622
PROPERTY, PLANT AND EQUIPMENT REVALUATION RESERVES		
Balance at 1 July	120,655	108,777
Revaluation gains/(losses)	20	14,946
Other adjustments to revaluation reserve	9	0
Transfer to general funds on disposal	(2,315)	(3,068)
Revaluation reserves at 30 June	118,369	120,655
Total taxpayer funds at 30 June	558,208	557,277
Revaluation reserves consist of:		
Land revaluation reserve	13,451	13,473
Buildings revaluation reserves	32,088	32,894
Visitor assets reserves	69,840	71,251
Other reserves	2,990	3,037
Total revaluation reserve	118,369	120,655

Note 20: Financial instrument risks

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

Market risk

Currency risk

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

The Department has no exposure to currency risk.

Interest rate risk

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

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

Credit risk

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

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

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

Liquidity risk

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

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

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

FINANCIAL INSTRUMENT RISKS

	NOTE	LESS THAN 6 MONTHS \$000	BETWEEN 6 MONTHS AND 1 YEAR \$000	BETWEEN 1 AND 5 YEARS \$000	OVER 5 YEARS \$000
LIQUIDITY RISKS					
2010					
Trade and other payables	14	14,758	0	0	0
2011					
Trade and other payables	14	16,356	0	0	0
Finance leases	17	1,407	0	0	0

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

	NOTE	30/06/11 ACTUAL \$000	30/06/10 ACTUAL \$000
LOANS AND RECEIVABLES			
Cash and cash equivalents	8	36,104	29,685
Trade and other receivables	10	4,756	4,797
Debtor Crown	11	36,792	44,779
Total loans and receivables		77,652	79,261
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST			
Trade and other payables	14	16,356	14,758

Note 21: Related party transactions and key management personnel

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

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

There were no other transactions carried out with related parties.

KEY MANAGEMENT PERSONNEL COMPENSATION

	30/06/11 ACTUAL \$000	30/06/10 ACTUAL \$000
Salaries and other short-term benefits	1,846	2,351
Other long term-benefits	0	0
Termination benefits	463	0
Total key management personnel compensation	2,309	2,351

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

Note 22: Capital management

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

The Department manages its revenues, expenses, assets, liabilities and general financial dealings prudently. The Department's equity is largely managed as a by-product of managing income, expenses, assets, liabilities and compliance with the Government Budget processes and with 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 23: 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 (2010: none).

Non-departmental schedules

Statement of accounting policies

for the year ended 30 June 2011

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 2011, which are consistent with the financial information in the Main Estimates. In addition, these schedules also present the updated budget information from the Supplementary Estimates.

Revenue

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

Goods and Services Tax (GST)

All items in the non-departmental schedules, including appropriation statements, are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. In accordance with Treasury instructions, GST is returned on revenue received on

behalf of the Crown, where applicable. However, an input tax deduction is not claimed on non-departmental expenditure. Instead, the amount of GST applicable to non-departmental expenditure is recognised as a separate expense and eliminated against GST revenue on consolidation of the Government Financial Statements.

Debtors and other receivables

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

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

Commitments

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

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

Property, plant and equipment

Land is valued using assessments conducted in accordance with the Rating Valuation Act 1998 and is revalued at least every 5 years.

Historic buildings used for rental activities are stated at fair value using optimised depreciated replacement cost as determined by an independent registered valuer at least every 5 years.

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

Depreciation

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

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

Provisions

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

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

Contingent liabilities

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

SCHEDULE OF NON-DEPARTMENTAL INCOME FOR THE YEAR ENDED 30 JUNE 2011

	NOTES	30/06/11 ACTUAL \$000	30/06/11 MAIN ESTIMATES \$000	30/06/11 SUPP. ESTIMATES \$000	30/06/10 ACTUAL \$000
REVENUE					
Concessions, leases and licences	1	14,372	11,864	11,864	13,909
Other operational revenue		2,175	2,460	2,460	2,125
Capital receipts		280	1,800	0	8,327
Total non-departmental income		16,827	16,124	14,324	24,361

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 Departments outputs, it is not reported in the departmental financial statements.

SCHEDULE OF NON-DEPARTMENTAL EXPENSES FOR THE YEAR ENDED 30 JUNE 2011

	30/06/11 ACTUAL \$000	30/06/11 MAIN ESTIMATES \$000	30/06/11 SUPP. ESTIMATES \$000	30/06/10 ACTUAL \$000
VOTE CONSERVATION				
Non-departmental output classes	13,405	33,969	19,379	15,976
Appropriated expenses incurred by the Crown	11,927	3,433	13,109	3,177
Revaluation of Infrastructural assets	0	0	0	0
GST input on appropriations	2,371	3,274	3,247	3,219
(Gain)/loss on sale of fixed assets	0	0	50	0
Total non-departmental expenses	27,703	40,676	35,785	22,372

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 2011

	30/06/11 ACTUAL \$000	30/06/11 MAIN ESTIMATES \$000	30/06/11 SUPP. ESTIMATES \$000	30/06/11 UNDER/(OVER) ACTUAL \$000	30/06/10 ACTUAL \$000
VOTE CONSERVATION APPROPRIATION FOR NON-DEPARTMENTAL OUTPUT CLASSES					
Identification and implementation of protection for natural and historic places	7,046	20,010	12,860	5,814	10,258
Management services for natural and historic places	1,489	1,506	1,506	17	1,450
Moutoa Gardens/Pakaitorere	22	23	23	1	22
NZ Biodiversity Advice and Condition Funds	4,848	11,661	4,990	142	4,246
Steward Island infrastructure	0	769	0	0	0
Sub-total output classes	13,405	33,969	19,379	5,974	15,976
APPROPRIATION FOR OTHER EXPENSES TO BE INCURRED BY THE CROWN					
Esplanade reserve compensation	0	30	30	30	0
Matauranga Maori Fund	624	854	1,070	446	662
Subscriptions to international organisations	314	405	405	91	337
Payment of rates on properties for concessionaires	641	839	673	32	617
Waikaremoana lakebed lease	241	241	241	0	241
Vested coastal marine areas	0	30	30	30	0
Redress—Foreshore and Seabed Act 2004	0	0	310	310	562
Vesting of reserves	9,450	0	9,450	0	0
Depreciation	634	934	800	166	756
Bad and doubtful debts	23	100	100	77	2
Sub-total other expenses	11,927	3,433	13,109	1,182	3,177
Other expenses not requiring appropriation	2,371	3,274	3,247	876	3,219
Total non-departmental expenditure and appropriations	27,703	40,676	35,735	8,032	22,372
CAPITAL INVESTMENT IN ORGANISATIONS OTHER THAN DEPARTMENTS					
Milford flood protection	5,961	12,047	5,961	0	853
Purchase and development of reserves	464	6,800	11,877	11,413	3,408
APPROPRIATIONS FOR CAPITAL EXPENDITURE					
Crown land acquisitions	22	500	6,500	6,478	9,159
Total non-departmental expenditure and capital expenditure	34,150	60,023	60,073	25,923	35,792

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

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

SCHEDULE OF NON-DEPARTMENTAL ASSETS AS AT 30 JUNE 2011

	NOTES	30/06/11 ACTUAL \$000	30/06/11 MAIN ESTIMATES \$000	30/06/11 SUPP. ESTIMATES \$000	30/06/10 ACTUAL \$000
CURRENT ASSETS					
Cash and cash equivalents		43,282	98,248	90,529	49,224
Trade and other receivables	2	4,106	6,758	3,205	3,205
Total current assets		47,388	105,006	93,734	52,429
NON CURRENT ASSETS					
Property plant and equipment	3	5,713,849	6,187,003	5,940,408	5,943,860
Total non current assets		5,713,849	6,187,003	5,940,408	5,943,860
Total non-departmental assets		5,761,237	6,292,009	6,034,142	5,996,289

SCHEDULE OF NON-DEPARTMENTAL LIABILITIES AS AT 30 JUNE 2011

	NOTES	30/06/11 ACTUAL \$000	30/06/11 MAIN ESTIMATES \$000	30/06/11 SUPP. ESTIMATES \$000	30/06/10 ACTUAL \$000
CURRENT LIABILITIES					
Payables	4	1,867	819	(685)	1,237
Provisions	5	2,222	2,846	0	2,245
Total current liabilities		4,089	3,665	(685)	3,482
Total non-departmental liabilities		4,089	3,665	(685)	3,482

SCHEDULE OF NON-DEPARTMENTAL COMMITMENTS AS AT 30 JUNE 2011

	NOTES	30/06/11 ACTUAL \$000	30/06/10 ACTUAL \$000
CAPITAL COMMITMENTS			
Capital commitments	6	11,381	2,507
Total commitments		11,381	2,507
TERM CLASSIFICATION OF COMMITMENTS			
Capital: Less than 1 year		11,381	2,507
Total commitments		11,381	2,507

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

SCHEDULE OF NON-DEPARTMENTAL CONTINGENT LIABILITIES AND CONTINGENT ASSETS AS AT 30 JUNE 2011

	30/06/11 ACTUAL \$000	30/06/10 ACTUAL \$000
Quantifiable liabilities	4,146	6,420
Total contingent liabilities	4,146	6,420

There were 10 claims against the Crown, 8 of which are not currently quantifiable. Impending costs to earthquake strengthen Turnbull House could be as high as \$3.5 million.

Contingent assets

The Department on behalf of the Crown has no contingent assets (2010: 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

	30/06/11 ACTUAL \$000	30/06/10 ACTUAL \$000
Guiding	3,109	2,975
Telecommunications	1,666	1,558
Grazing	1,494	1,470
Tourism occupations	1,646	1,596
Ski areas	1,436	1,375
Sporting and special events	49	60
Aircraft landings	1,104	1,191
Residential/recreational	811	997
Other occupations	568	348
Vehicle transport	299	181
Boating	711	578
Filming	140	151
Easements	566	512
Extractions fees	69	93
Miscellaneous	165	305
Recovery of rates	539	519
Total concessions, leases and licences	14,372	13,909

Note 2: Receivables and advances

	30/06/11 ACTUAL \$000	30/06/10 ACTUAL \$000
Trade and other receivables	2,502	1,893
Less: Provision for doubtful debts	(391)	(401)
Net trade and other receivables	2,111	1,492
Accrued revenue	1,718	1,534
Other receivables	277	179
Total receivables and advances	4,106	3,205

MOVEMENTS IN THE PROVISION FOR DOUBTFUL DEBTS

Balance brought forward	(401)	(420)
Additional provisions made during the year	(23)	0
Reversal of prior period provisions	0	0
Receivables written off during period	33	19
Closing balance	(391)	(401)

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

Note 3: Property plant and equipment

	LAND \$000	BUILDINGS \$000	INFRASTRUCTURE \$000	CULTURAL ASSETS \$000	TOTAL \$000
COST OR VALUATION					
Balance at 1 July 2009	5,809,798	57,490	197	5,350	5,872,835
Prior period adjustment	(114,600)				(114,600)
Balance at 1 July 2009 (restated)	5,695,198	57,490	197	5,350	5,758,235
Additions	26,066	0	853	0	26,919
Revaluation movement	76,652	4,437	0	0	81,089
Disposals	(2,122)	0	0	0	(2,122)
Balance at 30 June 2010	5,795,794	61,927	1,050	5,350	5,864,121
Balance at 1 July 2010	5,795,794	61,927	1,050	5,350	5,864,121
Additions	5,351	0	5,961	0	11,312
Revaluation movement	(113,364)	(3,910)	0	0	(117,274)
Disposals	(11,041)	0	0	0	(11,041)
Balance at 30 June 2011	5,676,740	58,017	7,011	5,350	5,747,118
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES					
Balance at 1 July 2009	0	27,118	0	0	27,118
Depreciation expense	0	756	0	0	756
Eliminate on disposal	0	0	0	0	0
Eliminate on revaluation	0	6,987	0	0	6,987
Balance at 30 June 2010	0	34,861	0	0	34,861
Balance at 1 July 2010	0	34,861	0	0	34,861
Depreciation expense	0	634	0	0	634
Eliminate on disposal	0	0	0	0	0
Eliminate on revaluation	0	(2,226)	0	0	(2,226)
Balance at 30 June 2011	0	33,269	0	0	33,269
The prior period adjustment of \$114 m relates to a correction in the land area and value of a rating valuation that should have been made in the prior year.					
CARRYING AMOUNTS					
At 1 July 2009	5,695,198	30,372	197	5,350	5,731,117
At 30 June 2010	5,795,794	27,066	1,050	5,350	5,829,260
At 30 June 2011	5,676,740	24,748	7,011	5,350	5,713,849

Land is initially recognised at cost and is revalued based on assessments as provided by Property IQ. Land not matched to an assessment is valued using an average per hectare rate. These values and methodology were confirmed as appropriate by Crightonstone (registered independent valuers).

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

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

Historic buildings used for rental activities were valued by Crightonstone (registered independent valuers) as at 30 June 2011. Given the historic nature of these buildings fair value has been determined using depreciated replacement cost.

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

Note 4: Payables

	30/06/11 ACTUAL \$000	30/06/10 ACTUAL \$000
Payables	1,687	856
Revenue in advance	180	381
Total payables and advances	1,867	1,237

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

	30/06/11 ACTUAL \$000	30/06/10 ACTUAL \$000
Opening balance	2,245	2,271
Provision utilised or reversed during the year	(23)	(26)
	2,222	2,245
Provision made during the year	0	0
Closing balance	2,222	2,245
Provisions consist of:		
Environmental provision	2,172	2,195
Designations	50	50
Closing balance	2,222	2,245

The provisions include environmental provisions and Designations.

Environmental provisions

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

- The tailings and tunnels in the Maratoto Mine may excrete contaminants in the water.
- There are a number of abandoned coalmines both underground and open cast within the Benneydale, Mahoenui, Pirongia, Waitewhenua and Ohura coalfields. The risks of contamination are associated with the treatment ponds, trailing dams and underground drives.
- There is a requirement to clean up dumped refuse in the Waikanae Conservation area.
- There is danger of contaminated water around the Kauaeranga Army Firing Range.

Designations

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

Note 6: Capital commitments

	30/06/11 ACTUAL \$000	30/06/10 ACTUAL \$000
Infrastructural Assets	4,978	0
Nature Heritage Fund	1,398	24
Nga Whenua Rahui	2,025	1,949
South Island Landless Natives Act	2,392	0
Matauranga Maori Fund	446	466
Biodiversity—Advice and Condition	122	1
Biodiversity—Community Conservation	20	67
Total other capital commitments	11,381	2,507

Note 7: Events after the balance sheet date

No significant events that may impact on the actual results have occurred between year-end and the signing of these financial statements (2010: none).

Additional financial information

SUMMARY OF OUTPUT CLASS EXPENDITURE BY OUTPUT

	30/06/11 ACTUAL \$000
VOTE CONSERVATION	
MANAGEMENT OF NATURAL HERITAGE	
Fire control	9,712
Conservation Services Programme	1,547
Natural heritage restoration	11,745
Possum control	14,752
Deer control	1,547
Goat control	6,779
Other terrestrial animal pests	7,348
Other aquatic pests	1,303
Island management and restoration	6,465
Fencing (stock control)	11,248
Inventory and monitoring	2,308
Weed control	19,087
Legal protection of areas and sites	12,660
RMA advocacy and coastal planning	4,777
Species conservation programmes	39,532
Mainland island sites	2,053
CITES	726
Specific pest and disease response	1,164
Crown pest/weeds exacerbator costs	0
Total management natural heritage	154,753
MANAGEMENT OF HISTORIC HERITAGE	
Historic heritage	5,498
Total management of historic heritage	5,498
MANAGEMENT OF RECREATIONAL OPPORTUNITIES	
Huts	17,363
Booked accommodation	1,551
Campsites	13,755
Tracks	43,602
Amenity areas and community services	10,745
Roads and car parks	4,210
Visitor centres	11,814
Visitor information	3,282
Recreation concessions	5,910

Continued on next page

Summary of Output Class Expenditure by Output—continued

	30/06/11 ACTUAL \$000
Recreation planning and import monitoring	11,374
Taupo sports fisheries	3,007
Non-recreation concessions	5,103
Total management of recreational opportunities	131,716
CONSERVATION WITH THE COMMUNITY	
Participation	10,703
Education and communication	4,778
International obligations	364
Total conservation with the community	15,845
POLICY ADVICE AND MINISTERIAL SERVICING	
Policy advice	1,159
Ministerial services	36
Management planning	1,505
Statutory bodies	1,968
Biosecurity policy advice	11
Total policy advice and Ministerial servicing	4,679
RECREATIONAL OPPORTUNITIES REVIEW	
Recreational opportunities review	272
Total recreational opportunities review	272
CROWN REGIONAL PEST MANAGEMENT STRATEGY	
Pests/weeds exacerbator costs	2,866
Total Crown Regional Pest Management Strategy	2,866
Total Vote Conservation	315,629
Total output appropriations	315,629
Unrealised remeasurements	228
Canterbury earthquake recovery costs	1,132
Total expenses per statement of financial performance	316,989

EXPENDITURE BY CONSERVANCY FOR THE YEAR ENDED 30 JUNE 2011
(EXCLUDING GST)

CONSERVANCY	30/06/11 ACTUAL \$000
Northland	15,105
Auckland	12,456
Waikato	13,975
East Coast Bay of Plenty	17,323
Tongariro Whanganui Taranaki	21,032
Wellington Hawke's Bay	18,546
Nelson/Marlborough	18,580
West Coast	19,485
Canterbury	19,681
Otago	16,044
Southland	21,871
Research, Development and Improvement (R&D)	22,976
National Office (excluding R&D)	51,158
Recreational opportunities ownership costs	48,757
Total expenses per statement of financial performance	316,989

PERFORMANCE OF RESERVE BOARDS AS AT 30 JUNE 2010

RESERVE BOARD	TYPE	REVENUE \$000	EXPENDITURE \$000	NET ASSETS \$000
Reserve Boards—financial information available				
Northland				
Oakura	Recreation	3,750	13,780	276,550
Waikiekie	Recreation	9,690	7,880	142,930
Ruakaka Central	Hall	16,970	14,390	170,640
Waipu Cove	Recreation	654,000	608,700	2,000,000
Taurikura	Hall	9,690	5,550	182,000
Coates Memorial Church	Local purpose	420	1,300	165,740
Auckland				
Glorit*	Hall	4,310	5,140	2,520
Whanganui				
Papanui†	Hall	1,390	3,400	
Poukioie	Recreation	2,420	4,255	128,680
Tiriraukawa	Hall	1,010	550	53,000
Wellington				
Horowhenua	Recreation	1,120	1,210	38,765
Whitireia Park	Recreation	17,310	41,010	75,060
Nelson/Marlborough				
Kaiteriteri	Recreation	4,437,760	3,922,515	5,598,935
West Coast				
Charleston	Hall	3,360	1,680	10,750
Millerton	Hall	840	170	43,450
Reserve Boards—financial information not available				
Northland				
Ruakaka	Recreation			
Whatitiri	Recreation			
Bay of Plenty				
Awakaponga	Hall			
Matata	Recreation			
Lake Rotoiti	Scenic			
Whanganui				
Moutoa Gardens	Historic			

Continued on next page

Performance of Reserve Boards as at 30 June 2010—continued

Nelson/Marlborough	
Homewood	Hall

West Coast	
Nelson Creek [‡]	Recreation

Notes

The details above are dated to 30 June 2010 because they are usually based on audited reports that are often not available until after the deadline for the preparation of the annual report.

* The figures for the Glorit Board are as at 30 April 2011.

† No figure is available for the net assets of this board, which would only consist of cash on hand.

‡ The Nelson Creek Board's appointment has been cancelled and figures for this period may not be available.

Appendix

Area of marine reserves and marine mammal sanctuaries

Table A1.1 lists gazetted marine reserves as at 30 June 2011, and Table A1.2 lists marine mammal sanctuaries gazetted at that date. Table A1.3 collates the total marine area managed by DOC.

TABLE A1.1. MARINE RESERVES IN NEW ZEALAND AS AT 30 JUNE 2011

The legal areas provided for some marine reserves differ from those in the annual report published in 2008. This is because of recalculations and some new survey work done during the 2008–2009 year.

IDENTIFIER	MARINE RESERVE NAME	DATE ESTABLISHED	LEGAL AREA (ha)*
MR1	Cape Rodney-Okakari Point Marine Reserve	1975	547
MR2	Poor Knights Islands Marine Reserve	1981	2,410
MR3	Kermadec Islands Marine Reserve	1990	748,000
MR4	Whanganui A Hei (Cathedral Cove) Marine Reserve	1992	840
MR5	Tuhua (Mayor Island) Marine Reserve	1992	1,060
MR6	Kapiti Marine Reserve	1992	2,167
MR7	Long Island–Kokomohua Marine Reserve	1993	619
MR8	Tonga Island Marine Reserve	1993	1,835
MR9	Te Awaatu Channel (The Gut)	1993	93
MR10	Piopirotahi (Milford Sound) Marine Reserve	1993	690
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	Te Tapuwae o Rongokako	1999	2,452
MR16	Pohatu Marine Reserve	1999	215
MR17	Auckland Islands—Motu Maha	2003	498,000
MR18	Ulva Island—Te Wharawhara	2004	1,075
MR19	Te Hapua (Sutherland Sound)	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	2,007
MR25	Taumoana (Five Finger Peninsula) Marine Reserve	2005	1,466
MR26	Te Tapuwae o Hua (Long Sound) Marine Reserve	2005	3,672
MR27	Te Matuku Marine Reserve	2005	690

Continued on next page

* All marine areas have been rounded to the nearest hectare.

Table A1.1. Marine reserves in New Zealand as at 30 June 2011—continued

IDENTIFIER	MARINE RESERVE NAME	DATE ESTABLISHED	LEGAL AREA (ha)*
MR28	Horoirangi Marine Reserve	2006	904
MR29	Whangarei Harbour Marine Reserve	2006	237
MR30	Parinihihi Marine Reserve	2006	1,844
MR31	Te Paepae o Aotea (Volkner Rocks) Marine Reserve	2006	1,267
MR32	Tapuae Marine Reserve	2008	1,404
MR33	Taputeranga Marine Reserve	2008	855
Total			1,279,181

* All marine areas have been rounded to the nearest hectare.

TABLE A1.2. MARINE MAMMAL SANCTUARIES IN NEW ZEALAND AS AT 30 JUNE 2011

IDENTIFIER	MARINE MAMMAL SANCTUARY NAME	DATE ESTABLISHED	LEGAL AREA (ha)
MM1	Banks Peninsula Marine Mammal Sanctuary	1988	407,696
MM2	Auckland Islands Marine Mammal Sanctuary	1993	560,564
MM3	Te Waewae Bay Marine Mammal Sanctuary	2008	34,884
MM4	Catlins Coast Marine Mammal Sanctuary	2008	65,388
MM5	Clifford and Cloudy Bay Marine Mammal Sanctuary	2008	138,600
MM6	West Coast North Island Marine Mammal Sanctuary	2008	1,193,542
Total area			2,400,674

TABLE A1.3. TOTAL MARINE AREA MANAGED BY DOC AS AT 30 JUNE 2011

		HECTARES	MILLION HECTARES
A	Total area marine reserves (MR)	1,279,181	1.28
B	Total area marine mammal sanctuary (MMS)	2,400,674	2.40
C	Total mammal sanctuary, minus overlaps and landmass*	1,837,862	1.84
D	Total marine area managed by DOC (MR & MMS) (A + C)	3,117,043	3.12
E	Total marine area (includes the territorial sea & Exclusive Economic Zone, but not the extended continental shelf. Excludes New Zealand land masses—mainland and offshore islands)	414,570,088	414.57
F	Percentage total marine area managed by DOC (This is calculated as $(D \div E) \times 100$)	0.75%	0.75%

* Note: Auckland Island—Motu Maha Marine Reserve and Marine Mammal Sanctuary cover the same marine area, therefore the final area of marine mammal sanctuary is less 4,980,000 hectares (Auckland Island—Motu Maha Marine Reserve) and 64,812 hectares (Auckland Island land mass).