



Briefing: Predator Free 2050 Limited proposed approach to board appointments

To	Minister of Conservation	Date submitted	11 April 2024
CC	Minister of Finance		
Action sought	Agree to the proposed approach for appointments to the Predator Free 2050 Limited Board of Directors.	Priority	Normal
Reference	24-B-0102	DocCM	DOC- 609201
Security Level	In Confidence		

Risk Assessment	Low New appointments are expected to minimise current Conflict of Interest issues on the Board. Board membership will temporarily drop to four during the appointments process. This is still above the minimum membership of two required by Predator Free 2050 Ltd's Constitution.	Timeframe	25 April 2024 10 working days
Attachments	Attachment A – Letter to National Caucus colleagues Attachment B – Letter to ACT Caucus colleagues Attachment C – Letter to New Zealand First Caucus colleagues		


Contacts	
Name and position	Cell phone
Sia Aston, Deputy Director-General Public Affairs	s9(2)(a)
Andrew Bichan, Acting Director Governance and Government Services	s9(2)(a)
Grace Xu, Governance and Performance Manager	s9(2)(a)

Executive summary – Whakarāpopoto ā kaiwhakahaere

1. This briefing seeks your agreement to the proposed approach for appointments to the Predator Free 2050 Limited's (**the Company**) Board of Directors (**the Board**).
2. The Company was established in 2016 as a Crown-owned Schedule 4A company under the Public Finance Act 1989. The Shareholding Ministers are the Minister of Finance and the Minister of Conservation. You are the Responsible Minister, including for board appointments.
3. The terms of two Directors expire in May and November 2024, respectively. For efficiency, we recommend undertaking one search and appointment process for both vacancies.
4. Both departing Directors have served two terms or more, and both have declared notable conflicts of interest over investments they may have influence over. Through our selection process we will prioritise candidates with the least potential conflict.
5. We propose to seek candidates with the following core skills: **strategic oversight, applied research and science, commercial acumen, and public sector governance**. These skills criteria were developed in response to the revised roles and responsibilities you approved for the Company [23-B-0519 reference], and in consultation with the Company's Chair.
6. We recommend that the appointment process includes public search, private search, and nominations to provide high-calibre potential candidates. The public search is optional and may not be needed if we gather sufficient quality candidates from other sources.
7. The appointments process may take up to six months. We expect the Board membership will temporarily drop to four, before returning to five from November. We advise that there is low risk associated with this.

We recommend that you ... (Ngā tohutohu)

		Decision
a)	Agree to the proposed approach to seek candidates with skills in strategic oversight, applied research & science, commercial acumen, and public sector governance for two Director vacancies on the board of Predator Free 2050 Limited	Yes / No
b)	Agree to the candidate search and appointments process for both Director vacancies, one in May 2024 and the other in November 2024	Yes / No
c)	Sign the attached letters to your Parliamentary colleagues inviting nominations for the upcoming vacancies	Yes / No


Date: 11/04/24
Sia Aston
Deputy Director-General, Public Affairs
For Director-General of Conservation

Hon Tama Potaka
Minister of Conservation

Purpose – Te aronga

1. This briefing seeks your agreement to an approach to managing the upcoming 2024 appointments to the Predator Free 2050 Limited's (**the Company**) Board of Directors (**the Board**).

Background and context – Te horopaki

2. The Company was established in 2016 as a Crown-owned Schedule 4A company under the Public Finance Act 1989 to contribute to the Government's Predator Free 2050 programme for the eradication of possums, rats, and mustelids from New Zealand. The Company's work program is expected to be closely aligned to, and supportive of, the DOC-led Predator Free 2050 strategy.
3. The Shareholding Ministers are the Minister of Finance and the Minister of Conservation. You are the Responsible Minister, including for board appointments DOC manages the appointment process on your behalf.
4. You approved revised roles and responsibilities for DOC and the Company for the Predator Free 2050 programme, including 2024-2030 priorities for the Company [23-B-0519 refers]. The Company is to focus on developing cost effective and scalable eradication methods for urban and rural areas.

Two upcoming Board vacancies to fill in 2024

We recommend commencing one candidate search process covering two Director vacancies

5. DOC has commenced the engagement process with the Chair for two Director vacancies in 2024 – as shown below.

Denise Church (Chair)							1 st term		Nov	
Devon McLean	3 rd term							May		
Katie Milne		2 nd term						Nov		
Estelle Pērā-Leask		2 nd term							May	
Michael Slater							1 st term			May
	201	2018	2019	2020	2021	2022	2023	2024	2025	2026

6. The appointments process may take up to six months. Due to the close timing of these two Director vacancies in May and November, we are seeking your approval to commence one search process for these two vacancies for efficiency.
7. We anticipate that following your approval to fill the vacancies, the Board membership will temporarily drop to four in May when Mr Devon McLean's term ends (the minimum requirement in the Company's Constitution is two) and return to five from September following the completion of the appointment process (see Appendix 1 for the indicative Appointments timeline).
8. The Chair suggested extending Mr McLean's term for a period to avoid the number of Directors dropping while the new appointments are underway. We recommend that this would not be viable as a term extension for Mr McLean would require the same appointments process to be followed and would not be completed in time to cover the temporary drop in numbers.

9. s9(2)(g)(i), s9(2)(a)
8. Four of the five current Directors have disclosed various conflicts of interest (COI) that require careful ongoing management. Both departing Directors have declared the most significant COI. These conflicts have made governance decision-making a delicate balancing act, for example, Directors with conflicts need to be excluded from voting, which raises quorum issues.
10. The Chair has indicated a preference to increase to six or seven Directors to better manage conflicts of interest within current board membership. The Board initially had nine Directors but since 2022 it has had no more than five. We consider that five Directors continues to be an appropriate size for efficiency and effective decision making, and specifically:
- a. It exceeds the minimum board membership of two in the Company's constitution and is in line with the average board membership of other Schedule 4 companies.
 - b. It is proportionate to the lower level of government funding the entity will be receiving (approximately \$20.7m revenue in 2024-25, \$13m in 2025-26; and \$11.9m from 2027), compared to \$35.2m in 2022-23.
 - c. With any new appointments we expect to minimise the COI and maximise existing votes.
11. You will have the opportunity to consider the board composition again through the 2025 board appointment process.

Skills and experience required to meet the revised roles and responsibilities of the Company

12. We propose to seek candidates with skills in strategic oversight, applied research and science, commercial acumen, and public sector governance. These skills were developed to address the revised roles and responsibilities you approved for the Company and in consultation with the Company's Chair and DOC's Predator Free 2050 programme lead.
13. The Predator Free 2050 goal can only be achieved cost effectively if New Zealand completely transforms our current tools and technologies. This requires a research, development and innovation programme that creates new approaches and the ability to apply these at scale. Strategic oversight, applied science, and commercial acumen are the core skills and competencies that underpin this strategic shift.
14. The Company is accountable to the Shareholding Ministers for contributing to the delivery of the government's strategic direction for Predator Free 2050. We recommend increasing the skills on the Board in machinery of government, governance systems and processes, and public relations to assist with this. See Appendix 1 for a summary of the skills requirements.
15. The Chair has commissioned a board evaluation due for completion in April. We have shared our observations of the Board with the Chair to help inform the evaluation, relating to COI management, separation of governance from management, and skill gaps for meeting strategic needs. We expect to use the evaluation findings to inform the next steps of the appointments process.

Recommended appointment process to include public search, private search and nominations

16. We will undertake a candidate search process that may include:
 - Sourcing candidates on the Treasury board appointments database
 - Your nominations
 - DOC's and the Chair's knowledge of potential suitable candidates
 - Requesting nominations from the Ministry for Women, Office of Ethnic Communities, Te Puni Kōkiri, and the Ministry for Pacific Peoples
 - Your invitation for nominations from your colleagues (Attachments A, B, and C)
 - Public advertising, such as on the DOC website and www.seek.co.nz.
17. If we can source sufficient high calibre candidates from private search and nominations, we may be able to save time and costs by not undertaking public advertising.
18. Once expressions of interest and nominations are received, we will convene a selection panel to consider these and recommend a shortlist of candidates for you to consider.
19. Your selected candidates will be interviewed, and due diligence checks undertaken. We will then provide a briefing recommending appointments for your consideration before you seek decisions from the Cabinet Appointments and Honours Committee. We expect the two appointments to be made by August (refer to the indicative timeline in Appendix 2).

Risk assessment – Aronga tūraru

20. Four of five current Directors have disclosed various COI that require careful ongoing management. With new appointments we expect to minimise the COI and maximise existing votes.
21. Board membership will temporarily drop to four, before returning to five from September. Although this is below the Board's desired level of membership, we consider the risk to the Company's efficient governance is low and it is still above the minimum membership of two required by the Constitution.

Next steps – Ngā tāwhaitanga

22. With your agreement to this briefing, your office will send the attached letters to your Parliamentary colleagues as you see fit.

ENDS

Appendix 1: Appointment timeline

Schedule	Stage of process	Action required by us	Action required by you
Current	Initiate process	Briefing to Minister outlining options for appointments.	Provide a decision to the Department.
25 Apr – 9 May	Candidate search	Search for potential candidates for shortlisting.	Minister's office advises colleagues including coalition partners of the vacancies as per Cabinet Office circular (24) 2.
23 May	Ministerial decision on shortlisted candidates	Briefing to Minister with proposed shortlist of candidates for interview.	Advise of decision for shortlisted candidates.
14 – 28 June	Due diligence and consultation	Undertake appropriate background checks and interviews of shortlisted appointees.	
6 August	APH meeting	Briefing to Minister with Cabinet paper for APH.	Approve papers for lodging and attend APH meeting.
Mid-August	Appointments	Briefing to Minister with Written Notice of Shareholders and letters of appointment.	Sign Notice and letters of appointment and send to the Minister of Finance for signing.
Late August/early September	New Directors in place	Department arranges board induction session.	

Appendix 2: Proposed skills sought

Core Skills and Capabilities

- **Strategic oversight** - Set clear strategy and build on existing capabilities to align with a broader system strategy; provide strategic direction for achieving the long-term predator free goal, including strategic financial management; strategic approach to risk management – able to embed strategic risk management in governance level decision-making process.
- **Applied research and science** – Drive the strategy to apply the most effective technologies and science approaches to inform a broader rollout of eradication initiatives to achieve the 2050 goal; drive research to achieve scientific breakthroughs to enable acceleration of predator eradication.
- **Commercial acumen** – Expertise in developing commercial and investment opportunities from start up to scale up; commercially focused with knowledge of commercialising tools and technologies to enable economies of scale; leadership and governance in developing commercial and investment opportunities and investment/portfolio management within a broader system strategy.
- **Public sector governance experience** – Experience with governance systems and processes, strong understanding of the machinery of government and public relations.

Desirable skills

- **Knowledge of Mātauranga Māori iwi/Māori engagement; rural sector and community connections, and philanthropic expertise** - able to leverage valuable relationships and corporate connections to attract investor funding; the ability to collaborate with co-investors and partners, and to encourage and support collaboration and partnership among the projects that the Company funds.

Departmental Memo

To	Minister of Conservation	Date submitted	29 February 2024
GS tracking #	24-B-0114	DocCM	DOC-7575310
Security Level	In Confidence		
From	Andrew Bichan, Acting Director Governance and Government Service : s9(2)(a)		
Subject	Correction to briefing on PF2050 Ltd Annual Report (23-B-0509)		
Attachments	Corrected 23-B-0509 for signature		

Purpose – Te aronga

1. This memo provides a new version of briefing **23-B-0509 Predator Free 2050 Ltd Annual Report 2022-23**, for you to re-sign and explains the two corrections we have made. We apologise that this has happened and for the inconvenience caused.

Background and context – Te horopaki

2. On 29 December 2023 you **agreed** to present the Predator Free 2050 Ltd Annual Report 2022-23 to the House and **noted** the content of the Annual Report.
3. We have since identified and **corrected** two inaccuracies in the briefing. The corrections do not affect the **analysis** or our advice in the briefing. However, we consider having a correct version with your signature is appropriate for maintaining the accuracy of the public record, and to avoid incorrect data being referred to unintentionally.
4. The errors **should have** been picked up in our review of the briefing but were missed. We have **reinforced** the review processes for using financial data in these briefings.

Corrections to briefing

5. The following are the paragraphs in question with **bold** text indicating the replacement text.

Correction 1: Characterisation of the increase in operating expenditure

6. The first correction relates to paragraph 7 in the executive summary and paragraph 29:

Executive Summary Paragraph 7:

*The Company's operating expenditure continues to grow, **increasing over 2½ times in the past four years** with an average year-on-year growth of 41% over the past five years, driven largely by the growth of employees and employee costs.*

Paragraph 29:

*Operating expenses incurred by the Company continue to grow year-on-year, and are forecast to grow significantly in the current year (2023-24). ~~Over the past five years operating expenditure have increased an average of 41% per year~~ **Over the past four years the Company's operating costs have increased over 2½ times (164%), this includes a 57% increase in 2022-23.** Diagram 1 illustrates this growth in cost of running the Company, including the current year's budgeted operating expenses.*

7. The original briefing took the growth rate of operating costs over four years and annualised it at 41%. We incorrectly represented it as a year-on-year growth rate of 41% in the executive summary. We have taken the opportunity of the correction to more clearly characterise the trend of the increase including the notable increase in the 2022-23 financial year.
8. We remain concerned about the Company's operating costs increase, particularly in light of the Government's focus on fiscal objectives and expectation on entities to manage their cost drivers. We note the Company is already looking at reducing its operating costs and we will continue to engage with the Company to better understand how it manages its balance sheet efficiency and cost drivers, while delivering improved performance.

Correction 2: Source of funding as a % of total funding

9. The second correction relates to paragraph 33:
Over the past three years these streams have contributed over ~~80%~~ 90% of the Company's revenue.
10. The "90%", was a typo. The correction to 80% does not affect the conclusion that these two funding streams have been a significant proportion of the Company's funding.

Risk assessment – Aronga tūrarua

11. There is low risk to signing the corrected briefing. We consider identifying and correcting the errors mitigates the risks associated with incorrect figures being referred to in the future.

Next steps – Ngā tāwhaitanga

12. The corrected version of 23-B-0509 is attached for your signature.
13. DOC will continue to work with the Company on its approach to managing operating costs and will advise you on progress through the Status Report and our routine monitoring advice.

ENDS



Briefing: Predator Free 2050 Ltd Annual Report 2022-23


To	Minister of Conservation	Date submitted	29 February 2024
CC:	Minister of Finance		
Risk Assessment	Medium Due to presentation of performance information, there is a risk that the performance of the Company will be confused with the performance of the Predator Free 2050 system.	Priority	Normal
Reference	23-B-0509	DocCM	DOC 7522085
Security Level	In Confidence		
Note	This briefing replaces the previous version signed on 29 December 2023.		
Action sought	Agree to present the Predator Free 2050 Ltd 2022-23 Annual Report	Timeframe	12 March 2024
Attachments	Attachment A – Predator Free 2050 Limited 2022-23 Annual Report		
Contacts			
Name and position			Cell phone
Lucy Alcock, Director Governance and Government Services			s9(2)(a)
Grace Xu, Manager Governance and Performance			s9(2)(a)

Executive summary – Whakarāpopoto ā kaiwhakahaere

1. Predator Free 2050 Limited (the Company, PF2050 Ltd) sent its 2022-23 Annual Report to the Minister of Conservation's Office after the 53rd Parliament was dissolved.
2. You are required, as the responsible Minister for the Company, to present the Annual Report to the House of Representatives as soon as possible.
3. The Company has reported that 25 of the 35 measures in its Statement of Performance Expectations (SPE) 2022-23 have been achieved. A number of the measures in the SPE lack specific, measurable, evidenced-based targets, however the Company is engaging with DOC to improve these for the coming year. We will support the Company to enhance its overall accountability reporting.
4. A particular area for improvement is the reporting of the Company's contribution towards the government's Predator Free 2050 Programme, in which the Company is one of many key players. Some of the measures and narratives may confuse reader as to the performance of the Company vis-à-vis the Predator Free 2050 Programme.
5. The Annual Report may provide an inflated view of the Company's performance for the 2022-23 year, as several the measures are cumulative, reflecting activity over many years.
6. Performance and reporting of the Company's co-funding measures from the original Cabinet expectations continue to raise challenges. The Company's understanding of co-funding differs from DOC's. There is opportunity for the Company to improve its reporting to provide better clarity and transparency.
7. The Company's operating expenditure continues to grow, increasing over 2½ times in the past four years.
8. The Company has provided funding of \$2.8 million to 18 landscape projects and 37 science and products projects. The Company has reported that a further three new tools have been released to market during the 2022-23 that will assist with the Predator Free 2050 Programme.

We recommend that you ... (Ngā tohutohu)

		Decision
a)	Agree to present the report in the House of Representatives	Yes / No
b)	Note the content of the Company's Annual Report for 2022-23	Noted


Date: 29/02/2024
Sia Aston
Deputy Director-General Public Affairs
For Director-General of Conservation

Date: / /
Hon Tama Potaka
Minister of Conservation

Purpose – Te aronga

1. To seek your agreement to present the Predator Free 2050 Limited 2022-23 Annual Report to the House of Representatives.
2. To update you on the Company's reported financial and non-financial performance for the 2022-23 financial year against its SPE.

Background and context – Te horopaki

3. The Company was established in 2016 as a Crown-owned Schedule 4A Company. The Shareholding Ministers are the Ministers of Finance and Conservation, with Conservation as the responsible Minister.
4. The Company is required to comply with the Crown Entities Act 2004 (**the Act**), regarding the obligation to prepare an Annual Report.
5. Under section 150 of the Act, the Company is required to provide its Annual Report to the responsible Minister no later than 15 working days after an audit opinion has been issued. The Company sent its 2022-23 Annual Report to the Minister of Conservation's Office after the 53rd Parliament was dissolved.
6. The Annual Report is required to be presented as soon as possible after the commencement of the 54th Parliament.
7. It must be published by the Company no later than 10 working days after the Annual Report is received by the Minister, and it has now been published on the Company's website.
8. The Company was created to contribute to the government's Predator Free 2050 Programme for the eradication of possums, rats and stoats. Its work program is expected to be closely aligned to, and supportive of, the predator free strategy, which is led by DOC.
9. In the coming weeks DOC will provide a briefing on the Company's future role in the Predator Free 2050 Programme.

Assessment of performance against key SPE targets

10. The Company invests in landscape predator eradication, products, and research science. The Company's SPE, which was drafted in April 2022, contains three key types of performance measures:
 - New landscape – eradication on large landscape
 - New science – evolving science and technology research and development
 - New partners – recruiting new participants to conservation.
11. The Company's reported performances against its SPE targets can be found on pages 53-63 in the Annual Report – see Appendix 1 for an abridged summary of the 2022-23 performance measures.
12. Overall, the Company has achieved 25 of the 35 measures. This is an improvement on the 50% reported as achieved in 2021-22.
13. DOC's advice on the Company's draft and final SPE 2022-23 noted that the SPE "lacks specific, measurable, evidenced-based, performance measures that are clearly mapped to activities and desired outcomes".
14. For many measures in the Annual Report, the Company has reported cumulative performance, reflecting the Company's activity over many years rather than the performance during the 2022-23 year. This is likely to result in an inflated view of the Company's performance for the 2022-23.

15. The narrative in the Report often fails to distinguish between performance specific to the Company and the wider Predator Free 2050 Programme. The Company has, however, indicated those measures that contribute to the Predator Free 2025 interim goals.
16. We note that the Company's most recent SPE, covering 2023-24, has provided clearer measures than in previous years; we will continue to work with the Company to improve its performance measures, including streamlining its measures.
17. The following sub-sections provides an analysis of the key performance areas.

Funding of projects

18. Providing funding to external parties represents 89% of total expenditure. Seven of the Company's performance targets for 2022-23 relate to the Company providing funding to projects. Four funding projects targets were not achieved, however other targets were significantly overachieved. The net effect was a 5% positive variance of funding provided.
19. The following sections address what has been achieved with the funding, firstly for landscape projects, and then for research projects, and finally for 'product to projects'.

Landscape projects

20. The Company's key task is funding projects that eradicate predators on large landscapes and subsequently defending the area from reinvasion.
21. The Company reports the progress of these landscape projects cumulatively rather than annually. The vast percentage of the 808,381 hectares reported as under eradication and control for 2022-23 was also reported as under eradication and control in their 2021-22 Annual Report. The performance measures do not report performance for the year, rather performance at the end of the year.
22. The Company also reports on the performance of the projects, rather than the performance of the Company's investment in the projects. The projects funded by the Company receive funding from several other sources as well; landscape projects received approximately 67% (2:1) of their funding from other sources. Therefore, it cannot be established from the Annual Report how much of the 800,000 hectares under eradication and control can be attributed to the performance of the Company, let alone for 2022-23.

Research and science projects and product development

23. The Company funded \$5.6 million for science and research into solutions and new/improved products for landscape-scale predator eradication. There are no measures of any outputs or the successes of this funding, including previous periods funding, provided by the Company. The Company has included one measure in its SPE for the current financial year relating to success of its research and development funding.
24. The Report does highlight successes of funded science and product projects. New to market in 2022-23 were wildlife friendly bait stations, the use of AI on predator traps, and remote reporting of predator activity at traps.

Co-Funding reporting needs to provide meaningful comparison

25. At its establishment a key function of the Company was to generate additional funding from outside of the government – co-funding. An expected rate of co-funding of 2:1 was included in the Cabinet minute for the Company's establishment (CAB-16-MIN-0335).
26. The Company's co-funding approach calculates forecast co-funding over the life of projects, and includes potential contributions, which carry the risk of not eventuating. Although the Company discussed that it secured over \$30 million co-funding in 2022-23, there are no audited performance measures on actual co-funding received to date.

or for the year, making it difficult for the reader to ascertain how the Company has performed on one of its key functions in the 12 months to June 2023.

27. It is expected that a refinement of the requirement for co-funding will be part of DOC's forthcoming briefing on the Company's future role.

Financial Performance

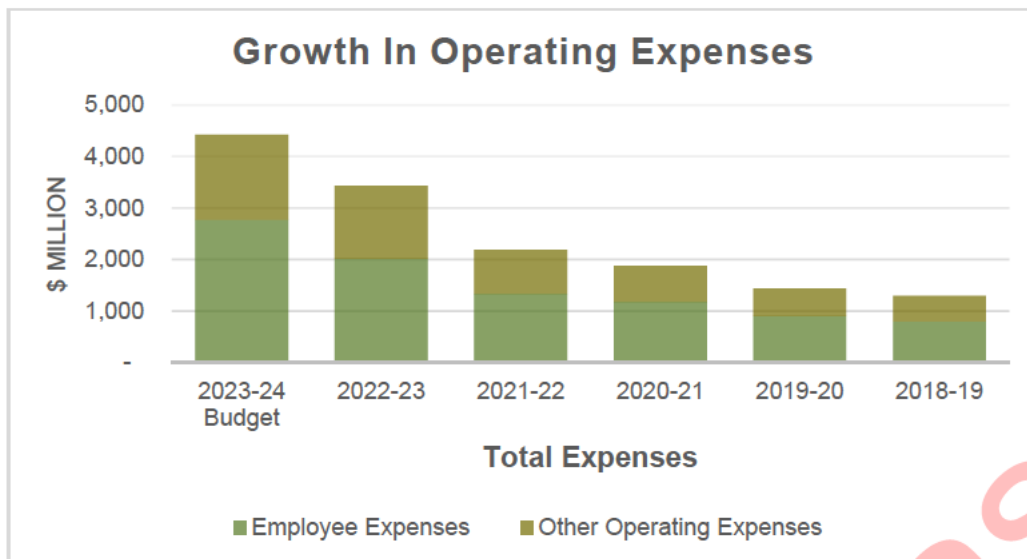
Crown funding covers the Company's overheads, the balance is allocated to projects...

28. The Company is funded via three funding streams of public money. Two of the funding streams are timebound and will end before 2026. Expenditure in 2022-23 was aligned with the Company's budgeted spending in their 2022-23 SPE.

	Actual 2022-23	Budget 2022-23	Actual 2021-22
	\$ million	\$ million	\$ million
Revenue			
Vote Conservation (baseline)	\$5.91	\$6.41	\$4.35
Provincial Growth Fund (PGF)	\$3.60	\$4.00	\$3.80
Jobs for Nature (JfN)	\$25.72	\$23.67	\$15.55
Other	<u>\$0.21</u>	<u>\$0.04</u>	<u>\$0.10</u>
Total Revenue	<u>\$ 5.44</u>	<u>\$34.12</u>	<u>23.80</u>
Expenditure			
Funding projects	\$28.77	\$30.76	\$24.09
Operating costs			
Employment expenses	\$2.01	\$2.38	\$1.34
Other operating costs	<u>\$1.42</u>	<u>\$0.95</u>	<u>\$0.85</u>
Total operating costs	<u>\$3.43</u>	<u>\$3.34</u>	<u>\$2.18</u>
Total Expenditure	<u>\$32.21</u>	<u>\$34.10</u>	<u>\$26.28</u>

Operating Expenditure continues to grow

29. Operating expenses incurred by the Company continue to grow year-on-year, and are forecast to grow significantly in the current year (2023-24). Over the past four years the Company's operating costs have increased over 2½ times (164%), this includes a 57% increase in 2022-23. Diagram 1 illustrates this growth in cost of running the Company, including the current year's budgeted operating expenses.



30. The increase in operating expenses cannot be explained by an increase in the Company's core activities as these have remained relatively stable over the past two years. The number of landscape projects funded by the Company over the past two years has dropped from 20 to 18, with the number of research science and products-to-projects funded increased from 34 to 37.
31. The Company has explained, however, that a significant driver of the increase in operating costs relates to management, governance and reporting requirements. [REDACTED] Other significant costs increasing include travel and an IT system.
32. DOC is concerned about the increasing operating costs of the Company. The Minister has previously asked the Company to minimise overheads.

They have known about funding stream ending

33. The Company has noted that both JfN and PGF funding will end within 18 months. Over the past three years these streams have contributed over 80% of the Company's revenue. The fiscal limit and time limit for both sources has been known by the Company since it applied for the funding. We understand that most of the Company's staff are on fixed term contracts, reflecting the terms of the funding arrangements. Decisions on future funding of the Company are currently under consideration and are linked to decisions on the Company's future role in the Predator Free 2050 Programme.

Risk assessment – Aronga tūraru

34. Given how the 2022-23 Annual Report is written, there is a risk that readers may confuse the Company's performance with the performance of the government's Predator Free 2050 Programme and confuse the multi-year view with the annual view. The Company's 2023-24 SPE has made improvements and will provide better basis for 2023-24 Annual Report. The Company is keen to enhance its accountability reporting and has been working with DOC constructively to ensure its reporting provides better clarity.

Next steps – Ngā tāwhaitanga

35. Your Office will arrange for the Annual Report to be sent to the House Office for it to be presented to the House of Representatives.

ENDS

Appendix One: Abridged summary of performance targets

2023 TARGET	2023 ACTUAL	COMMENTARY
Landscape hectares & projects		
Support landscape-scale predator eradication and control across 823,000 hectares	Not achieved	808,381 hectares in the planning to defence phases
Fund seven contracted large landscape projects – Vote Conservation (VC) funded	Not achieved	Six
Fund nine new landscape projects – JfN funded	Not achieved	Eight new
Fund five extension or acceleration landscape projects – JfN funded	Achieved	Six extensions
Funded three contracted large landscape projects – PGF funded	Achieved	Three Projects
<i>Summary: 18 landscape projects were funded in 2022-23 (6 projects received funding from two funding streams)</i>		
Funding projects		
Distribute at least \$15.5M to landscape projects – JfN funded	Achieved	\$18.9M of JfN funding was disbursed
Distribute \$2.9M to landscape projects – VC funded	Not achieved	\$1.6M of VC funding was distributed
Distribute \$3.2M to landscape projects – PGF funded	Not achieved	\$2.9M of PGF was disbursed
Distribute \$4.0M to new product development and system support – JfN funded	Not achieved	\$1.9M funding was distributed. See Research Strategy JfN funding
Distribute \$824k for 'Products to Projects' – PGF funded	Not achieved	\$297K distributed.
Distribute \$549K to research defined in 2020–4 Predator Free 2050 Limited Research Strategy – JfN funded	Achieved	\$2.6M JfN funding distributed
Distribute \$633K to research defined in the 2020-24 Predator Free 2050 Limited Research Strategy – VC funded	Achieved	\$824K of VC funding distributed
<i>Summary: Target distribution \$27.6 million; actual distribution \$29.0 million</i>		
Co-funding		
Retain at least 2:1 co-funding commitment – VC funded	Achieved	The co-funding ratio is expected to track at 2:1 over the term of the contracted projects
Target at least 1.5:1 co-funding commitment – JfN funded	Achieved	On track to meet 1.5:1 over the term of the projects
Retain at least 2:1 co-funding commitment – PGF funded	Achieved	The co-funding ratio is expected to track at 2:1 over the term of the contracted projects

Jobs		
Generate 7 FTE Products to Project jobs	Achieved	21 FTEs generated
Generate 120 jobs in landscape projects – JfN funded	Achieved	151 FTEs generated
Generate 12 project jobs (using Jobs for Nature (JfN) FTE calculation).	Achieved	15 jobs generated
Other		
Complete monthly and quarterly Jobs for Nature (JfN) reporting, quarterly monitoring, and reporting cycles during the financial year with contracted large landscape projects.	Achieved	
Host one Project Coordination Workshop by the end of Q4 FY23 and facilitate exchange of operational and research learning between projects.	Achieved	
Successfully implement a new end-to-end project support model that supports learning, knowledge transfer and scaled operations.	Achieved	
Commence new research partnerships with at least four agencies that deliver to the Research Strategy.	Achieved	Four partnerships
Complete quarterly milestone reviews during the financial year with all contracted parties supporting science outcomes.	Achieved	
Workshop a shared investment strategy with the Biological Heritage National Science Challenge to support long-term breakthrough science research.	Not achieved	
Attend at least two international breakthrough science focused meetings or conferences.	Achieved	
Incubate and maintain a list of 20 pipeline projects capable of being investment-ready over the next 10 years.	Achieved	22 pipeline projects maintained
Advise project consortia on developing high quality, technically feasible projects	Achieved	Provided as requested
Maintain collaborative agreements with at least three whānau, hapū or iwi.	Achieved	Four agreements in place
Recruit and appoint philanthropy director, and establish fundraising function	Not achieved	Appointment delayed
Attract at least \$ 0,000 funds	Achieved	\$39,000 was attracted, with funding direct to projects
Conduct a stakeholder satisfaction survey with an aim of achieving at least 75% of stakeholders being satisfied.	Achieved	90% satisfaction
Monitor health and safety in quarterly reports from all funded projects and ensure all projects have a zero-harm target and plan.	Achieved	
Develop and implement an agreed monitoring and evaluation framework that has undergone external quality assessment by Q2 22/23.	Not achieved	Approved August 2022, not complete this by year end
Publish six newsletters to inform stakeholders	Achieved	11 newsletters
Publish six news releases to inform stakeholders	Achieved	seven



Briefing: Draft Letter of Expectations 2024-25 for Predator Free 2050 Limited


To	Minister of Conservation	Date submitted	8 February 2024
CC	Minister of Finance		
Risk Assessment	Low	Priority	Normal
Reference	24-B-0012	DocCM	DOC- 543994
Security Level	In Confidence		
Action sought	Agree to and sign the letter Provide feedback if needed	Timeframe	23 February 2024
Attachments	Attachment A – Draft 2024-25 Letter of Expectations to Predator Free 2050 Limited		
Contacts			
Name and position			Cell phone
Lucy Alcock, Director Governance and Government Services			s9(2)(a)
Grace Xu, Manager Governance and Performance			s9(2)(a)
Philip Colquhoun, Principal Governance Advisor			s9(2)(a)

Executive summary – Whakarāpopoto ā kaiwhakahaere

1. This briefing seeks your feedback on and agreement to sign the draft 2024-25 Letter of Expectations (**LOE**) to Predator Free 2050 Limited (**the Company**).
2. While not a legal instrument, the LOE formalises your priorities and expectations for the Company and will inform the Company's strategic planning, including the drafting of the Statement of Performance Expectations that has commenced in February.
3. We are working with the Company to focus its work to align with the 2025-30 strategic phase of the Government's Predator Free 2050 programme, following your support of the clarification of the Company's roles and responsibilities within the programme delivery [23-B-0519 refers].
4. s9(2)(f)(iv)
[Redacted]
[Redacted]
[Redacted]
5. This LOE focuses on current settings and the need for financial constraint, noting that significant time-bound funding that the Company currently receives will be ending over the next two years.
6. It is proposed that a further LOE may be sent to the Company after Cabinet has decided on the Company's roles and responsibilities, and expectations.

We recommend that you ... (Ngā tohutohu)

		Decision
a)	Advise DOC of any feedback you wish to make to the attached draft Letter of Expectations	Feedback provided Yes / No
b)	If no feedback ... Agree to and sign the attached Letter of Expectations	Yes / No


Date: 08/02/2024
Sia Aston
Deputy Director-General Public Affairs
For Director-General of Conservation

Date: / /
Hon Tama Potaka
Minister of Conservation

Purpose – Te aronga

1. To seek your feedback on, and agreement to the draft 2024-25 Letter of Expectations (LOE) to Predator Free 2050 Limited (**the Company**).

Background and context – Te horopaki

Letter of Expectations

2. The issuing of an LOE is an integral part of the planning and accountability cycle, providing a mechanism for you to convey both Government and Ministerial expectations of entity performance for the upcoming financial year.
3. While the LOE is not prescribed in statute, it is one of the key levers for Ministers to communicate ministerial expectations for the entities, and to inform their strategic planning process.
4. Although not a Crown entity, various parts of the Crown Entities Act 2004 (**the Act**) apply to the Company. Consequently, DOC monitors the Company following Tū Kawa Mataaho Public Service Commission guidance on Crown entity monitoring and advises you of the Company's performance.
5. The Company has commenced its yearly strategic planning process and the framing of the draft Statement of Performance Expectations. The Board is keen to receive the LOE in February to inform this work.
6. The draft LOE sets out Government and ministerial priorities expectations for the entity and notes the challenging fiscal environment. The expectations are structured along the following elements:
 - Entity-specific expectations
 - Board governance
 - Performance reporting
 - No surprises
 - Working with others and building trusted relationship.

Predator Free 2050 Limited

7. Predator Free 2050 Ltd is a Crown company listed on Schedule 4A of the Public Finance Act 1989 which makes it subject to sections of the Act. The Ministers of Finance and Conservation are the shareholding Ministers.
8. The Company will be facing two significant 'adjustments' in the coming 24 months.
9. First, the Company needs to align its work with the Government's Predator Free 2050 programme as it moves to phase two for 2025-2030. This phase will focus on developing the methods, systems and tools needed to enable national predator eradication to be successful. You agreed to the revised roles and responsibilities for the Company s9(2)(f)(iv)
[REDACTED]
[REDACTED]
[REDACTED]
10. Second, a significant part of the Company's Crown funding is time-bound ending over the next two years (Jobs for Nature and Provincial Growth Fund). This requires the Company to start thinking about rationalising projects and aligning them with the broader Predator Free 2050 strategy delivery.

2024-25 Letter of Expectations

The entity-specific expectations in the draft are:

- to support DOC's role as lead of the Predator Free 2050 Strategy
- to work closely with DOC to refocus the Company's work program to align with the delivery of the next phase of the Predator Free 2050 Strategy
- to act in a financially prudent manner, delivering value for money and value for nature
- to rationalise as appropriate projects that are funded through the time bound funding streams, to ensure continued outcomes delivery with available resourcing, while retaining and sharing learnings that have broader implications for the Predator Free 2050 programme.

11. s9(2)(f)(iv)

Risk assessment – Aronga tūraru

12. There is a low risk associated with sending the LOE.

Treaty principles (section 4) – Ngā mātaḡpono Tiriti (section 4)

13. The LOE includes an expectation that the Company will continue fostering trusted relationships with iwi and hapū.

Consultation – Kōrero whakawhiti

14. In preparing the draft LOE, DOC has engaged with the Chair and Chief Executive of Predator Free 2050 Limited.
15. DOC has informed the Treasury advisor to the Minister of Finance, in developing the LOE. We have copied this briefing to the Minister of Finance, as the other shareholding Minister.

Financial implications – Te hī aunga pūtea

16. There are no financial implications associated with the draft LOE.

Legal implications – Te hīraunga a ture

17. The LOE has been legally reviewed.

Next steps – Ngā tāwhaitanga

18. The next steps are:

You review the attached draft 2024-25 LOE and provide feedback, if any

- DOC will work with your office to incorporate your feedback, together with any feedback from the Minister of Finance
- Following any amendments, you sign and send the LOE to the Company's Chair.

ENDS



Ref: 24-B-0012

Ms Denise Church
Chair
Predator Free 2050 Limited
Email: s9(2)(a)

Tēnā koe Denise

2024-25 Letter of Expectations

This letter sets out the expectations of the Minister of Finance and me, as shareholding Ministers, for Predator Free 2050 Limited for the 2024-25 financial year.

While this letter outlines specific expectations, I expect you to also have regard to the expectations contained in the Treasury Owner's Expectation Manual¹ and the Enduring Letter of Expectations².

Government and ministerial priorities

Nature is central to New Zealanders' prosperity and wellbeing and underpins much of New Zealand's economy. Predator Free 2050 Limited (the Company) makes an important contribution to New Zealand biodiversity and is a key delivery agency of the Government's Predator Free 2050 goal and work programmes.

As the Predator Free 2050 programme shifts to the 2025-2030 delivery phase, the focus will be on projects that can drive step change, that is, projects demonstrating that elimination at scale can be achieved cost effectively.

Entity-specific expectations

I expect the Company to support the role of the Department of Conservation (the Department) as the overall programme lead of the Predator Free 2050 Strategy.

I have considered the Department's advice on the clarification of roles and responsibilities between the Company and the Department. I agree that the proposed clarification will help to remove confusion and duplication, and strengthen alignment with the strategic direction of the Predator Free 2050 system. s9(2)(f)(iv)

¹ <https://www.treasury.govt.nz/publications/guide/owners-expectations>

² <https://www.publicservice.govt.nz/assets/DirectoryFile/Enduring-Letter-of-Expectations-to-Statutory-Crown-Entities.pdf>

During the 2024-25 year, I encourage you to work closely with the Department to focus the Company's work programme to align with the next phase of the Predator Free Strategy.

I appreciate that the timing of a Cabinet decision and my further expectations may not align with the Company's timeframes to meet the statutory deadlines for completing the 2024-25 Statement of Performance Expectations. Please work with the Department's governance advisors to ensure the Company meets relevant statutory requirements.

In the challenging fiscal environment, public entities like the Company should expect enhanced scrutiny of Crown funding. I expect the Company to act in a financially prudent manner, delivering value for money and value for nature, including, where appropriate:

- streamlining systems and processes to improve efficiency, effectiveness and productivity
- managing cost drivers within the current funding envelope, while delivering improved performance.

As the Jobs for Nature and Provincial Growth Fund funding stream approach their planned end, it is important that the Company continues to demonstrate the progress and achievements of its projects, and manage any risks associated with this end of funding. This may include the Company rationalising projects as appropriate to ensure continued outcomes delivery within available funding and resourcing. I expect during this process the Company will retain and share learnings that have broader implications for the Predator Free 2050 programme, for example, ways to reduce the cost of eradication per hectare through experimental design.

Board governance

As Chair, your leadership and direction to the Board, including guidance and support, is key to ensuring members can effectively carry out their roles. Please ensure you have a process in place to induct any new Board members, and regularly review the performance of the Board, both individually and collectively.

The Department has advised me they are developing an induction programme available to Conservation entities' governance bodies to allow new and existing board members to better understand the Crown's expectations, Ministerial accountabilities, and key relationships. Please connect with my governance advisors at the Department if your Board members are interested in this support.

Performance reporting

I expect the Board to govern well by setting strategic direction, maintaining oversight of the Company's performance, and exploring opportunities to continuously improve the Company's performance reporting. Quality performance measurement and reporting can assist in driving performance and conservation outcomes.

I would like the Company to continue to provide quarterly reports that reference the Company's performance against its Statement of Performance Expectations for each quarter and year-to-date. I expect these reports will be provided within one month following each quarter.

Please continue to keep my governance advisors at the Department well informed on the Company's performance and direct the Company's performance reports to me through them.

No surprises

I expect you to follow the 'no surprises' convention so that my officials and I are advised early of important issues, positive and negative, and key risks in relation to the Company.

Working with others and building trusted relationships

With respect to improving Māori-Crown relations, I expect the Company to continue fostering trusted relationships with iwi and hapū.

I expect that the Company and the Department, as the monitoring department, will maintain a trusted and constructive relationship. Please continue sharing information with the Department to allow it to keep me informed and to aid in progressing Government priorities.

Thank you for your ongoing dedication to the Predator Free 2050 programme date.

Mauriora

Tama Potaka

Minister of Conservation

c.c.: Hon Nicola Willis, Minister of Finance

c.c.: Rob Forlong, Chief Executive Predator Free 2050 Limited

S 9(2)(a)



Briefing: Predator Free 2050 Limited - draft Statement of Performance Expectations 2024-25

To	Minister of Conservation	Date submitted	3 May 2024
CC:	Minister of Finance		
Action sought	Sign and send a letter to the Chair of Predator Free 2050 Limited providing your comments on the draft Statement of Performance Expectations 2024-25	Priority	Normal
Reference	24-B-0179	DocCM	DOC-7604378
Security Level	In Confidence		
Risk Assessment	Low There may be public scrutiny of Predator Free 2050 Limited's Company costs relative to its decreasing revenue, and the level of Board oversight of the Company's financial management and cost drivers.	Timeframe	21 May 2024 This is a statutory deadline.
Attachments	Attachment A – Predator Free 2050 Limited draft Statement of Performance Expectations 2024-25 Attachment B – Draft letter to the Chair of Predator Free 2050 Limited		
Contacts			
Name and position			Cell phone
Andrew Bichan, Acting Director Governance and Government Services			s9(2)(a)
Grace Xu, Manager Governance and Performance			s9(2)(a)
Philip Colquhoun, Principal Governance Advisor			s9(2)(a)

Executive summary – Whakarāpopoto ā kaiwhakahaere

1. Predator Free 2050 Limited (**the Company**) provided you with its draft Statement of Performance Expectations (**SPE**) for 2024-25 on 30 April, for your comments by no later than 21 May as per s149I of Crown Entities Act 2004 (**the Act**).
2. We consider that the SPE aligns with your 2024-25 Letter of Expectations and the revised roles and responsibilities you agreed for the Company, which require it to focus on developing cost effective and scalable eradication methods for urban and rural areas, as well as breakthrough science [23-B-0519 refers].
3. The Company is currently pivoting from local scale landscape projects to innovation and learning, which is a critical component for the success of the Government's Predator Free 2050 Programme.
4. We support the Company's efforts in streamlining its performance measures from previous years. Many of the Company's performance measures are still in part driven. There is an opportunity for the Company to more accurately describe how its delivery contributes towards the Predator Free 2050 Programme through its reporting.
5. We continue to have concerns about Company running costs which continue to rise as a proportion of the Company's revenue. Higher back-office costs reduce funding available for frontline investment and raises concerns for us about future financial sustainability of the Company given that its confirmed future funding is decreasing.
6. The Company has taken steps to cut costs but maintains that it needs to sustain capability for scaling up upon a future Crown funding increase scenario.
7. On balance, we consider the Company should seek to achieve operating costs commensurate to its confirmed funding path and in line with financial prudence urged in the Enduring Letter of Expectations from the Minister of Finance and Minister of the Public Service (23 April 2024).
8. The Company will need to consider your comments (Attachment B) before finalising its SPE by 1 July. We will provide you further advice alongside their final SPE.

We recommend that you ... (Ngā tohutohu)

		Decision
a)	Sign and send the attached letter providing comments on the draft Statement of Performance Expectations to the Chair of the Company	Yes / No


Date: 02/05/2024
Sia Aston
DD-G Public Affairs
For Director-General of Conservation

Date: / /
Hon Tama Potaka
Minister of Conservation

Purpose – Te aronga

1. The purpose of this briefing is to:
 - Provide advice on Predator Free 2050 Limited's (**the Company**) draft Statement of Performance Expectations (**SPE**) for 2024-25 (Attachment A).
 - Provide a draft letter to the Chair of the Company (Attachment B) with suggested comments on the draft SPE for your signature.

Background and context – Te horopaki

Predator Free 2050 Limited

2. In 2016, the Company was established as a Crown-owned, charitable company to contribute to the national Predator Free 2050 strategy (set by DOC) to eradicate possums, rats, and mustelids from New Zealand by 2050. The Ministers of Conservation and Finance are the shareholding Ministers. As the responsible Minister, you oversee and manage the Crown's interests in, and the relationship with the Company.
3. The Company is required to comply with s149C of the Crown Entities Act 2004 (**the Act**), which requires it to prepare a SPE each year.
4. As part of exercising your statutory responsibilities, you participate in the process of setting and monitoring the Company's strategic direction and performance, while acknowledging the Company's operational independence. DOC supports you by monitoring and advising you on the Company's strategic governance and performance.

Statement of Performance Expectations

5. Under section 149I of the Act, the Company is required to provide the responsible Minister with a draft SPE for comment no later than two months before the start of the financial year (1 May).
6. The draft SPE includes forecast financial statements and performance targets and shows how the Company will assess its performance against its strategic objectives.
7. You are required to provide your comments by 21 May as per s149I(B) of the Act. The Company must consider your comments and provide its final SPE to you before 1 July, the start of the financial year.

Advice on the draft Statement of Performance Expectations

The draft SPE is substantively aligned with the Predator Free 2050 Programme.

8. To fulfil its part in contributing to the Predator Free 2050 Programme, the Company is pivoting its focus from funding local scale predator eradication, towards funding projects, research, and tools that can develop scalable and cost-effective eradication methods for national roll-out from 2030.
9. We consider the SPE's narrative, and the performance measures reflect the Predator Free 2050 Strategy and the Company's roles and responsibilities that you approved in December 2023 [23-B-0519 refers].
10. The attached draft letter to the Chair encourages the Company to continue to pivot its activities towards the next phase of the Predator Free 2050 Programme.

Non-financial performance measures

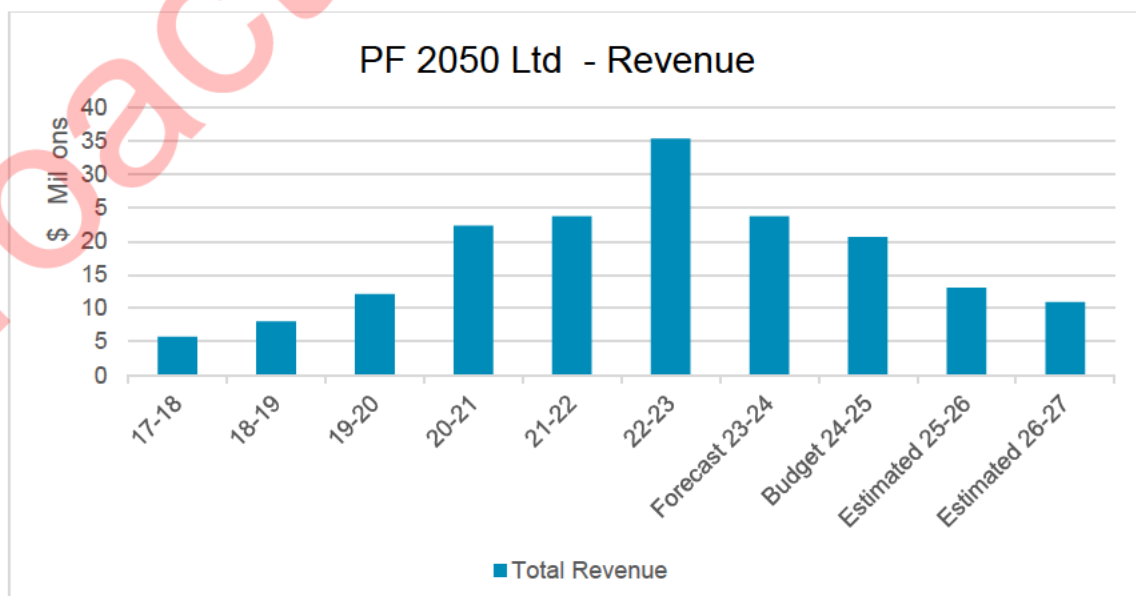
11. The Company has developed six performance measures for 2024-25. It has demonstrated efforts to streamline its performance measures and targets to better align with the Predator Free 2050 Programme's 2024-30 priorities.
12. Appendix 1 is our detailed commentary on the performance measures, we particularly draw your attention to:
 - more targeted performance measures
 - effort made to shift focus towards research and innovation
 - more can be done to link measures to Predator Free 2050 Programme results and outcomes
 - the co-funding measure being clearer, tracking funding received instead of anticipated.

13. s9(2)(f)(iv)
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] The Company's 2024-25 co-funding measure reports contributions received during the year by projects from third parties, rather than the ratio of co-funding expected to be received in the future. The co-funding ratio will be reported in its Annual Report if still needed.

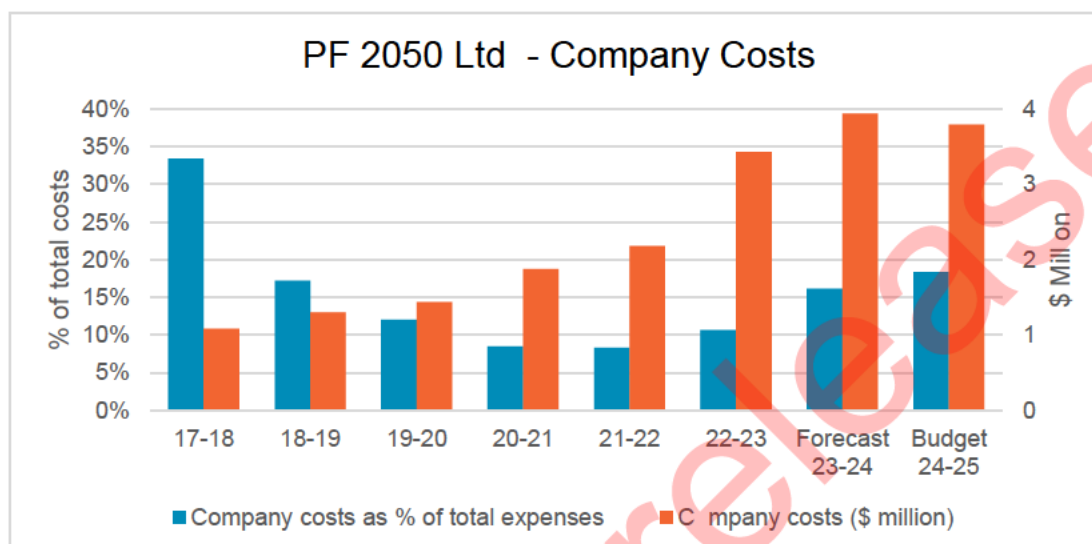
14. While we consider the performance measures can be further improved to track the Company's contribution to the Predator Free 2050 Programme, they are a significant improvement on previous years. We will continue to work with the Company to improve the measures.

Financial forecast

15. In the current fiscal environment, as the new Enduring Letter of Expectations emphasises, the Company can be expected to be further scrutinised on its spending, including questions regarding its business model, financial management and financial sustainability.
16. We are concerned about the level of spend on Company costs relative to the frontline investments in projects. The Company's Crown revenue is scheduled to continue to drop. It is unclear to us how the current level of Company costs is sustainable as its funding decreases. The below graph illustrates the expected decline in Crown revenue over the next three years.



17. The Company intends to spend 18% of its 2024-25 budget on Company costs. This is the highest percentage post the initial establishment period (ending 2019). The dollar value of Company costs in 2024-25 is budgeted to be \$3.79m, this is a drop of \$0.15m from the 2023-24 forecast following reorganisation but is still higher than previous years.
18. The below graph illustrates the Company costs (blue bars) as proportion of total costs trending and the Company costs, in dollar value (orange bars).



19. DOC sought clarification from the Board on the management of cost drivers. The Board considered the Government's and your expectations on financial prudence and maintains the Company needs to sustain capability and boost its Crown funding for scaling up to 2030. DOC has no plans to seek a further budget bid for the Predator Free 2050 Programme before the current cross-sector work programme demonstrates the case for further investment.
20. We have included in the draft letter to the Chair a request that the Board further reviews its cost drivers to ensure maximum funds are available for investments in projects.

Risk assessment – Aronga tūraru

21. The Company's budgeted 2024-25 Company costs may be subject to public scrutiny around financial prudence and value-for-money. The Company maintains it has already taken steps and runs a lean ship. Your draft letter to the Chair has again asked the Board to review costs.

Next steps – Ngā tāwhaitanga

22. Sign and send the attached letter to the Chair of the Company by no later than 21 May.

ENDS

Appendix 1: commentary on SPE measures

The below table lists the Company measures for 2024-25, and our analysis.

Measure (from Company)		Target 24/25	Analysis
1.1	Number of research and development ideas funded for further development that are designed to deliver efficiencies to elimination approaches.	2 ideas funded	Funding of research and development is a key role of the Company. This measure reports an input, namely funding.
1.2	Number of Products to Projects tool types deployed in landscape projects.	5 new tools introduced	Good output focused measure - new tools will be essential for the Predator Free 2050 Programme.
1.3	Number of hectares that have achieved multi-species elimination and are providing learnings from on-the-ground application that will contribute towards future elimination at scale.	130,000 hectare 10 written reports of distilled learnings circulated to stakeholders	This measure and the two targets require 'learnings' which is the key outcome of this phase of the Predator Free 2050 Programme.
1.4	Number of existing landscape projects that have developed a plan to prevent reinvasion of previously cleared areas at conclusion of PF2050 Limited funding.	18 project	This measure relates to projects having plans as funding from the Company to projects ends. Thus is an input measure and reflects the activity of the projects not the Company.
2.1	Co-funding (cash and in-kind contributions) received by the projects from third parties.	At least \$10M received	This measure is the sum of funding received by the projects from non-Crown sources during the financial year. It is unclear how much of the co-funding gained by projects is the result of the Company's initiative.
3.1	Iwi led landscape projects "Agree" or "Strongly Agree" that both Iwi and the Company are contributing meaningfully to the delivery of the landscape project.	At least 66%	There are only three Iwi led projects, raising questions around meaningfulness of the measure. A note has been added so that readers are aware of the small number.

Hon Tama Potaka

Minister of Conservation
Minister for Māori Crown Relations: Te Arawhiti
Minister for Māori Development
Minister for Whānau Ora
Associate Minister of Housing (Social Housing)



Ref: 24-B-0179

Denise Church
Predator Free 2050 Limited

S 9(2)(a)

Tēnā koe Ms Church

Thank you for your letter dated 30 April 2024 providing me with Predator Free 2050 Limited's draft Statement of Performance Expectations (SPE) for 2024-25.

The strategic needs for the next phase (2024-2030) of the Predator Free 2050 Programme are evolving. The Predator Free 2050 goal will only be achieved if we can develop scalable and cost-effective tools and technologies through innovation and science investment.

The Company has a critical role in contributing to growing the knowledge base to enable national predator eradication.

I am pleased to see that the Company's work programme in the SPE is aligned to the next phase of the Predator Free 2050 Strategy. I encourage you to continue the focus on innovation, science/research, and learnings to develop cost effective and scalable technologies for urban and rural environments.

Leveraging non-Government funding remains a priority of the Company. I expect you to clearly account for the co-funding received in your Annual Report and Quarterly Reports.

In a challenging fiscal environment, public entities that receive Crown funding can expect enhanced scrutiny on value-for-money for Crown funding – the new Enduring Letter of Expectations discusses this.

I acknowledge the efforts the Company has made in managing its Company costs. I ask you to consider whether it is prudent to retain capability and costs for activities upon a future increase in Crown funding scenario. I encourage you to seek further opportunities to manage cost drivers within the current funding envelope.

I expect you to continue to maintain a constructive and transparent relationship with the Department on strategy, delivery, governance and performance. Please discuss with the Governance Unit if you need any clarification of this letter and my feedback.

I look forward to seeing the final SPE by 30 June.

Mauriora

Hon Tama Potaka

Minister of Conservation