



Department of Conservation Te Papa Atawhai

STATEMENT OF INTENT
2016–2020

ANNUAL REPORT
FOR THE YEAR ENDED
30 JUNE 2016



Department of
Conservation
Te Papa Atawhai

Department of Conservation Te Papa Atawhai

STATEMENT OF INTENT

2016–2020

Presented to the House of Representatives
pursuant to section 39 of the Public Finance Act 1989

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2016

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Annual Report for the year ended 30 June 2016

ISSN 1176-7324 (print)

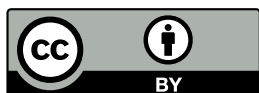
ISSN 1177-990X (online)

Statement of Intent 2016–2020

ISSN 1175-5601 (print)

ISSN 1178-394X (online)

The document is available at doc.govt.nz/annual-report-2016



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Director-General's overview

At the Department of Conservation (DOC) it is our privilege to work with iwi, community groups, businesses, philanthropists, volunteers, and other government agencies to conserve our natural and historic heritage.

This year we have continued our strategy of partnership with others to achieve the vision of 'New Zealand is the greatest living space on Earth'. To focus efforts on achieving results in key areas, we introduced seven 'stretch goals' to be measured in the year 2025.

Central to DOC's partnership philosophy is our commitment to working with Treaty partners. In 2015, Ngā Whenua Rāhui, a funding programme dedicated to protecting the natural integrity of Māori land and preserving mātauranga Māori, celebrated its 25th anniversary. We embarked on a new era of co-management in Te Urewera, with 30 DOC staff seconded to Ngāi Tūhoe's operational arm, Te Uru Taumatua, and worked with whānau, hapū and iwi around the country to enable them to practise their responsibilities as kaitiaki of natural and cultural resources.

We have continued to form and foster commercial partnerships, extending our Air New Zealand partnership to 2020 and the Whio Forever partnership with Genesis Energy by 5 years. The Kākāpō Recovery Programme experienced its biggest breeding year yet with 34 chicks fledged, and welcomed a new partner in Meridian Energy, which, along with our much-valued relationship with Ngāi Tahu, is helping to grow the population of this critically endangered bird. We also welcomed new partners Fulton Hogan to support the Takahē Recovery Programme, and launched the Toyota Kiwi Guardians programme at 20 sites across the country.

We worked with local and regional councils, interest groups and other government agencies in the natural resources sector to progress our conservation goals. We also worked internationally, signing a new agreement with China's State Forestry Administration to protect, manage and restore wetlands in China where migratory shorebirds such as red knots and godwits stop to feed during their 12,000 kilometre annual migration flights.

At the core of the New Zealand story is our unique wildlife, but many native species remain under threat

from introduced pests like rats, stoats and mice. Our goal is to have 50% of New Zealand's natural ecosystems benefiting from pest management by the year 2025. This year, Great Mercury Island was declared pest-free, following the eradication operations of winter/spring 2014; we monitored the success of 2014's Battle for our Birds operations; and partnered on large-scale projects such as Million Dollar Mouse on Antipodes Island, Cape to City in Hawke's Bay, and Taranaki Mouna, which aims to achieve our first predator-free national park, working with iwi, community and the NEXT Foundation. We introduced a new, more effective bait for wasp control; and launched the War on Weeds, joining forces with communities to tackle harmful common weeds, as well as taking measures to control the spread of wilding conifers. As we turn our sights towards the greater vision of Predator Free New Zealand, innovative technologies such as Goodnature's self-resetting traps have the potential to ramp up the effectiveness of our predator control efforts.

Our historic heritage plays a critical part in our national identity and tourism offering. This year, we welcomed thousands of visitors to sites like Maungauika/North Head, Cape Reinga/Te Rerenga Wairua and the Central Otago Rail Trail, and the goal is to more than double the number of Icon sites telling our national story by 2025.

With international visitor numbers on the rise, we continued to support the national and regional tourism offer by providing high quality visitor experiences. We invested in the visitor centre network in high-demand areas like Queenstown and Franz Josef, and a marketing campaign from our partners Air New Zealand boosted the number of people tackling the Great Walks. Our network of 330 campsites and 960 backcountry huts continues to draw significant numbers and new attractions such as the West Coast's Old Ghost Road are proving popular - by the time of its opening, it was already heavily booked.

We believe our nature will thrive when all New Zealanders engage their hearts, hands and minds to conserve the natural environment. This year, we involved people in conservation through community partnerships; social media and our digital presence; the Conservation Week campaign; and new educational resources. We worked



Harris Saddle, Routeburn Track. Photo: DOC

with the Mental Health Foundation of New Zealand to promote 'Healthy Nature Healthy People' and the scientifically proven health benefits of spending time in nature. Conservation engagement was shown to be thriving when thousands of New Zealanders banded together to keep Awaroa beach in public ownership; and in the 431,000 views the RoyalCam webcam has received.

To strongly position the Department to meet its future challenges, including the stretch goals, we invested in our people, delivering leadership training to DOC managers and supervisors; and refining the DOC story to better communicate the strategic vision. As DOC looks towards its 30th anniversary in 2017, I am confident the organisation is well placed to continue growing conservation and engaging others in the task

of preserving our unique natural and cultural heritage. I would like to thank everyone in the DOC team for their determination and diligence and for being a critical part of the DOC story we continue to share with New Zealand and the world.

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

Lou Sanson
 Director-General
 Department of Conservation
 16 September 2016

Statement of Intent 2016–2020

Presented to the House of Representatives
pursuant to section 39
of the Public Finance Act 1989

Statements of responsibility

Chief Executive Statement of Responsibility

(Relevant to the strategic intentions of the Department of Conservation, pages 11 to 34)

In signing this information, I acknowledge that I am responsible for the information on strategic intentions for the Department of Conservation. The information has been prepared in accordance with section 38 and section 40 of the Public Finance Act 1989.



Lou Sanson

Director-General
Department of Conservation
27 May 2016

Responsible Minister Statement

I am satisfied that the information on strategic intentions prepared by the Department of Conservation is consistent with the policies and performance expectations of the Government.



Honourable Maggie Barry ONZM

Minister of Conservation

27 May 2016

Vision, purpose and outcomes

The Department of Conservation is responsible for protecting native wildlife, and overseeing the management of about a third of New Zealand's land area and the natural and historical resources it contains. This work sits at the very heart of New Zealand's nationhood – what it is to be Kiwi. We manage natural and historical resources for their intrinsic values, for the services that ecosystems provide us with today, to safeguard options for future generations and for recreational use and enjoyment by the public.

Maintaining the persistence of native species and the health of New Zealand's public conservation lands and waters is core work for the Department. This work

is increasingly seen within a broader economic and environmental context. With an extensive visitor asset infrastructure, the Department is well placed to support local businesses that underpin the New Zealand tourism industry, worth \$24 billion in 2014.

The Department has four intermediate outcomes around which its work is organised. These are shown in the outcomes model diagram below. The stretch goals provide a 10-year focus for the organisation within this context.

DOC's vision and outcome statement reflects the importance of working in partnership with others.

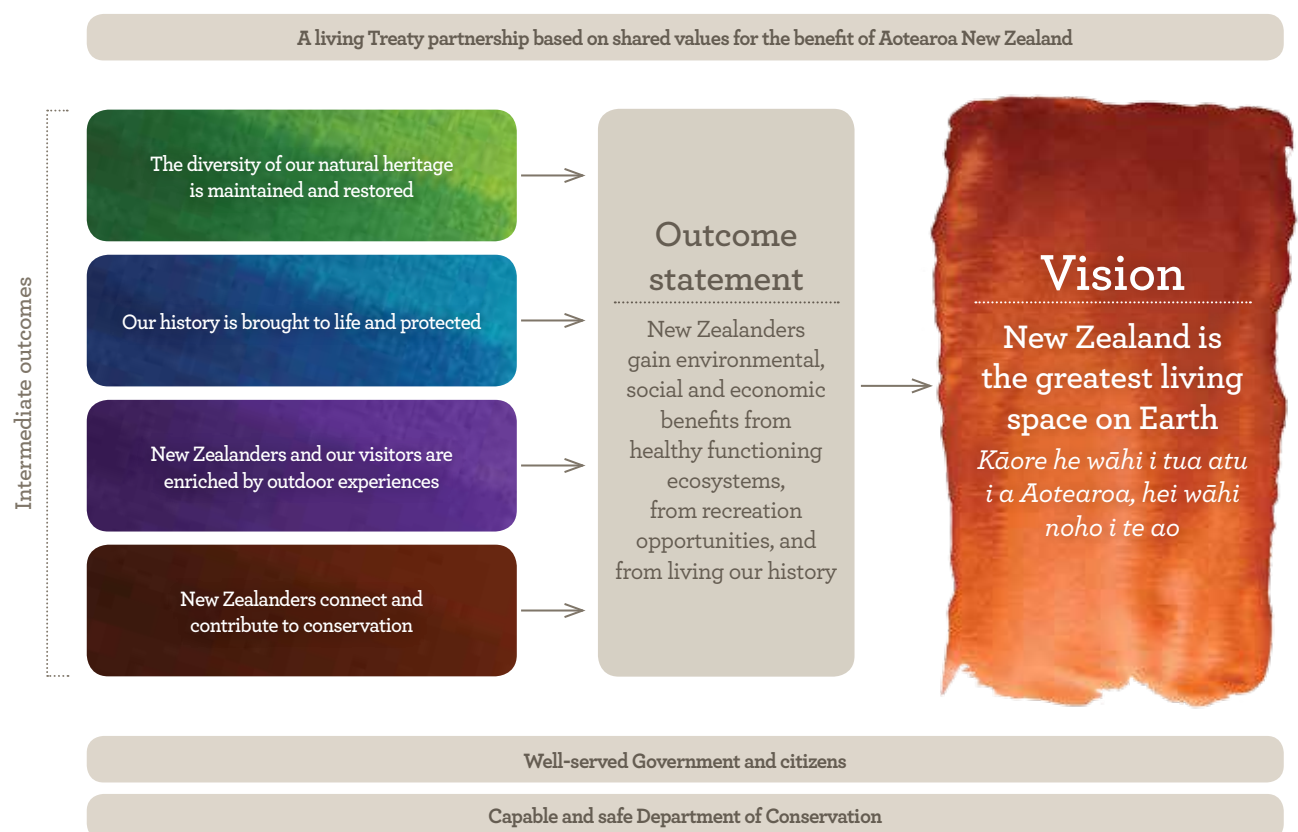


Figure 1: Conservation outcomes model.

DOC's overarching purpose statement is 'Conservation leadership for our nature'. This recognises the role that we all play as guardians of 'our nature'.

DOC has a legislative mandate to protect and care for New Zealand's natural environment and historic/cultural heritage. Individuals, community groups, businesses and other agencies also lead conservation through volunteering, sponsorship and partnerships for conservation. 'Our nature' also recognises the value of the natural environment to New Zealanders. It underpins our natural identity, economy and lifestyles.

The Department's main functions are:

- Managing land, fresh and coastal waters that have been protected for conservation purposes – about 8.6 million hectares of land, 44 marine reserves (covering a total of 1.74 million hectares), and 8 marine mammal sanctuaries (covering approximately 2.8 million hectares).

DOC's work is heavily focused on pest management on areas of land or water where natural heritage values are high, and on support of visitor experiences where historic and recreation/tourism values are high. Community engagement underpins these management programmes.

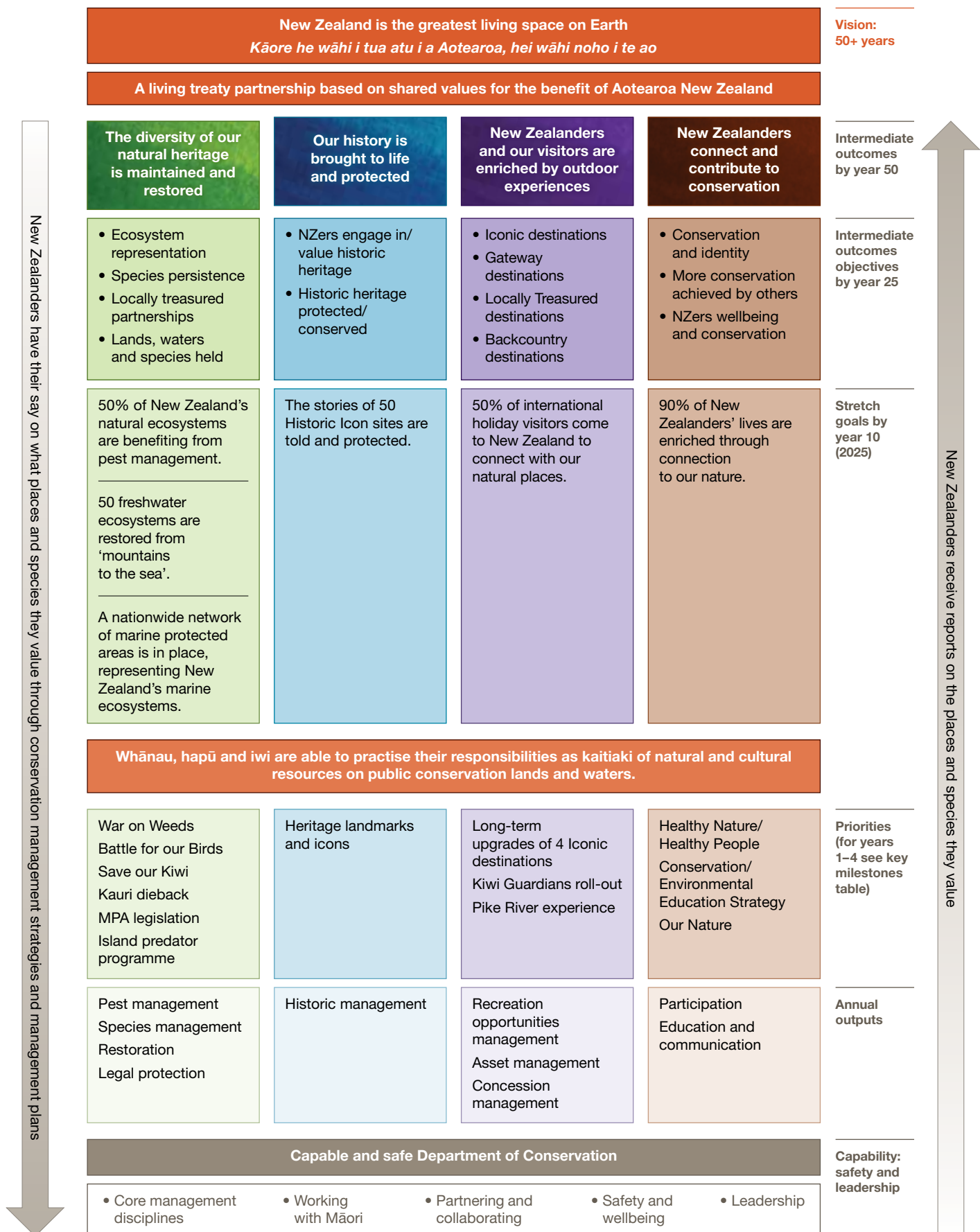
- Encouraging recreation on public conservation lands and waters by providing visitor facilities, including tracks for walking, biking and four-wheel driving, as well as huts, campsites, visitor centres and access to historic sites.
- Authorising tourism operations and other third parties to use sites on public conservation lands and waters for a variety of activities, such as grazing, electricity generation and transmission, mining, and telecommunication purposes.
- Protecting marine mammals, preserving native freshwater fisheries, protecting recreational freshwater fisheries and freshwater fish habitats, and conserving protected native wildlife.
- Protecting 13,000 historic sites, and bringing the history of New Zealand to life through the active management of 650 sites accessible to the public.

- Providing booking services, information services and safety services, such as weather and avalanche forecasting.
- Advocating generally for the conservation of natural and historic resources, providing conservation information, and supporting international agreements designed to improve environmental management in New Zealand and internationally.
- Supporting the Minister of Conservation in exercising responsibilities under other legislation, for example, under the Resource Management Act 1991 for the coastal and marine environment, including in relation to councils' policies and plans, and consent applications regarding these environments.
- Providing scientific, policy and legal advice to the Minister of Conservation, contributing to whole-of-government policy processes, and servicing ministerial advisory committees, the New Zealand Conservation Authority and conservation boards.

We are also contributing to the Better Public Service results areas by:

- Working with businesses to achieve conservation gains in ways that deliver environmental, social and economic benefits to New Zealanders
- Making changes to where the Department works and what it focuses on, to improve both the efficiency and effectiveness of its work programmes
- Emphasising partnerships, building relationships, sharing skills and knowledge, and involving others, including other public service agencies
- Working with all NRS agencies on the core focus areas and cross-cutting themes agreed by Government for the sector, as set out in the Business Growth Agenda and reported through the Building Natural Resources progress reports.

Stretch goals and priorities



Stretch goal milestones and priorities

The stretch goal milestones outlined below drive performance and are reported through the Department of Conservation National Performance Indicators table.

Table 1: Year 2: 2016/17 and out-year priorities

Intermediate outcome		Year
<i>The diversity of our natural heritage is maintained and restored</i>		By year 50
Intermediate outcome objective		
<ul style="list-style-type: none"> • A full range of New Zealand's ecosystems is conserved to a healthy functioning state • Nationally threatened species are conserved to ensure persistence • Nationally iconic natural features and species are maintained or restored • Locally treasured natural heritage is maintained or restored in partnerships • Public conservation lands, waters and species are held for now and future generations 		By year 25
Stretch goals		By year 10
<ul style="list-style-type: none"> • 50% of New Zealand's natural ecosystems are benefiting from pest management • Whānau, hapū, and iwi are able to practise their responsibilities as kaitiaki of natural and cultural resources on public conservation lands and waters 	Priorities	Years 1–4
	<p>War on Weeds</p> <ul style="list-style-type: none"> • Increased wilding pine control and profile for the 'Dirty Dozen' weeds • National Dune Management Plan • Revitalisation of the Weedbusters programme <p>Battle for our Birds</p> <ul style="list-style-type: none"> • Ramp up aerial pest treatment by 50,000 ha/year • Respond to significant beech/podocarp mast events to prevent local extinction of iconic species populations • Continued support for Project Janszoon/Cape to City <p>Support the landscape-scale restoration project: Taranaki Mounga</p> <p>Island Predator Programmes</p> <ul style="list-style-type: none"> • Antipodes Islands mouse eradication programme • Resolution/Secretary Island stoats <p>Save our Kiwi</p> <ul style="list-style-type: none"> • North Island community focus with Kiwis for kiwi • Increase South Island linkage to Battle for our Birds <p>Kauri dieback</p> <ul style="list-style-type: none"> • Implement the plan with focus on facility development 	

Continued overleaf

Stretch goals		By year 10
<ul style="list-style-type: none"> • 50% of New Zealand's natural ecosystems are benefiting from pest management • Whānau, hapū, and iwi are able to practise their responsibilities as kaitiaki of natural and cultural resources on public conservation lands and waters 	<p>Priorities</p> <p>Ecosystem management</p> <ul style="list-style-type: none"> • Consolidate EMUs – consolidate the top 500 terrestrial, freshwater and marine ecosystem management units and focus on the priority pests when implementing to standard • Species integration – integrate species into ecosystem management units to ensure persistence of more than 300 threatened species • Rare ecosystems – support others to focus on rare ecosystems outside public conservation land • Priority pests – focus on the priority pests that make the greatest contribution to the stretch goals across all management units • 50 Local Treasure partnerships – create a baseline of up to 50 Local Treasure natural heritage partnerships, support, up-skill partners to work independently • ZIP/Bioheritage National Science Challenge – expand ZIP to include Callaghan Institute • Wasps – confirm and begin implementing National Plan • McKenzie Agreement – implementation and fundraising plan 	<p>Years 1–4</p> <p>Year 2</p> <p>Year 2</p> <p>Year 2</p> <p>Year 2</p>
	<ul style="list-style-type: none"> • 50 freshwater ecosystems are restored from 'mountains to the sea' 	<ul style="list-style-type: none"> • 'Living Water' and 'Arawai Kākāriki' – implement plans for 'Living Water' and 'Arawai Kākāriki' • Significant freshwater ecosystems – work with others to identify and restore additional significant freshwater ecosystems • Freshwater water reform – strategic involvement in RMA and support for the water reform work programme • Tier 1 monitoring for freshwater – implement as part of a collective action programme with other agencies
<ul style="list-style-type: none"> • A nationwide network of marine protected areas is in place, representing New Zealand's marine ecosystems 	<ul style="list-style-type: none"> • Marine – develop a multi-year programme to implement Marine Protected Area policy • Citizen science – enable a citizen science approach where practicable to marine protected area monitoring • Marine forums – identify future marine forums, continue to progress South East Marine Protection Forum and support Hauraki Gulf Forum • Marine legislation – work with MfE on legislation for Kermadec Ocean Sanctuary and a new Marine Protected Area Act 	Years 1–4

Intermediate outcome		Year
<i>Our history is brought to life and protected</i>		By year 50
Intermediate outcome objective		
<ul style="list-style-type: none"> • More New Zealanders engage in their heritage and value the benefits of interacting with it • Historic heritage is protected and conserved for future generations 		By year 25
Stretch goal milestones		By year 10
<ul style="list-style-type: none"> • The stories of 50 Historic Icon sites are told and protected • Whānau, hapū, and iwi are able to practise their responsibilities as kaitiaki of natural and cultural resources on public conservation lands and waters 	Priorities	
	Historic icon sites – develop and tell stories at 2 icon sites each year	Years 1–4
	Bringing history to life – develop and implement an action plan to bring history to life in collaboration with other agencies/partners including the Landmarks programme	Years 2–4
	Engaging others in historic heritage – Work with whānau, hapū and iwi and communities to engage them in bringing history to life and in historic heritage asset management	Years 1–4

Intermediate outcome		Year
<i>New Zealanders and our visitors are enriched by outdoor experiences</i>		By year 50
Intermediate outcome objective		
<ul style="list-style-type: none"> • Icon destinations support the growth of tourism and generate economic benefit • More New Zealanders enjoy Gateway destinations • More people enjoy Locally Treasured destinations • More people enjoy the backcountry 		By year 25
Stretch goal Milestones		By year 10
<ul style="list-style-type: none"> • 50% of international holiday visitors come to New Zealand to connect with our natural places 	Priorities	
	Icon destinations – implement long-term upgrades of four iconic destinations	Years 1–4
	Tourism industry relationships – form relationships with the tourism industry so that increasing tourism numbers can be managed effectively	
	Pike29 – Great Walk – construction phase	
<ul style="list-style-type: none"> • 90% of New Zealanders' lives are enriched through connection to our nature • Whānau, hapū, and iwi are able to practise their responsibilities as kaitiaki of natural and cultural resources on public conservation lands and waters 	Gateway destinations – prioritise improvements to Gateway destinations near to or easily accessible from main population centres	Years 1–4
	Kiwi Guardians – national roll-out	
	Removing barriers – work with others to reduce barriers, making it easier for school groups and families to visit Gateway destinations	
	Engaging others in Locally Treasured destinations – engage with communities to jointly decide how they can be involved in managing Locally Treasured destinations	Years 3–4
	Engaging others in the backcountry network – Work with partners and other stakeholders to enable and grow their involvement in and contribution to the backcountry network	Years 1–2
	Backcountry service delivery standards – implement a programme to match service delivery standards in the backcountry network to changing market demand	

Intermediate outcome		Year
New Zealanders connect and contribute to conservation		By year 50
Intermediate outcome objective		
<ul style="list-style-type: none"> • Conservation is core to New Zealanders' identity, values and thinking • More conservation is achieved by others • Conservation is seen as an essential investment in New Zealand's wellbeing and brand • Conservation outcomes are maximised from business partnerships • Businesses are more capable and motivated to undertake conservation independently of DOC • DOC's own products, services and brand maximise conservation and business outcomes 		By year 25
Stretch goal Milestones		By year 10
<ul style="list-style-type: none"> • 90% of New Zealanders' lives are enriched through connection to our nature • Whānau, hapū, and iwi are able to practise their responsibilities as kaitiaki of natural and cultural resources on public conservation lands and waters 	Priorities	
	Healthy Nature/Healthy People	Years 1- 3
	Conservation/Environmental Education – implement strategy	Year 1
	Conservation and Environmental Science Roadmap – complete first draft with MfE/DOC/MBIE	Year 2
	Whānau, hapū and iwi partnerships – build healthy partnerships by working alongside whānau, hapū and iwi	Years 1–3
	Transforming outcomes through partnerships – harness partnership opportunities with potential to transform outcomes – natural heritage, historic heritage and recreation	Years 1–3
DOC Community Fund – target support for community conservation through the DOC Community Fund and other funds	Years 1–3	
Reporting partnership contributions – develop tools for reporting partners' contribution to conservation	Year 2	
National business partnerships – develop additional set of six national business partnerships	Years 1–4	
Regional business partnerships – develop larger set of more than 50 regional partnerships	Years 1–4	

Capable and safe Department of Conservation		
Objective	Milestones	
People – building the capabilities needed to deliver our Stretch Goals	<p>Safety and wellbeing</p> <ul style="list-style-type: none"> • Continue culture change <p>Core management disciplines</p> <ul style="list-style-type: none"> • Remuneration system • Performance management system • Grow managers’ capability • Project management capability • Risk management system • Relationship management focus • Data and analytics <p>Sustainability</p> <ul style="list-style-type: none"> • Build a plan for a ‘Sustainable DOC’ • Enhance DOC’s potential to drive sustainability with partners 	Years 1–4
ICT – enhancing our capability and that of our partners	<p>Productivity – implement Identity and Access Management system</p> <p>Asset management system – extend Department’s Asset Management System to biodiversity planning</p> <p>Relationship Management system – build a business case for an Enterprise Relationship Management System (ERMS) for stakeholder and volunteer management</p> <p>Migrate business-critical Permissions and Visitor Booking functions to the ERMS as a first priority</p> <p>Mobility – deploy Enterprise Mobile Management Support as a managed service</p>	Years 2–4
Infrastructure – DOC has the effective and efficient infrastructure needed to deliver its operating model and outcomes framework	Infrastructure – DOC’s asset-related decisions support future service delivery.	Years 1–4

The context we operate in

Context	Response
Meeting the conservation challenge	Collaboration to grow conservation
Contributing to New Zealand tourism, business, and national identity	Focus on how we engage with our customers
Working with whānau, hapū and iwi in a post-Treaty settlement context	Working with Māori, for Māori
Shifting populations	Agile learning organisation
Building a high performing, engaged organisation	Creating a culture for success

Meeting the conservation challenge

There are many challenges in conservation that this organisation is not able to solve alone. The biodiversity challenge is great. New Zealand has one of the highest proportions of threatened species and one of the highest extinction rates in the world, despite a third of the country being public conservation land. This is due to the recent impacts of fragmentation of ecosystems through human settlement and establishing agriculture, and introduced species. Our native biodiversity is also vulnerable to the increasing impacts of human-induced climate change, including more frequent and severe storms and a likely increase in predators and weeds. While biodiversity protection and recovery is being achieved in areas under intensive management, the

overall trend outside these areas is that biodiversity is declining and ecosystem services are being reduced.

There is an increasing amount of crucial conservation work undertaken by iwi, business, universities, research-based science organisations, volunteers, philanthropists, state-owned enterprises, other government agencies, Natural Resources Sector, local authorities, community groups, and other social sector groups. Working with these groups to grow conservation means DOC needs to support the work that is already being done by our partners, and involve them in the ongoing conversation about how to get the best value for New Zealand.

In parallel with this we have engaged with stakeholders to look at the value obtained from existing programmes, and to prioritise our activities on a value for money basis.



Seaview Vineyard, Marlborough. Photo: © Yealands Estate – Seaview Vineyard, Marlborough

Contributing to New Zealand tourism, business, and national identity

DOC sits at the heart of New Zealand's recreation and tourism industry, with 35 percent of international visitors coming primarily to experience our natural landscapes. New Zealand has a strong, well recognised and trusted brand with travellers. Conservation plays a critical role in supporting this – the market advantage on which our tourism industry relies. Ensuring that we maintain the integrity of our brand is critical. The Department manages most of New Zealand's major natural tourism attractions and provides extensive opportunities for recreation on conservation land and waterways, including for businesses that support tourism.

The businesses that support or complement recreation and tourism are major contributors to our national, regional and local economies. Additionally, conservation protects our natural capital and delivers the infrastructure on which many of our key industries depend. Sound management of the natural environment delivers ecosystem services such as quality fresh water and fertile soil which underpin the success of many of our primary industries.

New Zealand's natural heritage shapes our cultural identity, and the quality of our natural environment contributes directly to our health and our standard of living. For many, recreation in the outdoors helps to improve health and wellbeing and contributes to a sense of personal achievement. Investing in conserving and protecting our natural resources and heritage is an investment in New Zealand's long-term wellbeing and prosperity, as well as protecting its natural heritage for future generations.

Working with whānau, hapū and iwi in a post-Treaty settlement context

Treaty settlements offer opportunities for confirming ongoing partnerships and strengthening relationships between the Department and whānau, hapū and iwi as Treaty partners. As settlements are implemented, iwi have a greater role and influence in the governance of public conservation lands and waters. DOC has ongoing commitments to 50 settlements, and the fast pace of

future settlements presents challenges to both DOC and Treaty partners' capability and capacity. DOC is ahead of many other departments in this regard, largely due to the obligations we have under section 4 of the Conservation Act 1987. However, it is important to shift the conversation away from these obligations towards a more integrated approach where all staff share the responsibility for understanding and maintaining the ongoing relationships we have with our Treaty partners.

Shifting populations

Our future operating environment will be characterised by ongoing demographic, social, technological, and political change. More people are living in the top half of the North Island and we have an increasingly urbanised and multicultural society. The environmental challenges we are facing are likely to continue for the foreseeable future and decisions and actions made now will have a significant impact on future generations. The location of the Department's networks of tracks, huts, campsites and other visitor facilities will need to change to meet the needs of New Zealanders today and in the future. Technological change is rapid and can provide innovative solutions as well as new issues, for example drone use on popular tracks.

Building a high-performing, engaged organisation

Organisations are only as strong as the people who make them. As our people change and grow we need to ensure the organisation is working just as hard to be fit for purpose, and a great place to work. We are emerging from a period of considerable restructuring and are now working to a new model. We are in the third phase of this transformation plan which requires us to embed the new way of working in our systems, processes and culture.

- Phase one: enabling others to contribute – gearing ourselves up for engaging/collaborating with others to achieve results
- Phase two: realigning the organisation to the strategic direction
- Phase three: embedding the new model and building strong productive external relationships that achieve the desired goals.

Our strategic response

Collaboration to grow conservation

The Department recognises its stewardship role in conservation is greater than the cost and resources it could realistically expect from the public purse. The conservation work being done by others extends our reach and in many places is leading the way. Supporting and leveraging the work our partners are already doing and working alongside them will greatly improve the conservation gains we can make.

DOC is increasingly engaging in strategic partnerships across local, regional and national government as well as non-government sectors to gain efficiencies and make a stronger collective impact. It is essential that we engage

openly and willingly with these organisations, help them contribute to the overall wellbeing of our environment, and share our expertise and knowledge. To achieve this, we will need to continue the shift towards an increasingly collaborative way of working that asks “How can we work together to achieve the best outcomes for this place and these species?” rather than stating “I’m the expert, follow me!” Self-awareness and an appreciation and understanding of others’ perspectives is key to developing this strength.

Within government, the Department works within the Natural Resources Sector (NRS), a grouping of central government agencies responsible for the management and stewardship of New Zealand’s natural resources.¹

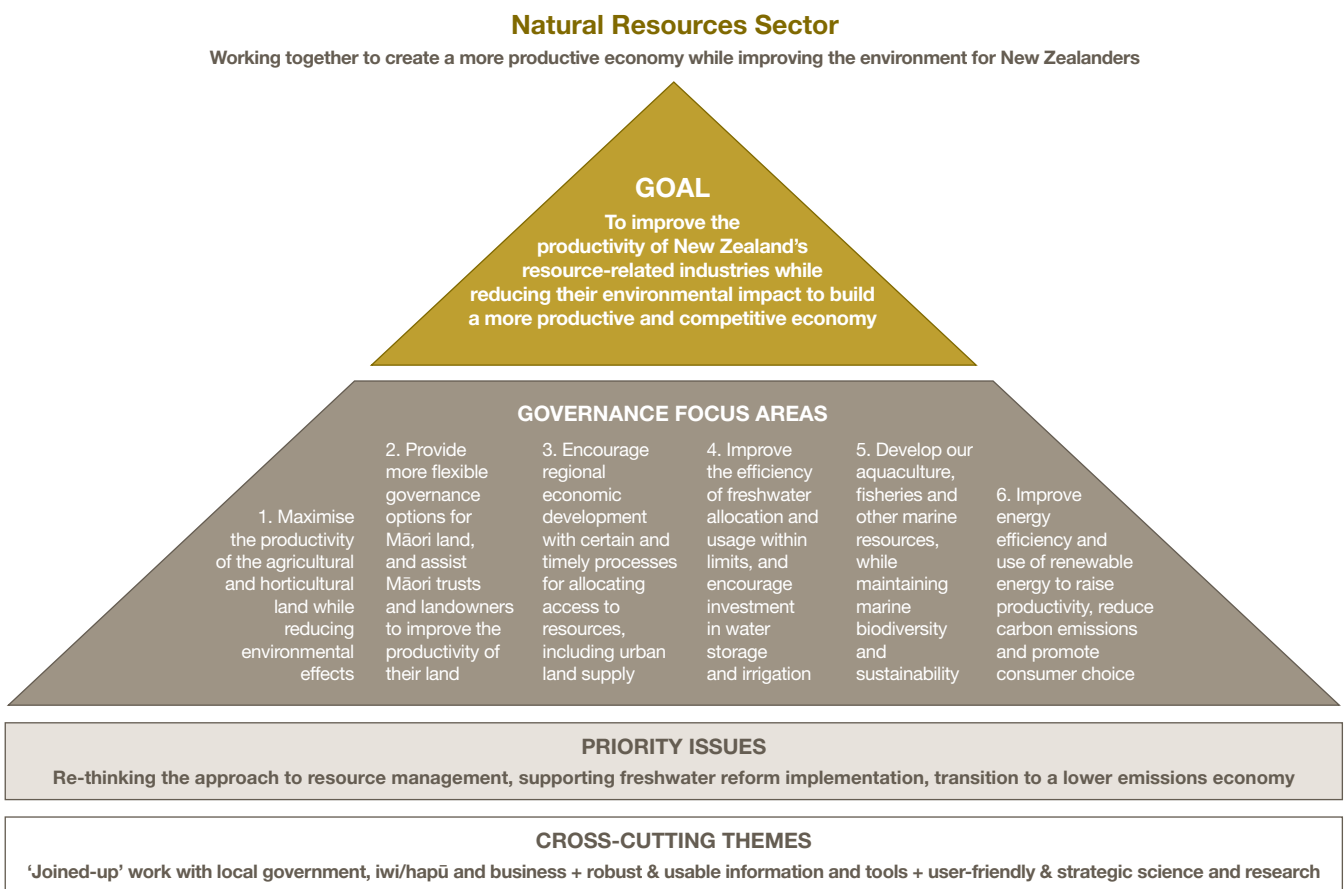


Figure 2: Natural Resources Sector focus areas.

¹ In addition to DOC, the agencies of the NRS are: the Ministry for the Environment; the Ministry for Primary Industries; the Ministry of Business, Innovation and Employment; Land Information New Zealand; Te Puni Kōkiri; and the Department of Internal Affairs. For background and details of the NRS work programme, visit nrs.mfe.govt.nz.

Collaboration with the NRS agencies will continue to be a key focus. DOC provides policy advice and practical and scientific expertise to policy processes led by NRS agencies.

Many of the Department's work programmes align to important sector themes such as freshwater improvements, marine protection and climate change adaptation. Significant joint initiatives include the Battle for our Birds predator control programme, kauri dieback response, great white butterfly eradication, freshwater reform and management, Marine Protected Area policy changes, and growing the network of Marine Protected Areas.

Outside the NRS, the Department is also involved in partnerships with local councils, such as Nature Central in the lower North Island which is building on common areas of focus to deliver better services more efficiently. Other important relationships include those with the education sector, the tourism and recreation sector, the Sustainable Business Council, heritage agencies such as Heritage NZ and the Ministry of Culture and Heritage, and the new Game Animal Council.

Focus on how we engage with our customers

It is important that we take a customer-focused approach when working alongside our partners. This means telling the conservation story with them in mind, putting them at the centre of what we do, and ensuring our engagement with them is high quality. This includes the organisations we work with as well as the thousands of New Zealanders and international tourists who walk on tracks, sleep in huts, listen to stories about their history, watch birds, take part in education programmes, are involved in consultation processes, seek advice, operate tourism businesses, hunt for deer, apply for permits, buy visitor centre products or support community conservation projects.

Understanding the drivers, motivations and barriers to New Zealanders contributing to conservation will be a priority for DOC over the next 4 years. This is especially important for our work with iwi and private sector organisations where we need to be able to clearly articulate the value for our partners in conserving our

nature. Many people work in conservation because of their passion for the work and because they feel a connection to the land and New Zealand species. This can be a huge source of strength, and also a 'blind spot' when we assume everyone is motivated in the same way we are. The challenge for DOC is how to communicate the story of our nature to stakeholders so that they understand it, and can see themselves in it.

We are good at problem solving, however we need to balance this strength with a focus on identifying opportunities for our customers. This comes from thinking more about what New Zealanders need and how we can deliver value to them in new and innovative ways. DOC is committed to designing products, services and systems that place customers' needs at the centre, working with customers to identify the issues and barriers to them working effectively with us, and understanding their drivers and needs.

Two current initiatives to achieve this are: improving processes for permit applications and streamlining recreation asset co-management agreements. The Department approaches customers in different ways across the scope of its work. For example, in natural heritage, DOC responds to the desires of communities to conserve their special local places and species by supporting them with training, technical advice and materials. In the historic heritage area, DOC designs experiences that connect people with their history and seeks opportunities for them to share in the development and telling of these stories.

We are also working to improve the ease with which people access products and services through digital channels, either online via our website, through third parties, or through mobile applications. Currently, about 26% of hut and track bookings are completed online.

Additionally, as we increasingly work alongside our stakeholders, there is a need to increase our focus on the quality of these interactions. Those who interact with these partners become the 'face' of conservation to New Zealanders and the rest of the world. The Department uses a range of methods for evaluating customer response. These include the DOC *Survey of New Zealanders*, stakeholder surveys, and visitor satisfaction surveys (for post-visit feedback). DOC

seeks feedback from people attending education initiatives and the results are set out in the Annual Report. To improve visibility of customers and our interactions with them, a priority is to develop a customer relationship management system that will record relationship information and activity. DOC is also developing 'Conservation Insight', an online one-stop-shop for information such as customer surveys, output performance, and research results.

Working with Māori, for Māori

All of DOC's work needs to recognise our ongoing Treaty partnership obligations. These partnerships are a crucial component to achieving more conservation outcomes. We need to continue to develop the capabilities needed to work even more effectively with whānau, hapū, and iwi; learning to listen more effectively, understand alternative perspectives, explore joint solutions, and be willing to work in new ways in order to achieve the greatest conservation gains for the country. Te Pukenga Atawhai Programme is helping grow staff capability in this area but more capability building will be required to meet

future needs, particularly when it comes to implementing settlement arrangements and understanding how to reflect iwi aspirations.

It is important that we pursue an organisation-wide approach to the way we engage with and value Māori contributions and perspectives in the work we do. This is reflected in all the elements of organisational culture including the symbols, signs, and the language we use. We are moving towards an approach that embeds the importance of working with Māori in all the work DOC does, and interventions that change perspectives as opposed to just transferring knowledge. The main shift required involves working with Māori for the benefit of Māori, and working with Māori in the design phase of our work, as opposed to consulting on solutions. This includes identifying opportunities where we can improve the way we work or get even better outcomes.

Agile learning organisation

Amidst the demographic, social, technological, and political changes we are likely to face, it is essential that our workforce has the expertise to continue to grow



conservation activity in New Zealand and to work with others to achieve common goals. We need to develop greater organisational agility in our systems and processes, embrace innovative approaches to solving challenges, and improve our ability to look ahead to ensure we are prepared for the future. Learning agility, being open to experimentation, learning from our experiences, refining and adapting becomes critical to our future success. We will develop a core competence in reviewing and being adaptable, and for this to be ingrained in how we work.

Creating a culture for success

The Department is emerging from a period of considerable structural reform to improve organisational effectiveness and efficiency, and to orientate its structure towards a new future focused on working with others to achieve more conservation for New Zealand. The changes included a shift to a shared services model for support and service functions, and changes in conservation operational delivery to a regional model to create efficiencies. We are also trying to change behaviours in order to lift the speed and quality of decision-making, drive accountability and consistency,

and ensure we are all working in the same direction. To achieve this, we need all staff to understand the dynamics of the social and team process, and what good team leader and team member behaviours look like. Our success will depend on a clear vision and strategy outlining how our work hangs together at a local, national, international level, and in an economic and social context. In this way, all our people will be able to use their judgement to make good local decisions within an organisation-wide framework.

Internally, we are continually working to shape and grow an organisation that our people are proud to work for. We have an increased focus on staff engagement, safety and wellbeing, and are looking at how we can make meaningful and sustainable improvements to ensure DOC is a great place to work. This transformation is perhaps the most significant change in the Department's history, requiring a shift in culture and the way managers and staff work. The heart of the work over the next 4 years is to embed the new model internally and build strong, productive internal and external relationships that achieve the benefits described above.

The table below sets out the cultural and operational transformation required.

Table 2: Transformation in culture and operation.

From	➔	To
DOC knows best	➔	We trust others
Governing for citizens	➔	Governing with citizens
DOC as service provider	➔	DOC as service facilitator, collaborator, enabler and partner
Internally focused	➔	Outwardly focused
DOC-only inputs and processes	➔	DOC and citizens' own outcomes
Rigid process	➔	Agility
Risk averse	➔	Managed risk
Organisational silos	➔	Organisational networks

We will embed the new model by:

- Further articulating the operating model to align strategy, structure and staff.
- Putting in place the systems, processes and culture needed to improve the efficiency of operational delivery. This will enable the Department to:
 - Set clear business planning targets and output key performance indicators
 - Implement the workflow processes in the integrated planning system
 - Use organisational data (HR, finance, business planning etc) to improve the efficiency and effectiveness of resource deployment by linking budgets with activity/methods and capability needs, and ensuring work is matched appropriately with staff, tasks and locations
 - Use work order management and monthly operating reviews (MORs) to ensure individuals and teams are working to role and are delivering to standard.
- Analysing available data to identify opportunities to reduce costs, for example by adapting visitor asset maintenance regimes in ways that reduce costs but do not impact on visitor experience or safety (refining service delivery standards).
- Continuing to build the capability of others to contribute to the achievement of intermediate outcomes and stretch goals.
- Embedding the State Services leadership success profile to articulate the behaviours and attributes expected of our staff.
- Completing development of a simple, compelling narrative to build staff and stakeholder understanding of the social, economic and environmental benefits that conservation provides to all New Zealanders, and DOC's role in supporting these.

A focus on improving our systems and processes

The Department regularly reviews its regulatory processes to make them more efficient and easier for business and the public to engage with. The reviews frequently recommend changes to legislation administered by the Department, which are progressed, where possible, through policy initiatives raised by the Department. Other changes are made by amending internal policies and procedures.

Operating model

In early 2014/15 the Department conducted a 12-month post-implementation review of the organisational structure implemented in September 2013. After assimilating the review recommendations, the Department intends to complete the operating model to ensure it provides a full, coherent representation of how the organisation operates and goes about its work.

Components will need to be prioritised and sequenced. For the 2016–2020 period the focus will be on ensuring that DOC has the capacity and capability required to deliver on stretch goals, and the leadership and core management disciplines this requires. While this is the major focus, work is also underway to grow step-change partnerships, and drive further productivity from the planning and budgeting operating model segments.



Figure 3: Elements of DOC's operating model.

Critical risks and mitigation strategies

Sustainability and delivery

DOC's leadership and governance philosophy increasingly reflects the principles of systems leadership applied in a complex organisation. The approach focuses on effective decision-making in uncertainty. It assumes that an adaptive learning approach to problem-solving is needed in a complex, uncertain world where difficult problems are common.

Risk management is part of this systems-thinking approach. The tools and techniques supporting the risk framework provide leaders with ways to explore complex risk environments and to identify practical, optimised responses to risk without being overwhelmed by detail.

Using this approach the Department has identified the four most powerful sources of strategic risk for the organisation. They are:

- Transformation overload (complexity, workload, change fatigue, confusion)
- Leadership complexity and overload
- Internal blockers of internal communication
- Ineffective setting of a shared context for DOC's work.

If these four sources of risk are well managed (or their impacts are reduced), there will be a strong reduction in risk as a whole. The focus is therefore on implementing strong, long-term, whole-of-business response plans to these strategic risks.

Systems leadership practices and the use of leadership models such as team process, task assignment and operating reviews (OR) enhance DOC's ability to manage risks to achieve results. More specifically, there is a focus on enabling and requiring leaders to take uncertainty into account when applying judgement and making decisions.

The approach DOC is taking to risk management includes:

Items

- Providing a strong, clear, internal risk management policy direction.
- Establishing an expectation across DOC of enhanced results through agility and through taking managed risks.
- Holding leaders accountable for the quality of the work they do to ensure uncertainty is understood and taken into account.
- Adapting DOC's core business systems and processes to be effective in uncertainty.
- Providing education, training and tools to enrich leaders' ability to work in uncertainty.
- Risk management capability and performance monitoring and feedback.
- Ongoing systems diagnostic review.

Operational risk

The Department is familiar with a wide range of operational risks that it manages in its annual work programme. However, some risks do not conform to annual cycles; the Department manages these specifically as events unfold. These include:

- Flooding, fire and other extreme weather events. The Department relies on prioritisation approaches to manage responses to these environmental impacts.

- Other events that rely on the Department's ability to move resources around to manage risks. For example, the Department is planning an urgent response to its second major beech masting event in 2 years. This type of event results in large-scale predator irruptions that severely impact on fledglings from species such as mohua and kea. The management response is to shift Departmental resources around, and time operations and funding required to best effect.

This approach often means that resources need to be prioritised and then reserved until field conditions allow DOC to make the greatest impact on these predator populations. This management strategy will be further advanced as communities' skills in pest control techniques are improved, and communities engage in priority work at the right time to maximise their impact, based on monitoring programme predictions.

Financial sustainability and managing cost pressures

The Department uses three main interconnected strategic levers to achieve results while maintaining financial sustainability and managing cost pressures over the next 4 years and beyond. These are:

1. Partnership step-change strategy – increasing engagement with others. The aim is to grow conservation through working with and enabling others.
2. Prioritisation tools – natural heritage, historic and recreation prescriptions, working on priorities to achieve the greatest contributions to outcomes.
3. Operating discipline – with major structural change complete, DOC's focus is to embed leadership behaviours and core management disciplines in order to improve operational efficiency and effectiveness.

The Department's financial management practice is to maintain a monthly four-year financial forecast, which enables timely action to manage cost pressures. Future initiatives will build on the success achieved with a range of current savings initiatives, including the Support Services Review and the Delivery Project. To date, these initiatives have saved the Department over \$11m per annum.

Capability pressures

Our stretch goals are ambitious. In order to reach them, DOC needs to bring in and grow internal capability in several areas. These areas are identified below along with our key initiatives in this space, the relevant time frames, and how we will measure our impact.

Leadership and core management disciplines

Strong leadership is critical for all our staff in order to drive the behaviour change needed to deliver on our stretch goals. We need to ensure that all staff have a clear understanding of what they are accountable for, and that there is a common understanding of expected behaviours. The leadership success profile (LSP) describes these behaviours for the whole public service and we are well placed to start embedding this within our systems and processes.

In order to progress, measure and deliver on the stretch goals, we need managers within DOC to have a firm grasp of the fundamentals: managing people, finance, risk, projects, relationships, and governance. We are upskilling many of our managers and are considering how we provide ongoing support to these areas. This investment includes ensuring greater role clarity around what being a manager involves, and lifting some of our managers out of the technical detail they are familiar with. We are also redesigning our people management processes to ensure they are simple, integrated, and fit for purpose. Most of DOC's managers and directors have participated in 360° surveys which provided us with detailed information about the themed strengths and development areas across the organisation. From an LSP perspective, these development areas sit largely in the leadership character and talent management sections.

As well as the initiatives below, we also plan to use the information from State Services' Leadership Insight (<https://www.ssc.govt.nz/leadershipandtalent-tools>) and from talent mapping as it is rolled out to drive more targeted development interventions.

Table 3: Leadership and core management initiatives.

Key initiatives	Time frame	Measures
Work with SSC to design an LSP roll-out plan starting with recruitment processes (underway)	2015–2017	Plan designed by end of 2015. LSP embedded in systems and processes by mid 2017
'Embedding key leadership models in DOC' workshops – 3-day workshops for all managers and supporting resources to ensure a common understanding of the way we work, and developing solid operating models. This includes coaching training for managers using the GROW coaching and mentoring model	2015–2016	Evaluation survey for all staff and positive change to 360° results and engagement survey results
Organisation-wide peer coaching programme based on strengths and development needs outlined in 360°s	Ongoing	2016/17 360° results show an improvement in self-awareness (leadership character) as well as talent management competencies
Develop the maturity of our talent management systems (in line with SSC guidelines) to improve visibility of the 'leadership growth model' and become more targeted around our development offerings	Ongoing	By 2019, we will have embedded all the 'integrating' phases as laid out by the SSC maturity model
10 participants per year sent on the Natural Resources Sector Aspiring Leaders Programme to build our succession of leaders	Annual	90% of participants step into formal leadership roles in the year following their participation on the programme
People management system workshops and resources	2016	Tested through DOC pilot roll-out, will be reviewed, revised and then rolled out wider with evaluation in place (to be designed after pilot)
Needs assessment and design of modular-based learning modules for managers	2016	Numbers of workshops and attendance
<p>Overall measure: engagement questions relating to confidence in DOC leadership, clarity of vision, and effective communication</p> <p>360° feedback changes, decrease in the use of HR assistance, decrease in personal grievances, business plans that show a clear link to stretch goals</p>		

Partnering and collaborating in multi-stakeholder settings

Achieving our stretch goals relies on an organisation-wide ability to work with others, and involve them in all phases of conservation work. We are recognised across the public service for the work we do partnering with others. For example our Living Water partnership with Fonterra aims to improve biodiversity and water quality across New Zealand. Another example is our work with Corrections which contributes towards their reducing

reoffending goal while DOC benefits from the increased labour to enable conservation work. We need to look for more opportunities to model a collaborative approach internally within DOC, and build our effectiveness in the way we work with our external partners. As well as sharing expertise across the organisation, we will build on this strength by continuing to invest in our understanding of conservation psychology. This research has the potential to significantly influence the way we tell the conservation story, and bring others on the journey with us.

Table 4: Partnering and collaborating initiatives.

Key initiatives	Time frame	Measures
Cross-function coaching and mentoring programme	2016– ongoing	Annual review and revisions
Internal social scientists investing in greater understanding of conservation psychology and behaviour change, and looking at how to share and embed this across DOC	2016–2020	To be developed alongside research.
Identifying success stories and profiling these across the organisation	Ongoing	Increase in number of successful partnerships, stakeholder survey results, intranet hits
Transparently publishing stakeholder survey results, with all teams committing to actions	Annual	Stakeholder survey – measuring change in results
Training in partnership skills for Partnerships staff, as well as transferring facilitation skills to deliver more broadly internally	2016–ongoing	Manager feedback, stakeholder survey results

Working with Māori

In order to embody a living Treaty partnership we need to improve the capability of all our staff to work alongside Māori from design to delivery in order to achieve outcomes that benefit both parties. As more iwi settle, they are reconnecting with their land and it is through this common connection that we must work together as partners. Increasingly we need to support iwi in their

ability and desire to grow conservation as we enter a post-settlement phase. We need to shift the conversation away from section 4 and our obligations, and more towards what a genuine Treaty partnership would look like. This involves embedding a cultural perspective in all our people processes, to ensure a consistency of understanding at all levels about our Treaty partnership that fosters inclusivity and a joint sense of responsibility to maintain relationships.

Table 5: Initiatives for working with Māori.

Key initiatives	Time frame	Measures
Socialise intervention logic document with directors (t3) to ensure they can all articulate what section 4 looks like in their work, and how they are embedding a living Treaty partnership	2016	Integration of Treaty partnerships in the Department's results framework
Use LSP roll-out to embed a cultural component in all phases of the people management cycle (e.g. recruitment, selection, development, performance plans)	2016–2017	Our Treaty partnership is emphasised in all people management processes
Continue to upskill staff through existing programmes such as Te Pukenga Atawhai	2016–ongoing	30% of staff through the programme by the end of 2018
Continue to bring young Māori into the Department through cadetships and trainee ranger programmes	2016–ongoing	Retention within DOC and iwi partners. Feedback from iwi partners
Kahui Kaupapa Atawhai participation in Operations talent management.	2016–ongoing	Recognition of cultural values in leaders across the organisation

Safety and wellbeing

DOC continues to have an unacceptable level of injuries. At an organisational level we need to ensure our systems and processes are all well positioned, and our people are well informed and equipped to take a proactive approach to managing safety and wellbeing, in order to deliver on our goals.

The only acceptable target for DOC to have is an injury free workplace, and a culture of wellbeing where every

employee is aware of what they need to do to be well, and accept accountability for this. ‘Injury free’ represents an environment where injuries are not an acceptable part of working for DOC, and where we do everything possible to prevent them. Our newly appointed Safety and Wellbeing director will refresh our system and lead the work highlighted below, including the review, update and implementation of our Safety and Wellbeing plan, to ensure behaviour change is owned and modelled at all levels.

Table 6: Safety and wellbeing initiatives.

Key initiatives	Time frame	Measures
Redesign and refresh the DOC Safety Management System (SMS)	2016/17	All existing and new SMS components are redesigned and fit-for-purpose
Targeted support to DOC teams using detailed data analysis	2016/17 and ongoing	Reduction in injury rates
Fatal risk action plans	2016/17 and ongoing	Reduction in incidents relating to identified fatal risk areas
Wellbeing investigation and action plan development	2016/17 and ongoing	A wellbeing plan is deployed

Annual Report

for the year ended 30 June 2016

Presented to the House of Representatives
pursuant to section 44 of the Public Finance Act 1989

Our core goals

The Department has four long-term intermediate outcomes around which its work is organised. These are shown in the diagram below. The 10-year aspirational stretch goals give clarity to priorities and direction and provide a focus for both the Department and partners.

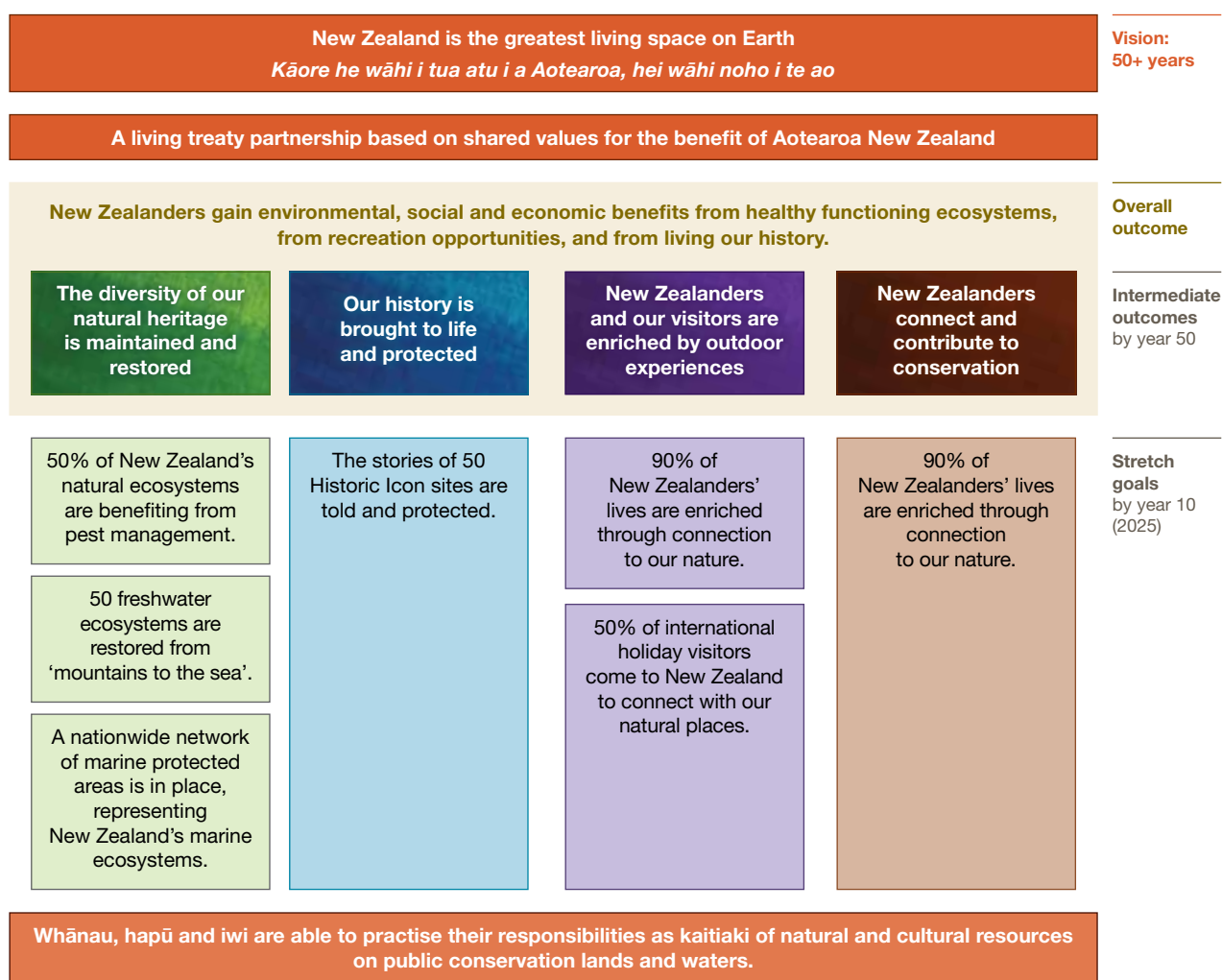


Figure 4: Core goals, outcomes and stretch goals model.

The outcome statement: measuring progress

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.

An important foundation for achieving this outcome is people's attitudes – having respect for the environment and being supportive of conservation. We believe this will result from people having a wider understanding of how conservation makes a difference to their wellbeing.

PERFORMANCE INDICATOR

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

The main types of benefits identified through the recent *Survey of New Zealanders*² are similar to previous years, although the proportion for each category has changed significantly. There is no obvious pattern to these changes. The main types include:

- protecting plants and animals (mentioned by 33 percent of respondents)
- enabling safe access to the natural environment (16 percent)
- recreation and fishing (12 percent).

Economic benefits

There are now around 2.9 million international visitors aged over 15 to New Zealand annually, of

whom 1.5 million visit national parks, according to the International Visitors Survey (IVS) run by Ministry of Business, Innovation and Employment. This is similar to the number of New Zealanders aged 18 and older who visit national parks, about 1.2 million New Zealand visitors (41 percent).²

International visitors who go to a national park on average spend more money than those who do not.¹ For those 'on holiday/vacation', each extra day corresponds to an estimated 5.6 percent increase in money spent. Each extra national park visited corresponds to an estimated additional 10.4 percent increase. Initial results suggest that without this national park effect, there could be a 10 percent reduction in total visitor spend, approaching \$1 billion per year.

PERFORMANCE INDICATOR

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

Results from the national survey, from 4,131 respondents, indicate that 85 percent of New Zealanders consider conservation to be important to them, continuing a strong positive rating. When asked how conservation may have improved their lives, the main responses were 'feeling relaxed/happy in nature' (18 percent), 'satisfaction with seeing native bush/forests' (17 percent), 'satisfaction with seeing native animals/birds' (16 percent), 'walking' (16 percent), 'personal wellbeing (mental, physical, emotional)' (15 percent), and 'access to beaches, rivers, lakes and marine areas' (15 percent).

Table 7: Percentage of New Zealanders who consider conservation is important or very important to them personally.

Thinking about conservation overall, how important is conservation to you personally?	2011/12	2012/13	2013/14	2014/15	2015/16
Rated 4 or 5 out of 5, with 5 being 'very important'	83%	81%	80%	81%	85%

² Ipsos 2016: Full report: Survey of New Zealanders. Prepared for the Department of Conservation.

¹ See Factsheet 1, the first of a series of 18 factsheets which provide supporting background information to these findings, available on the DOC website at www.doc.govt.nz/2016-annual-report-factsheets.

Performance summary

The Department measures progress towards long-term goals in four core business streams, in seven capability categories, and seven 10-year stretch goals.

Natural heritage

The diversity of our natural heritage is maintained and restored.

Historic heritage

Our history is brought to life and protected.

Recreation

New Zealanders and our visitors are enriched by outdoor experiences.

Engagement





New Zealanders connect and contribute to conservation.

Capability

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

The table below and banners throughout the report show the Department's performance this year.

Key

Performance improving	
Performance maintained	
Performance declining	
Performance measures yet to be developed	

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

Definitions

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

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

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

Progress with interested external groups – The challenge of conservation is more than DOC can achieve on its own, so a critical stage in achieving the step-change required is to engage with others who can help progress the desired goals.

Baseline work – The foundation aspects of planning to determine a logical pathway ahead, and establishing clear milestones/targets.

The Department monitors two key performance indicators to show its progress in achieving the outcome *New Zealanders gain environmental, social and economic benefits from healthy functioning ecosystems, from recreation opportunities and from living our history*. These are shown in the table below.

Department of Conservation national performance indicators

Table 8: Key outcome performance indicators

Our overall outcome		
Tracking trends in the benefits that New Zealanders seek and receive from the natural, historic and cultural heritage managed by DOC		→
Tracking the relative value of conservation to New Zealanders as an indicator of support for conservation		→
Natural heritage		
Indigenous dominance – ecological processes are natural		→
Species occupancy – the species present are the ones you would expect naturally		→
Ecosystem representation – the full range of ecosystems is protected somewhere ³	terrestrial	→
	freshwater	↓
	marine	↓
Historic heritage		
The condition of actively conserved historic places (seeking a stable and not deteriorating condition)		↑
The trend in New Zealanders' awareness of the Department as a manager of historic places		→
The trend in visitor participation at historic sites		↑
The trend in visitor satisfaction with the quality of the experience provided at historic places		→
Recreation		
The trend over time in New Zealanders' awareness of DOC as a recreation provider		→
The trend in participation in recreation on public conservation lands and waters		↑
The trend in visitor satisfaction with the quality of the experience and opportunities provided		↑
Engagement		
Change in the satisfaction of tangata whenua with the Department's activities to help them maintain their cultural relationships with taonga		○
Change in the importance of conservation to New Zealanders		↑
Change in the quality of the Department's engagement with key associates		→
Increase in engagement of the commercial sector in conservation partnerships		↑
Change in the level of investment in conservation from the commercial sector		↑
Improvement in level of return on investment for key DOC products and services		↑
Organisational capability		
Leadership: the Department has the leaders it needs to perform well, both now and in the future		↑
Relationships: the Department identifies, builds and manages relationships critical to achieving results		↑
Culture: the Department has the type of culture it needs to achieve results now and in the future		↑
People: the Department has the skills and competencies to achieve its results in collaboration with others		→
Information and communications technology (ICT): the Department has the ICT it needs to achieve results and contribute to others		→
Asset management: the Department's asset-related decisions support current and future service delivery		→
Structure: the Department's structure is linked to its results and future business needs		↑

³ This indicator is made up of terrestrial, freshwater and marine components. The terrestrial component has met its first milestone of more than 400 ecosystem management units under management. The marine and freshwater components will be progressed through the stretch goals established during the 2014/2015 year.

Summary of output performance

Table 9: Performance trend by financial year

Significant output measures	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15	Actual 2015/16	Target 2016/17
Predators						
Beech mast response – hectares under restoration				681,004	59,545 ⁴	845,839
Possums – hectares sustained	1,024,448	1,010,770	939,395	975,620	773,233	837,093
Possums – hectares treated	234,636	184,179	180,069	375,316 ⁵	164,459	163,228
Rats and/or mustelids – hectares treated					190,385 ⁶	711,915
Other animal pests						
Goats – hectares sustained	2,357,373	2,310,738	2,156,704	2,125,628	2,025,397	2,068,519
Goats – hectares treated	1,410,088	1,353,319	1,222,053	1,103,331	1,190,949	1,205,573
Deer – hectares sustained	732,203	549,638	540,756	522,714	615,648	612,399
Deer – hectares treated	367,376	376,010	372,458	456,757	444,777	426,246
Weed pests						
Weeds ecosystem – hectares sustained	1,806,266	1,752,995	1,851,778	1,220,980	1,335,633	1,460,581
Weeds ecosystem – hectares treated	475,568	492,263	454,074	525,469	555,168 ⁷	420,484
Species and ecosystems						
Threatened species – improved security	238	212	196	258	346	260
Threatened species – managed for persistence	42	111	104	159	407 ⁸	104
Ecosystems – managed for ecological integrity	–	151	185	480	497	500
Historic resources						
Historic assets – remedial work to standard	29	27	17	17	6	5
Historic assets – maintenance work to standard	1,169	962	984	1,387	1,382	1,185
Recreation facilities						
Recreation assets – huts to standard (percent)	87	87	70	90	93	90
Recreation assets – tracks to standard (percent)	61	58	47	56	57	45
Recreation assets – structures to standard (percent)	95	93	92	94	96	95
Community engagement						
Engagement – volunteer workday equivalents	31,806	35,135	35,149	34,789	37,556	34,770
Engagement – partnerships	548	595	605	901	887	761

⁴ Residual treatment from the beech mast response programme.

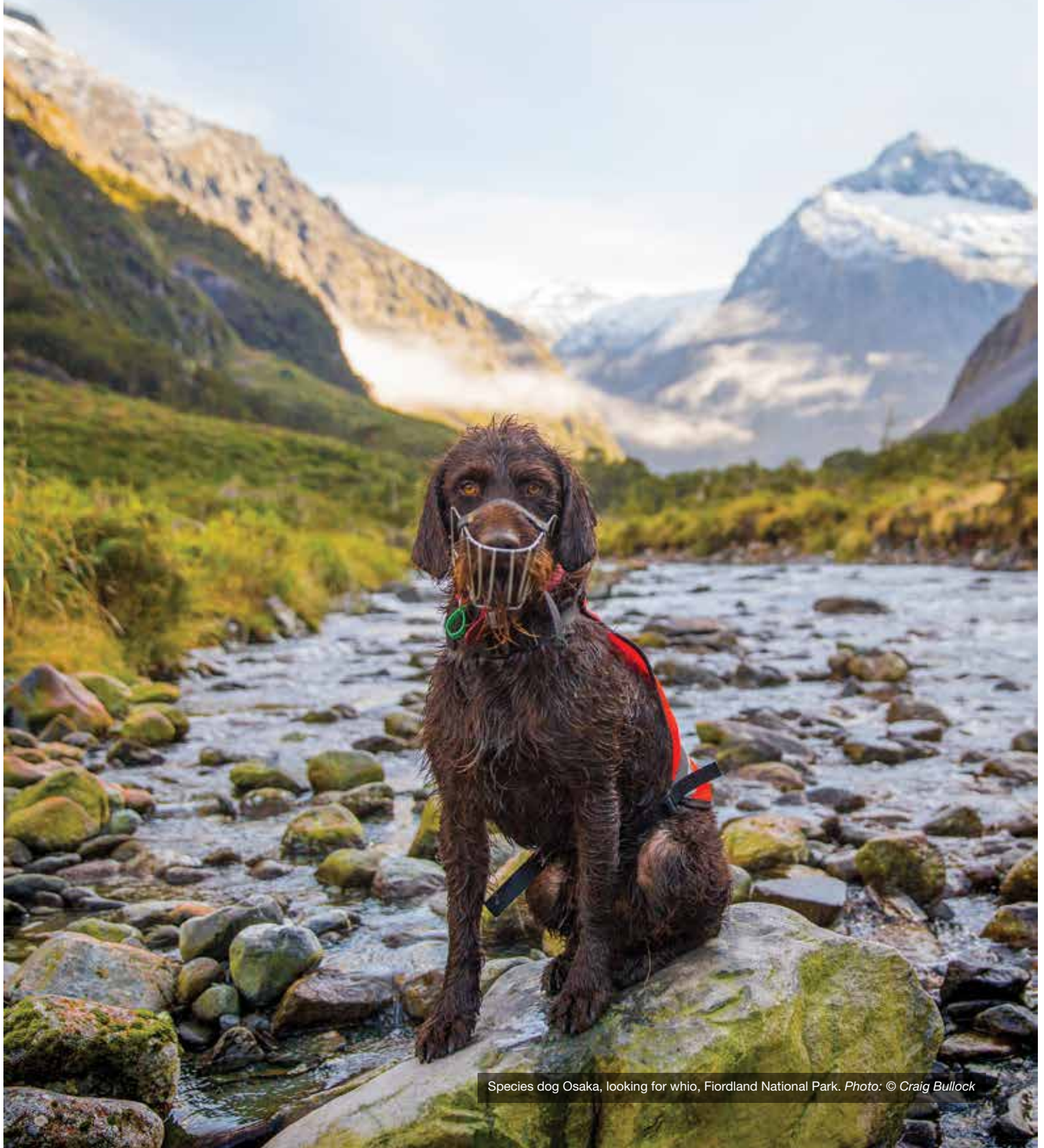
⁵ Includes beech mast response treatment.

⁶ Includes rats and/or mustelids treated through the contribution of others (27,352 ha).

⁷ Includes additional wilding conifer treatment (22,278 ha).

⁸ This result represents threatened species managed for persistence in at least 1 site.

Natural heritage



Species dog Osaka, looking for who, Fiordland National Park. Photo: © Craig Bullock

**LONG-TERM OUTCOME GOAL:
50-YEAR FOCUS**

The diversity of our natural heritage is maintained and restored

PERFORMANCE INDICATORS

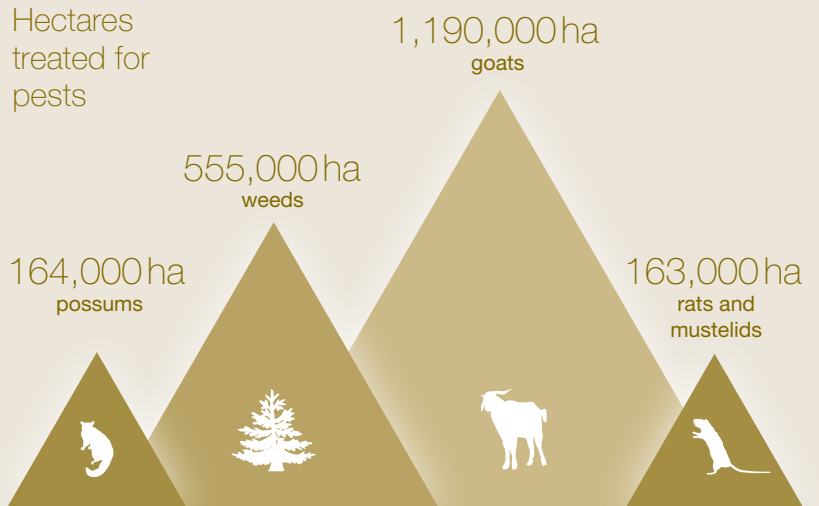
- ➔ Indigenous dominance – ecological processes are natural
- ➔ Species occupancy – the species present are the ones you would expect naturally

Ecosystem representation – the full range of ecosystems is protected somewhere:

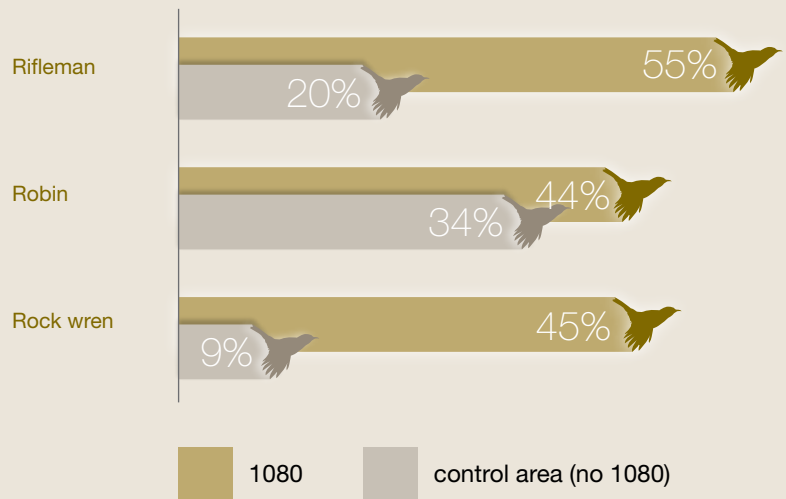
- ➔ Terrestrial
- ↓ Freshwater
- ↓ Marine

STRETCH GOALS: 10-YEAR FOCUS

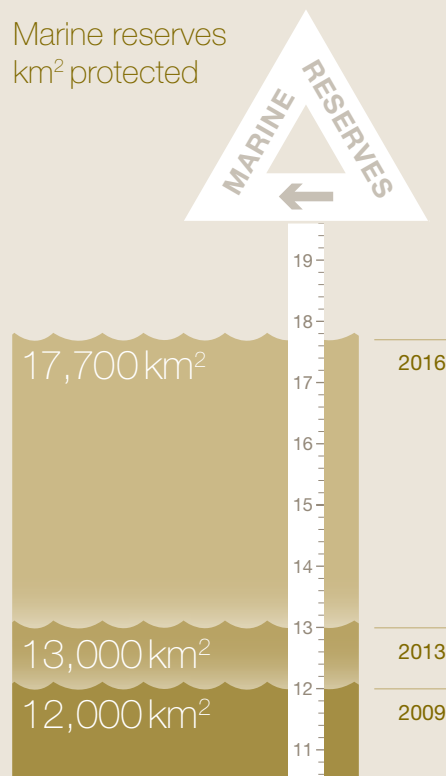
- ➔ 50% of New Zealand's natural ecosystems are benefiting from pest management.
- ➔ 50 freshwater ecosystems are restored from 'mountains to the sea'.
- ➔ A nationwide network of marine protected areas is in place, representing New Zealand's marine ecosystems.



Battle for our Birds – nesting success 2015/16



Marine reserves km² protected



Threatened species under active management through high priority species programmes




The diversity of our natural heritage is maintained and restored

New Zealand's special species and places are our taonga and are at the heart of what it means to be Kiwi. New Zealanders are rightly proud of the diverse and distinctive range of natural heritage this country offers. Around 70 percent of our native birds, 80 percent of our plants, and all of our native land reptiles, frogs and bats are found nowhere else in the world. However, New Zealand's natural heritage has greatly reduced in diversity and extent over the past 700 to 800 years and is continuing to be degraded by introduced animals and plants, human activities and the impacts of climate change. Not only is this a real loss to the heritage of this and future generations, it also affects the services that ecosystems provide, such as clean water and healthy soils, and reduces the flow-on benefits to New Zealand's prosperity.

PERFORMANCE INDICATOR

Indigenous dominance – ecological processes are natural

Current state: Performance maintained 

The aim through management of conservation areas is to have ecosystems that are dominated by native⁹ plants and animals and shaped by natural ecological processes.

Native plant species continue to dominate throughout most public conservation land. However, a number of introduced species are having an impact on our natural ecosystems.


- Brushtail possums and brown hares have, between them, invaded nearly all public conservation land, but the areas they have invaded are almost mutually exclusive.¹⁰

- Ungulates (eg, goats and deer) are widespread throughout most public conservation land. They mostly inhabit forests and shrublands and are most abundant in sites below 1800 m in altitude.¹¹
- Predators such as stoats and rats¹² and pest wasps are also widespread throughout most public conservation land.
- Non-woody weeds (such as tradescantia or 'wandering willie') are widespread. Though currently much less widespread, woody weeds such as invasive conifers are a particular concern in the east of both the North Island and South Island.¹³

This emphasises the vulnerability of our native dominated ecosystems to introduced predator and herbivore mammals, pest wasps and invasive weed species. Some areas of public conservation land under high pressure from invasive species are important areas for vascular plant endemism¹⁰, such as inland Marlborough and inland Otago.¹⁴

PERFORMANCE INDICATOR

Species occupancy – the species present are the ones you would expect naturally

Current state: Performance maintained 

Native birds are most abundant, as well as being most species-rich (ie, having the greatest range of different species), in New Zealand's indigenous forests and shrublands, especially those at low- to mid-altitude. To maintain and enhance native bird abundances, these habitats should remain a focus for conservation management.¹⁵

⁹ 'Native' implies country specific; 'indigenous' species are region specific. The term 'native' here refers to the species expected to be present prior to human influence.

¹⁰ 'Vascular plant' refers to those plant types that contain vascular tissue (such as xylem and phloem for transporting nutrients), but can also be considered as being all plants except algae or bryophytes (mosses, liverworts and hornworts). 'Endemism' refers to species that are unique to a defined geographic location.

¹¹ See Factsheets 2-7, which provide supporting background information to these findings, available on the DOC website at www.doc.govt.nz/2016-annual-report-factsheets.

During the past decade more tree species that are palatable to possums and goats are dying than are being replaced, creating an imbalance in their populations. ¹¹



Photo: Lou Sanson

Glenfern Sanctuary – protecting our nature on Great Barrier

Glenfern Sanctuary on Great Barrier Island/Aotea was bought for the public by DOC, Auckland Council, the Great Barrier Local Board, and the community trust Foundation North, thanks to a joint bid through the Nature Heritage Fund.

The 83-hectare sanctuary was founded by sailing champion Tony Bouzaid in 1992, and has become a haven for native animals, including the rare chevron skink, black petrel and pāteke/brown teal.

Together with three neighbouring properties on Great Barrier’s Kotuku peninsula, Glenfern is enclosed behind a 2 km-long pest-proof fence and covered by extended trapping networks, enabling native wildlife to thrive. The ultimate vision is to work closely with iwi and DOC to achieve a predator free northern Great Barrier Island.

Current and predicted trends in abundance and distribution of Threatened and At Risk taxa are used to guide management. ¹²

Threatened species management

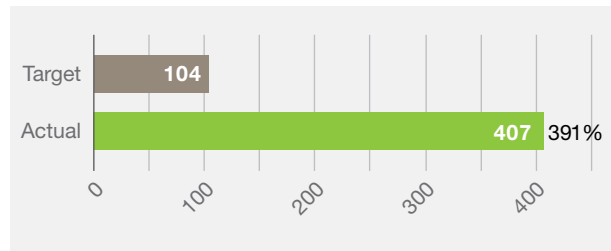


Figure 5: Threatened species – number managed for persistence

Table 10: Number of threatened species managed, by threat category

Threat categories	Managed in at least one place	Managed in three or more places
Nationally Critical	150	42
Nationally Endangered	78	29
Nationally Vulnerable	120	69
At Risk – Declining	59	46
TOTAL	407	186

Of the 407 threatened species under active management to ensure persistence¹¹ through optimised species prescriptions, 186 species are managed in three or more places, further increasing their chance of persistence.¹² As we move to managing priority ecosystems, this has allowed us to manage and report on a greater number of threatened species in total.

¹¹ Persistence means there is a 95 percent probability that species will persist over the next 50 years or three generations (whichever is longer), given that all human-induced threats likely to occur within 300 years are adequately mitigated.

¹² DOC considers that performance has been achieved when the output is within a tolerance level acceptable for the nature of the operations. For field operations, this is generally within +/- 10 percent of the projected performance target. For significant outputs however, as shown on the ‘Summary of Output Performance’ table, this tolerance is reduced to +/- 5 percent. When outside these ranges, a variance comment is provided. This presentation of results uses green for results that are within the relevant tolerance limit or more than the target, red for more than 10 percent below the target, and orange for 5-10 percent below target.

¹³ See Factsheets 8-14, which provide supporting background information to these findings, available on the DOC website at www.doc.govt.nz/2016-annual-report-factsheets.

The 407 species managed in at least one place comprise 40 percent of the total 1,020 species classified as threatened in New Zealand.

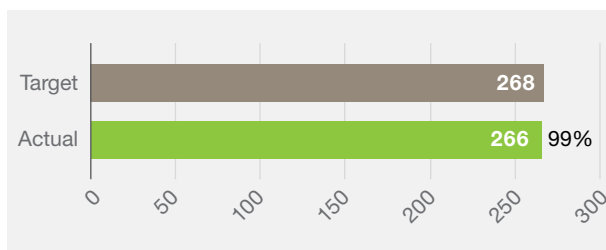


Figure 6: Threatened species – managed to improve understanding

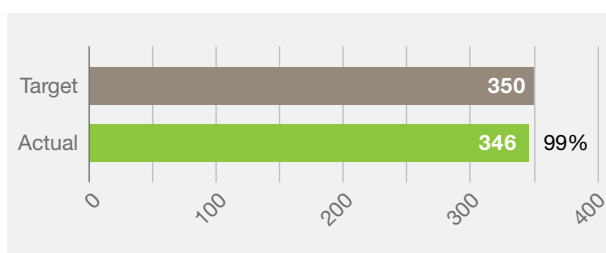


Figure 7: Threatened species – managed to improve security

Conservation services programme – working with the fishing industry to protect our marine species

In 2015/16, observers continued to monitor protected species interactions in a range of both inshore and offshore fisheries. A series of population studies was run relating to marine reptiles, protected fish, seabird species and the New Zealand sea lion. Final reports can be found on the DOC website at www.doc.govt.nz/csp. Mitigation projects focused on inshore and offshore bottom longline, surface longline and trawl fisheries; and two seabird liaison roles were funded jointly with MPI to help fishers reduce their risk of seabird bycatch in and around the Hauraki Gulf/Tikapa Moana.

PERFORMANCE INDICATOR

Ecosystem representation – the full range of ecosystems is protected somewhere

Current state – terrestrial: performance maintained →

Current state – freshwater: performance declining ↓

Current state – marine: performance declining ↓

The concept of representativeness highlights the ability of a set of sites or reserves to represent the full range of biological values of a landscape, either historically or potentially. This helps fulfil the provisions of the Reserves Act 1977; legislation which includes ensuring “the preservation of representative samples of all classes of natural ecosystems and landscape” (s3(1)(b)).

DOC manages a selected network of ecosystem management units to ensure the full range of ecosystems is protected to a healthy functioning state. Implementation of management at around 500 places is regularly reviewed with the aim of improving the representation of this range, and extent of implementation, to increase overall ecological integrity. ¹

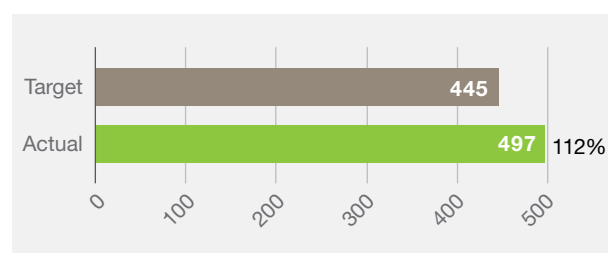


Figure 8: Ecosystems under active management through optimised ecosystem prescriptions

Most of New Zealand’s climatic range includes public and private land set aside for conservation. Gaps in representation include cool and dry areas (eg, eastern central Otago), hot and dry areas (eg, coastal Marlborough), and warm and wet areas near East Cape. ¹

¹ See Factsheets 8–14, which provide supporting background information to these findings, available on the DOC website at www.doc.govt.nz/2016-annual-report-factsheets.

Naturally uncommon ecosystems such as coastal turfs and geothermal ecosystems represent a distinct set of environmental conditions often associated with rare and threatened endemic¹³ species. Of the 71 types of naturally uncommon ecosystems identified, 45 are threatened. Conservation priorities include those with less than 20 percent of their total area under formal protection or more than 20 percent of their total extent classed as 'stewardship land'.¹⁴

On mainland New Zealand freshwater ecosystems such as wetlands are greatly reduced to 10 percent of their original extent. Swamps, fens and marshes are a high priority for protection.¹⁵

The full range of New Zealand's marine habitats inside the 12 nautical mile territorial limit is not yet represented in marine protected areas. Most of the total area protected (1,770,000 hectares or 9.8 percent) is within marine reserves (96.5 percent) protecting offshore island marine areas of the Kermadec and subantarctic groups, whereas 3.5 percent of the total is around the New Zealand mainland coasts.¹⁶

New Zealand has 44 marine reserves covering a total of 1,770,000 hectares. There were no new marine reserves gazetted in 2015/16.

New Zealand has eight marine mammal sanctuaries¹⁴ covering a total of 2,813,800 hectares. There were no new marine mammal sanctuaries gazetted in 2015/16.

Further legal protection activity

Legal protection of New Zealand's ecosystems continues as opportunities arise. Most of the additional land protected for conservation purposes during 2015/16 was through the Crown Pastoral Lease Tenure Review programme, led by Land Information New Zealand.¹⁵



Nature Heritage Fund – a success story of legal protection

2015 marks 25 years since the inception of the Nature Heritage Fund. The purpose of the fund is to protect the full range of representative indigenous ecosystems on private land in New Zealand. Over the last 25 years the fund has approved over 748 applications from landowners covering 341,881 hectares. As a result, over 1.3 percent of New Zealand has been permanently protected through this programme. This includes forests, wetlands, tussocklands, dunelands and heathlands that were under threat of logging, draining or agricultural intensification.

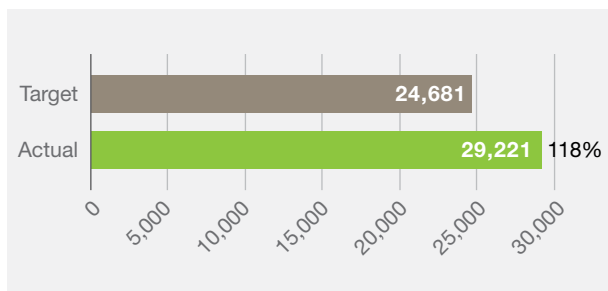


Figure 9: Hectares of terrestrial environment legally protected during the year

¹³ Endemic means only found or restricted to that place.

¹⁴ The marine mammal data is derived from the legal area of each marine mammal sanctuary (DOC Conservation Units), which may differ from earlier area calculations using GIS tools, due to aspects such as differing projection.

¹⁵ LINZ High Country Tenure Review information <http://www.linz.govt.nz/crown-property/crown-pastoral-land/tenure-review-process-and-properties>.

¹⁶ See Factsheets 15-17 at www.doc.govt.nz/2016-annual-report-factsheets.

Benefits from 2014 Battle for our Birds pest control

In 2014 a heavy beech seeding or mast occurred across much of the South Island. Beech trees produce variable seed crops and in years of heavy seedfall, such as 2014, rodent and stoat numbers irrupt. DOC treated more than 600,000 ha of public conservation land for pests where native species were under threat and where rodent and stoat numbers were rising, mostly using 1080 in the 'Battle for our Birds'. Several species were monitored during 2014 to determine the effects of predator control operations and for some species the monitoring continued for another year to understand the medium-term benefits of 1080 pest control. Three species for which monitoring continued for a second year were rifleman, robin, and rock wren. Rifleman and rock wren nesting success continued to be significantly higher in treated areas than in non-treated areas a year after the pest control operations. From being much higher in 1080-treated areas immediately after pest control, robin nesting success returned to being approximately equal in treatment and non-treatment areas a year after the pest control was undertaken.



Rock wren/tuke. Photo: Craig McKenzie

This outcome was largely the result of the unexpectedly rapid recovery of rat numbers to much higher levels experienced in the single and atypical coastal location at which robin breeding success was being monitored. As rat populations did not recover so quickly within other treatment areas, robin nesting success is expected to be much higher at these locations. Although monitoring effort for nesting success was insufficient to confirm this, robin abundance within treated areas, where monitored (e.g. Waitutu and Eglinton treatment areas), generally increased – presumably as a direct result of reduced predation pressure.

STRETCH GOAL

50% of New Zealand's natural ecosystems are benefiting from pest management

DOC undertakes pest and weed control across New Zealand for pest animals and weeds. Current reporting is for pest programmes undertaken by the Department. Increasingly the objective is for this to also include the treatment undertaken by others as we collaborate to achieve this 10-year stretch goal.

Beech mast response

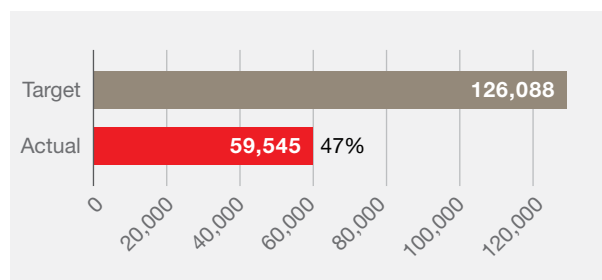


Figure 10: Beech mast response – hectares under restoration

This result was less than planned as targets were dependent on seven sites reaching the critical threshold of beech seedfall and rat density before proceeding. This did not occur in 2015/16. However, a further beech mast is now happening and will result in extensive large-scale pest control operations in 2016/17.

See Factsheet 18 at www.doc.govt.nz/2016-annual-report-factsheets.

Possums

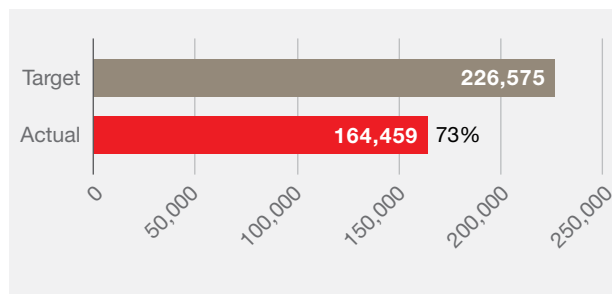


Figure 11: Possums – hectares treated

This result was 62,116 hectares less than planned. In western South Island, based on technical advice, two possum control operations totaling 37,000 ha were postponed, and an unscheduled but required operation at Moeraki-Whakapohai-Mataketake undertaken. The postponed work will proceed in 2016/17 in tandem with the upcoming beech-mast Battle for our Birds response. In addition, 20,655 hectares of possum control undertaken in Te Urewera is now under management of Te Uru Taumatua (see Appendix 6).

Goats

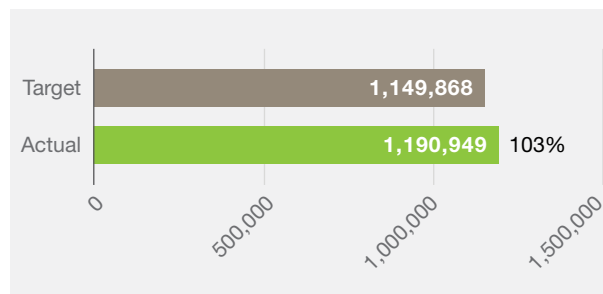


Figure 13: Goats – hectares treated

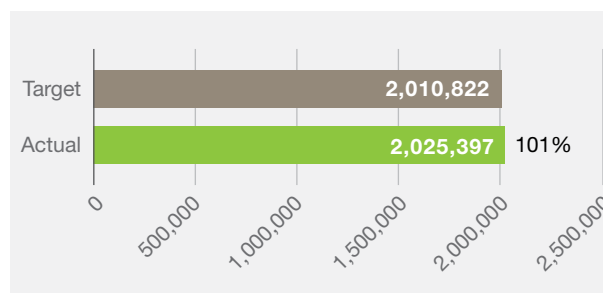


Figure 14: Goats – hectares sustained

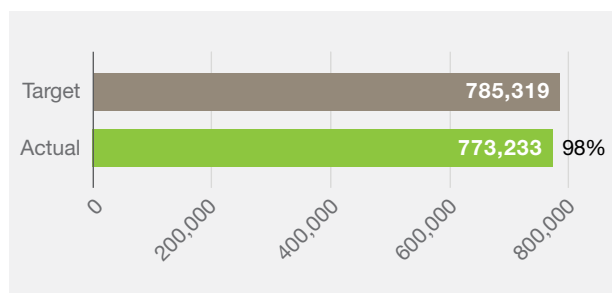


Figure 12: Possums – hectares sustained¹⁶

¹⁶ Sustained management is the total area that is managed to control significant weeds or introduced mammal browsers or predators to the desired standard over time.

Deer

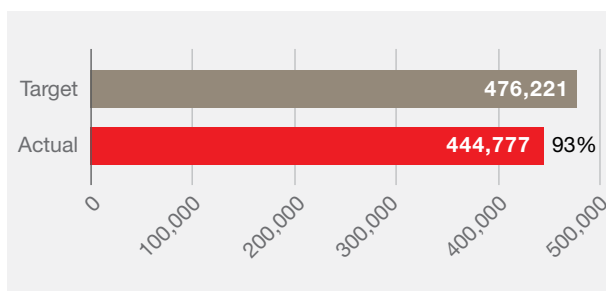


Figure 15: Deer – hectares treated

This result was less than planned. Contributing to this is the postponement of the Waipoua operation of 6,060 hectares in order to control pigs to prevent spread of kauri dieback. At Whangamarino wetland, high water levels in winter meant treatment needed to cover 387 ha only instead of the planned 5,180 ha. Treatment of 5,245 hectares in Grange Range in northern South Island did not commence to allow urgent wilding conifer treatment in Molesworth.

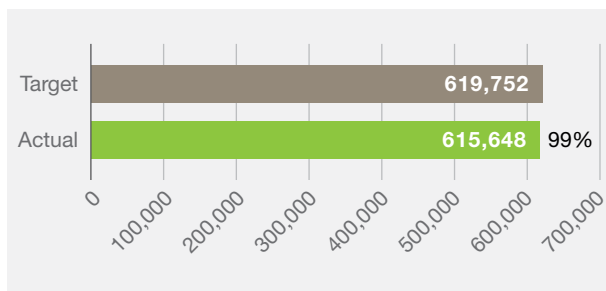


Figure 16: Deer – hectares sustained



Photo: James Reardon

Wasps – a heavy burden on natural ecosystems and New Zealanders

Pest wasps (*Vespula* species – German and common) occur throughout New Zealand from Cape Reinga/Te Rerenga Wairua in Northland to Stewart Island/Rakiura. Their impact on nectar, honeydew resources, scavenging caterpillars and spiders means they have a significant impact on bird and insect life as well as being a nuisance for beekeepers and people’s enjoyment of the outdoors. Previously, finding and applying poison to wasp nests around amenity areas was the Department’s only method of control. In February 2015, a newly developed wasp control tool was trialled. Vespex wasp bait¹⁷ is a protein bait that does not harm bees.

This success led to a pest management breakthrough with the public and primary sectors gaining access to the new Vespex bait in 2016. To date over 1000 organisations and individuals have been supplied with Vespex.

In 2016 DOC and Project Janszoon protected bird and insect life across 1,854 hectares of Abel Tasman National Park. A number of beaches in the park and 46 kilometres of tracks were protected using this treatment, resulting in no public complaints about wasps. In previous years there had been many complaints and an occasional medical evacuation was required.

¹⁷ Vespex is a publicly available poison which contains the commonly used insecticide fipronil, targeting introduced German and common wasps.

Weeds

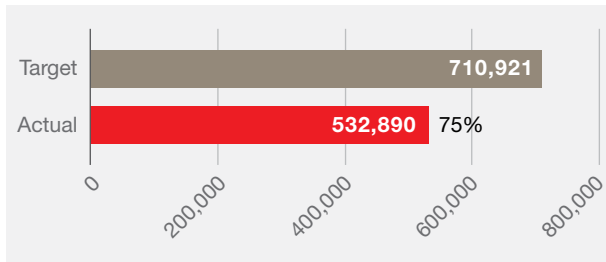


Figure 17: Weeds ecosystems – hectares treated

This result is 178,031 hectares less than planned. Of that total, 22,278 hectares was reported as wilding conifer treatment, a new measure introduced this year to provide greater visibility over the control of wilding conifers. Reassessment of the extent of control required resulted in more intensive treatment of small dense areas in Molesworth (resulting in 72,695 ha less treatment). At the completion of business planning, resources were shifted to other priorities in southern South Island, and the work did not proceed for 24,700 hectares in the Matukituki valley, and 26,700 hectares in the Pisa Range. A range of other field decisions such as unfavourable weather, and trials continuing prior to wider application of new methods, made up the remainder.

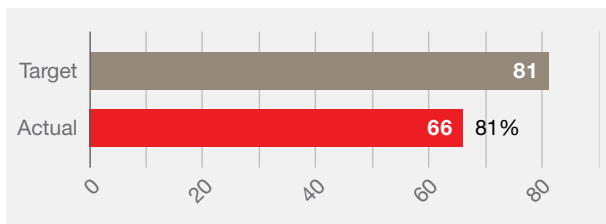


Figure 18: Weeds-led control projects undertaken

This result for weed-led control projects is 15 less than planned. Eight work plans on Great Barrier Island are now being managed as part of the Regional Pest Management Programme, and reported separately. One plan at Franz Josef did not proceed with the Battle for Our Birds programme taking priority. In Hauraki, three weed plans did not proceed due to concerns received from neighbours regarding spraying.

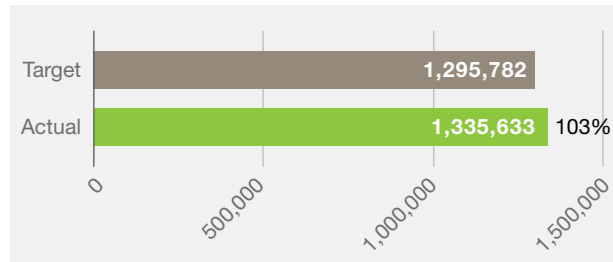


Figure 19: Weeds ecosystems – hectares sustained

Aquatic animal pest eradication

The target for aquatic animal pest eradication operations to be undertaken this year was four. This planned programme in northern South Island did not proceed following a review where it was decided to learn more about the previous operations. These operations can take up to two years to show positive results.

Island biosecurity programmes

Islands are some of our most important sites for biodiversity protection, with many species now confined to islands unable to survive on the mainland due to introduced predators and habitat loss. Invasive pests, especially rodents and mustelids, are a major threat to many of the vulnerable native species living on our islands. Removing mice, the only introduced mammal left on Antipodes Island, is another step in restoring our World Heritage-listed subantarctic islands.

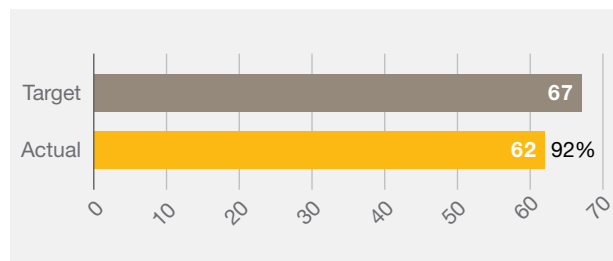


Figure 20: Island biosecurity programmes maintaining a pest free status



Photo: Stephen Horn

Antipodes Island 'Million Dollar Mouse' programme extends pest management reach

The Antipodes Island mouse eradication team successfully completed the baiting of mice on the Antipodes Islands in the subantarctic, bringing 2,012 hectares under pest management. Meticulous planning and organisation allowed the team to use every small opportunity in the weather, resulting in completion of the job ahead of schedule and to a very high standard. Removing gear and personnel used in the programme is the next challenge and is heavily weather-dependent. It is a delicate job to land on a ship's deck at sea, and stow the helicopters used in the programme in a very tight ship's hold.

The New Zealand public raised \$250,000 and WWF gave \$100,000 towards the project. The Morgan Foundation matched these donations and brought

other key partners together to raise enough money to get the project underway, with the remaining cost funded by DOC. More recently, Island Conservation joined the team as another key sponsor. For a full list of partners and supporters see milliondollarmouse.org.nz.

DOC, along with our partners and supporters, keenly awaits the final outcome. Success can only be confirmed by monitoring after two mouse breeding seasons, scheduled for autumn 2018. Once success is confirmed, this will ensure an additional 2,000 ha of natural ecosystem is benefiting from pest management.

There are four island programmes (comprising five islands) where pest-free status has been affected by rodent incursions: mice have established on Tonga, Adele and Fisherman Islands in Abel Tasman and red deer are present on Blumine Island in the Marlborough Sounds. Rats are still present on Pickersgill Island, also in the Marlborough Sounds. In addition, one island biosecurity programme is in Te Urewera, land that has been transferred to Te Uru Taumatua.

New measures for understanding pest management

As part of improvements to the pest management programme reporting, two new measures were introduced during the year. These were:

- rats and/or mustelids – hectares treated
- wilding conifers – hectares treated.

During the year regions reported 163,033 hectares of land received treatment for rats and/or mustelids.

For the wilding conifer measure introduced during the year, regions reported 22,278 hectares of land received treatment for wilding conifers using a site-led approach.

With these new measures successfully introduced, targets have now been set for reporting for the 2016/17 year.

STRETCH GOAL

50 freshwater ecosystems are restored from ‘mountains to the sea’

Estuaries – the end of the journey for freshwater

Estuaries are places that support an incredible diversity of plant, fish and birdlife and provide many services, such as being nursery grounds for fisheries. New Zealand has more than 300 estuaries that range from internationally recognised places like the Manawatu to tiny stream outlets in isolated places that go almost unnoticed.

In 2015/16 DOC’s estuarine programme team led the development of an online resource where people working in their local area can connect and share their expertise with others doing similar work elsewhere. The resource has three interactive maps that show places of interest as well as sites where management agencies and local estuary care groups are active. It also shows up estuaries where not much conservation activity is going on or is recorded, and provides a nationwide view. The

resource acknowledges and promotes the significance of mātauranga Māori and citizen science work. It shows more than 80 groups, many of them multiple agency collaborations, involved in estuary restoration and monitoring activities both in the coastal wetlands and by restoring the surrounding catchments. It is very much a ‘mountains to sea’ approach.

Our Estuaries hub at doc.govt.nz/estuaries is proving to be one of DOC’s top visited webpages and is evolving over time through feedback received from the users it supports.

STRETCH GOAL

A nationwide network of marine protected areas is in place, representing New Zealand’s marine ecosystems.

Marine protection – protecting marine ecosystems and maximising benefits

The Government is reviewing how we protect the marine environment within New Zealand’s territorial sea. This is to ensure we have the most effective approach for sustainably managing our marine environment and enhancing, protecting and restoring marine biodiversity.

For this review, the Government is consulting on a new policy for marine protected areas in the territorial sea. The submission process closed at the end of March 2016. The reforms aim to achieve an appropriate balance between protecting our marine environment and maximising commercial, recreational and cultural opportunities now and into the future.

DOC is progressing the marine stretch goal road map that focuses on four key areas: collaboration; knowledge/mātauranga Māori; running and supporting MPA processes; and conservation delivery.

DOC is also supporting the Sea Change – Tai Timu Tai Pari marine spatial planning process to deliver on its marine protected area, marine management and economic objectives; developing and implementing a marine protected areas monitoring framework that delivers on the outputs of the PlanBlue Ecological Integrity project¹⁸, including cultural indicators; and partnering with Air New Zealand on our coastal gems project, marine protected area science and telling the story of our marine environment.

¹⁸ PlanBlue is a 5-year research and development programme taking a strategic ecosystems-based approach to marine conservation. PlanBlue strengthens DOC’s systems and capabilities in key marine conservation work areas.

Output class operating statement 2015/16: Management of natural heritage

	Actual 30/06/15 \$000	Budget 30/06/16 \$000	Revised budget 30/06/16 \$000	Actual 30/06/16 \$000
Revenue				
Crown	147,769	144,708	169,112	169,112
Other	15,908	14,369	18,765	15,503
Total revenue	163,677	159,077	187,877	184,615
Expenses	161,241	159,077	187,877	181,936
Surplus/(deficit)	2,436	-	-	2,679

Statement of service performance 2015/16: Regional pest management strategies

2015/16 Performance measures and targets

National commentary

Crown pest/weed exacerbator costs

13 regional pest management strategies with completed Crown exacerbator weed and pest programmes.

The Department continued exacerbator weed and pest programmes for 16 regional councils and unitary authorities.

Achieved

Output class operating statement 2015/16: Regional pest management strategies

	Actual 30/06/15 \$000	Budget 30/06/16 \$000	Revised budget 30/06/16 \$000	Actual 30/06/16 \$000
Revenue				
Crown	2,592	3,191	3,191	3,191
Other	4	100	100	4
Total revenue	2,596	3,291	3,291	3,195
Expenses	2,269	3,291	3,291	2,831
Surplus/(deficit)	327	-	-	364

Historic heritage



Cape Reinga lighthouse. Photo: Russel Street (CC BY-SA 2.0)

**LONG-TERM OUTCOME GOAL:
50-YEAR FOCUS**

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

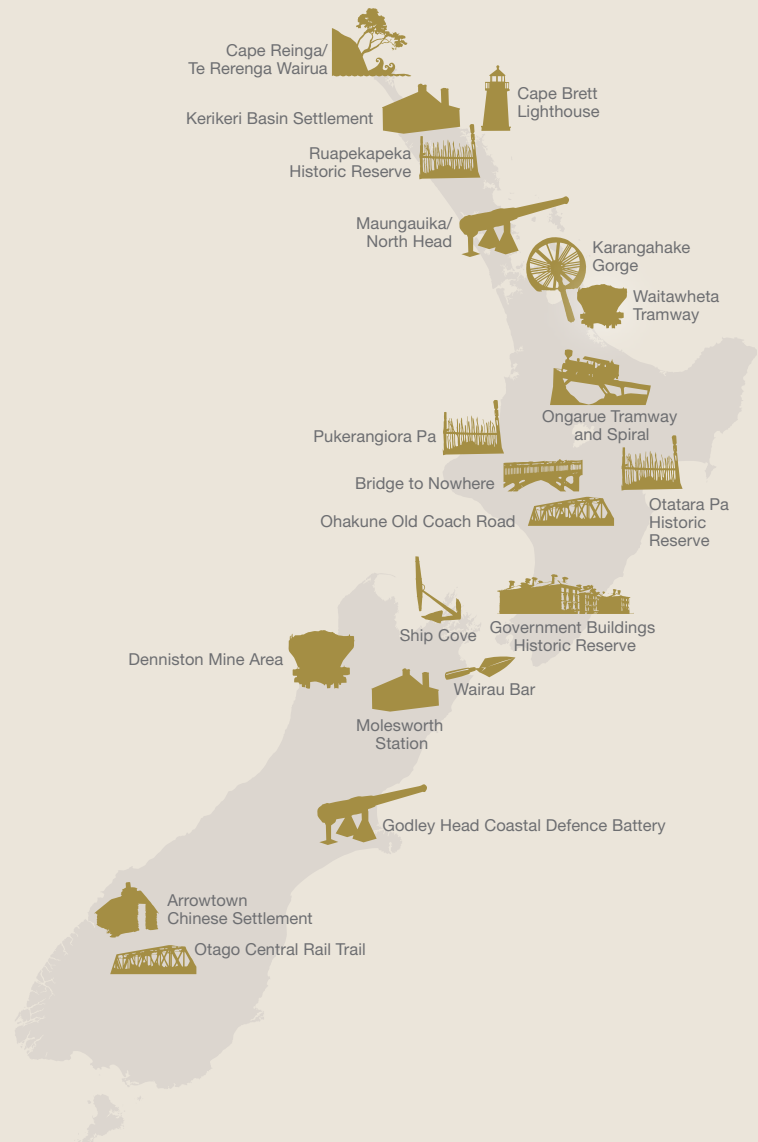
PERFORMANCE INDICATORS

- ↑** The condition of actively conserved historic places (seeking a stable and not deteriorating condition)
- The trend in New Zealanders' awareness of the Department as a manager of historic places
- ↑** The trend in visitor participation at historic sites
- The trend in visitor satisfaction with the quality of the experience provided at historic places

STRETCH GOALS: 10-YEAR FOCUS

- The stories of 50 Historic Icon sites are told and protected

Location of historic Icon sites



The top four most commonly visited historic sites in 2015/16



#1 Karangahake Gorge & Historic Gold Mine



#2 Arrowtown Chinese Settlement



#3 Old Government Buildings



#4 Te Rerenga Wairua (Cape Reinga)

Our history is brought to life and protected

DOC manages the single largest portfolio of historic heritage in New Zealand. Our aim is to bring New Zealand's history to life, and in doing so protect the heritage places that are the expression of this history.

Our approach is that people engage with their cultural heritage if it is meaningful to them, and that visitor satisfaction with an experience leads to an increase in perceived personal value, which in turn leads to advocacy and active custodianship of historic heritage.

To do this, we continue to focus our management of heritage on the following:

- Providing top-quality visitor experiences at 20 Historic Icon destinations by telling engaging and memorable stories about New Zealand's identity.
- Ensuring a representative sample of heritage is conserved and the visitor experience improved at 593 Actively Conserved Historic Places.
- Safeguarding heritage from avoidable harm at more than 13,000 Protected Historic Places.

We want people to connect to New Zealand's past, and to feel enriched by the experiences provided.

PERFORMANCE INDICATOR

The condition of actively conserved historic places (seeking a stable and not deteriorating condition)

Current state: performance improving



The majority (75 percent) of actively conserved historic places are stable and not deteriorating. Having halted the increase in the number of sites categorised as deteriorating, significant gains have been made from 2013/14 onwards. This ongoing gain is largely the result of improvements to DOC's historic heritage maintenance regime, resulting in fabric conservation tasks being carried out more frequently and consistently.

Table 11: The number of key heritage sites that are categorised as stable or deteriorating

	2011 /12	2012 /13	2013 /14	2014 /15	2015 /16
Stable	310	269	293	432	445
Deteriorating	287	338	311	163	148

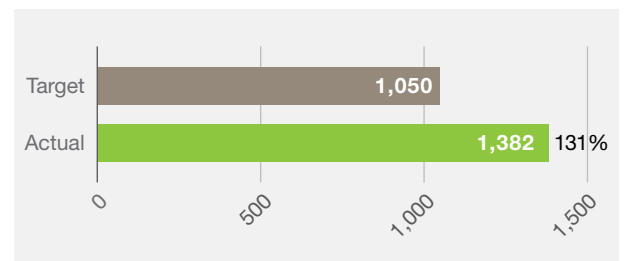


Figure 21: Historic assets – maintenance work to standard

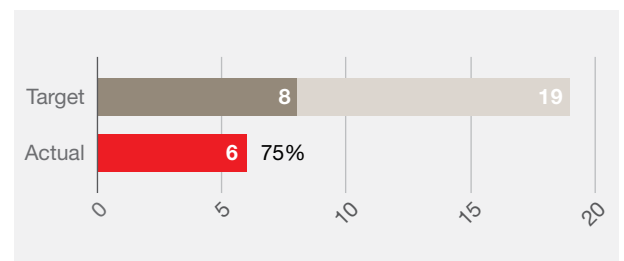


Figure 22: Historic assets – remedial work to standard

A review of the remedial work programme during the year resulted in a change to the definition of 'remedial'. This has excluded a range of work already programmed which is not remedial by this definition.

As a result, the target has reduced to eight historic assets. Of the eight assets, six remedial work programmes were completed. One programme, involving exterior repairs, component replacement, asbestos removal and painting, was completed apart from the painting.

One programme in Canterbury was not progressed due to delays arising from contract negotiations.

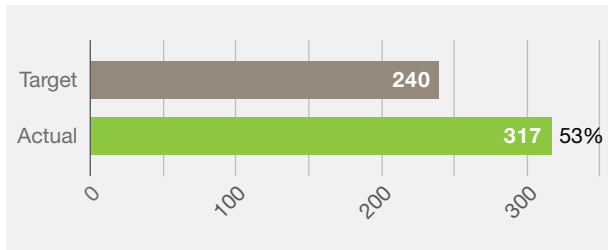


Figure 23: Historic assets – heritage assessment reports completed to standard

Of the 593 actively conserved historic places, 317 (53 percent) have had heritage assessment reports completed. The target was for 240 (40 percent) to be completed.

PERFORMANCE INDICATOR

The trend in New Zealanders’ awareness of DOC as a manager of historic places

Current state: performance maintained ➔

Public awareness of DOC’s role in managing heritage and archaeological sites is a reflection of our success in promoting and making accessible New Zealand’s cultural heritage. The level of awareness has continued to grow since 2012/13. In 2015/16, 69 percent of New Zealanders were aware of DOC’s role as a culture heritage manager.

Table 12: Percentage of New Zealanders’ aware of the Department of Conservation as a manager of historic heritage sites.

	2011 /12	2012 /13	2013 /14	2014 /15	2015 /16
Percentage of New Zealanders	63	61	67	68	69

Awareness tends to be higher among males (72 percent), people living in provincial towns (73 percent) and rural areas (74 percent), and who are aged 50–64 years (76 percent) and 65 years and older (79 percent). People living in Auckland (62 percent) are most likely to be unaware of DOC’s role in managing cultural heritage sites.¹⁹

PERFORMANCE INDICATOR

The trend in visitor participation at historic sites

Current state: performance improving ⬆️

The proportion of New Zealanders visiting heritage places on public conservation lands and waters is an indicator of how successfully we engage people with their heritage. Over the past 5 years there has been a steady increase in the percentage of New Zealanders participating by visiting cultural heritage sites on public conservation lands. Between 2014/15 and 2015/16 visitation grew by 3 percent to 58 percent.

Table 13: Percentage of New Zealanders’ participating in historic heritage on public conservation lands and waters.


	2011 /12	2012 /13	2013 /14	2014 /15	2015 /16
Percentage of New Zealanders	29	47	48	55	58

People living in Marlborough (83 percent), the West Coast (80 percent), and Gisborne (73 percent) are most likely to have visited a DOC cultural heritage site in the past 12 months, as well as those with a household income of more than \$100,000 (66 percent) and of New Zealand European ethnicity (61 percent).

¹⁹ Ipsos 2016: Full report: Survey of New Zealanders. p.60.

PERFORMANCE INDICATOR

The trend in visitor satisfaction with the quality of the experience provided at historic places

Current state: performance maintained 

Having positive and memorable experiences at cultural heritage sites is a crucial step in engaging people in their history. The proportion of New Zealanders having memorable experiences at DOC cultural heritage sites is an indicator of how successful we are at making the country's past meaningful and exciting.

Table 14: Percentage of New Zealanders' satisfied with the quality of historic heritage opportunities provided.

	2011 /12	2012 /13	2013 /14	2014 /15	2015 /16
Percentage of New Zealanders	87	75	74	78	79

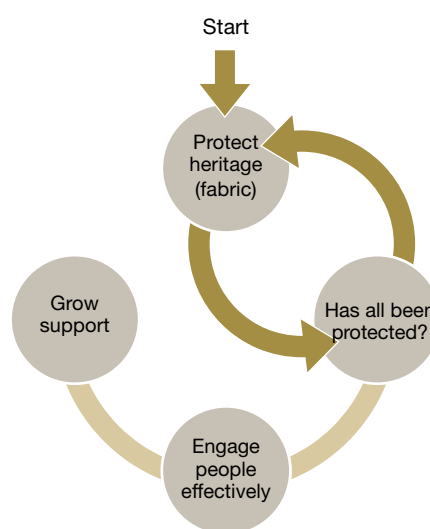
Over the past 3 years there has been an upward trend in the proportion of New Zealanders satisfied with the experiences provided at DOC cultural heritage sites, heading towards an earlier high of 87 percent in 2011/12. Satisfaction with the quality of cultural heritage opportunities provided is highest for the Ohakune Old Coach Road, Skippers Canyon, and the Kawarau Suspension Bridge. Dissatisfaction is highest for Pukerangiora Pā and Rangikapiti Pā.²⁰

STRETCH GOAL

The stories of 50 Historic Icon sites are told and protected

Shifting how we think about our heritage

Traditional heritage management



Partnerships-driven heritage management



Figure 24: Process diagrams for historic management

²⁰ Ipsos 2016: Full report: Survey of New Zealanders. p.67.

Visitation at Historic Icon sites – people engaging with their heritage

Selected on their potential to bring New Zealand’s history to life and engage people, Historic Icon sites are great places to tell stories about Kiwi identity, to further social cohesion, grow tourism, and to help generate economic benefits for New Zealanders.

Understanding visitation to these cultural heritage sites is another more focused way of understanding their benefit. Visitation is monitored to determine trends in use, and overall use levels reflect the effectiveness of promotion, storytelling, and the appeal of the site itself.



Otago rail bridges – a crucial part of a memorable visitor experience

The Otago Central Rail Trail’s century-old steel bridges are favourite photo points for cyclists. Groups of cyclists pause to admire the views from these bridges, taking photos to share on social media. These character bridges contribute strongly to the visitor experience of the popular 5-day trail. DOC is progressively repainting them as part of its maintenance programme to ensure that many more people can enjoy them. Two major bridges were painted in 2015/16, protecting them for another 30–40 years, and ensuring that they remain both safe and inspiring.

Output class operating statement 2015/16: Management of historic heritage

	Actual 30/06/15 \$000	Budget 30/06/16 \$000	Revised budget 30/06/16 \$000	Actual 30/06/16 \$000
Revenue				
Crown	6,322	5,193	4,663	4,663
Other	1,408	414	476	42
Total revenue	7,730	5,607	5,139	4,705
Expenses	6,635	7,557	7,089	5,584
Surplus/(deficit)	1,095	(1,950)	(1,950)	(879)

Recreation

Mountain biking on the Heaphy Track. Photo: Jeremy Town (purepixel.nz)

**LONG-TERM OUTCOME GOAL:
50-YEAR FOCUS**

**New Zealanders
and our visitors are
enriched by outdoor
experiences**

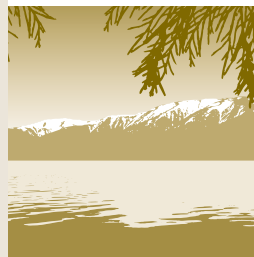
PERFORMANCE INDICATORS

- ➔ The trend over time in New Zealanders' awareness of DOC as a recreation provider
- ↑ The trend in participation in recreation on public conservation lands and waters
- ↑ The trend in visitor satisfaction with the quality of the experience and opportunities provided

STRETCH GOALS: 10-YEAR FOCUS

- ➔ 90% of New Zealanders' lives are enriched through their connection to our nature
- ➔ 50% of international holiday visitors come to New Zealand to connect with our natural places

Main reasons for using Department of Conservation areas for recreation



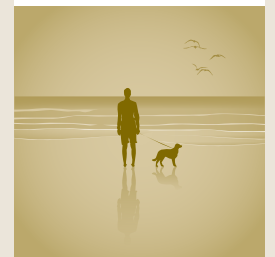
♥ 82%

To spend time in nature or enjoy the scenery



♥ 69%

To spend time with friends and family



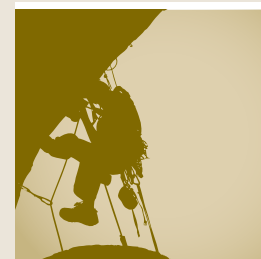
♥ 53%

To get away from it all



♥ 35%

To improve my health



♥ 33%

For the physical challenge

The top four most frequently visited recreation areas in 2015/16



#1 Huka Falls



#2 Tongariro National Park



#3 Cathedral Cove



#4 Coromandel Forest Park

New Zealanders and our visitors are enriched by outdoor experiences

DOC is a provider of recreation opportunities along with regional and local authorities and the private sector. The Department manages New Zealand's largest outdoor recreation network of over 14,000 km of tracks, 330 campsites, and 960 backcountry huts. Our aim is to play a major part in attracting international visitors to New Zealand to connect with our nature, and to enrich the lives of New Zealanders and international visitors by providing memorable outdoor experiences.

The tourism sector is currently experiencing record growth across all international markets. Fueled by fast-paced change in specific overseas markets, this overall

growth leads to more demand than ever for outdoor recreation on public conservation lands and waters. By providing quality experiences to our international visitors, DOC has an opportunity to contribute considerably to New Zealand's tourism sector and economy.

Increases to the number of international visitors to our natural places will make it challenging to continue to provide quality experiences across high volume visitor destinations. We also need to cater to both the international market and the part of the New Zealand market that prefers a less busy or structured experience in the outdoors.

Taking a market-focused approach

We are taking a market-focused approach to outdoor recreation and tourism, using customer segmentation information to connect more people with the experiences they prefer. To do this, DOC continues to focus on visitor needs at destinations defined by the types of experiences on offer:

- International and domestic tourists expect quality experiences. Icon destinations cater for these markets - they showcase our country, attract people to visit, and contribute to growing New Zealand tourism.
- New Zealanders want experiences in nature that are easily accessible and close to where they live that provide for a range of preferences and activities. Gateway destinations provide easy points of access to nature, focus on growing family participation, and introduce the next generation to our conservation heritage.
- New Zealand communities have strong connections with places that are special to them. At Local Treasure sites we empower and help local communities to take greater ownership of the places, experiences, and opportunities they hold dear.
- In New Zealand's unique backcountry we encourage people to be safe and self-reliant, and to enjoy the opportunity of meeting nature on its own terms.

At all places, DOC aims for people to enjoy themselves, to be safe, and to feel enriched by connecting with our nature. We continue to work with our Treaty partners, regional tourism operators, and local government, to ensure that we complement national and regional tourism.



Photo: Baptiste Maryns



Photo: Laura Honey



Photo: Laura Honey



Photo: Brian Dobbie



Air New Zealand and DOC – promoting our nature

The DOC and Air New Zealand partnership promotes the Great Walks through a coordinated multi-media programme including in-flight material and digital marketing. Since this partnership started there has been a 48 percent increase in Great Walks bed-nights, helping fill out lower use shoulder seasons and also good growth in the use of campsites. The next initiative is the ‘Where to Next’ campaign that features the partnership and promotes short walk options around the regions of New Zealand.



Opening the Old Ghost Road – new opportunities to connect with our nature

A collaborative effort between DOC, the Mokihinui-Lyell Backcountry Trust, Nga Haerenga, The New Zealand Cycle Trail, and major sponsors, the Old Ghost Road is New Zealand’s longest continuous single track for backcountry riders and trampers. The 85 km of trail are a testament to 26,000 hours of volunteer work. Since its completion in December 2015 there has been a surge in overnight stays at the track’s huts.

PERFORMANCE INDICATOR

The trend over time in New Zealanders’ awareness of DOC as a recreation provider

Current state: performance maintained

For New Zealanders to venture into our nature and gain the associated benefits, they must first be aware of the outdoor opportunities available. Three-quarters of New Zealanders are aware that DOC provides facilities and services for people participating in outdoor recreation activities. Overall awareness level is the same as 2014/15. Those who are unaware of DOC services are more likely to live in Auckland and Gisborne, be aged between 18 and 34, and to be of Māori, Pacific or Asian ethnicity.

Compared to the previous year, awareness declined among people living in the main cities and those under the age of 34. Awareness increased for New Zealanders living in provincial towns and those aged 50 and over.

Table 15: Percentage of New Zealanders aware that DOC is a provider of recreation opportunities.

	2012 /13	2013 /14	2014 /15	2015 /16
Percentage of New Zealanders	81	79	73	73

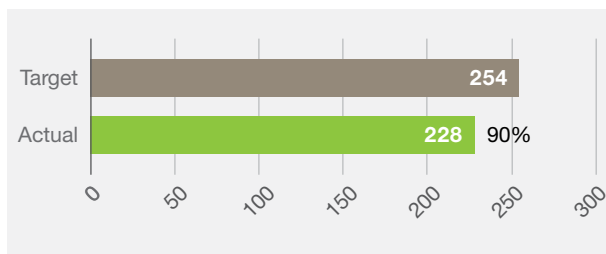


Figure 25: Percentage of recreation and interpretation publications meeting publication standards (target 90% to standard)

PERFORMANCE INDICATOR

The trend in participation in recreation on public conservation lands and waters

Current state: performance improving



In the past 4 years the proportion of New Zealanders participating in recreation on public conservation lands and waters has continued to increase, reaching 80 percent in 2015/16 based on the Survey of New Zealanders.

The long and sunny summer of 2015/16, and ongoing promotional efforts from DOC and partners such as Air New Zealand, is likely to have contributed to these continued gains.

Table 16: Percent of New Zealanders’ participating in recreation on public conservation lands and waters.

	2012 /13	2013 /14	2014 /15	2015 /16
Percentage of New Zealanders	71	74	77	80

Those more likely to visit DOC recreational areas live in the Southland (90 percent), Nelson/Tasman (89 percent), West Coast (89 percent), Otago (87 percent), Waikato (86 percent), and Taranaki (85 percent) regions. Also more likely to visit are those aged 25-49 (83 percent), New

Zealand Europeans (82 percent), as well as those with a household income of \$100,000 (86 percent).

People less likely to visit DOC recreational areas are of Pacific or Asian ethnicity (42 percent and 31 percent respectively), living in Gisborne (35 percent) or Wellington (28 percent). Low income and being over 65 years old also correlates to non-participation.

The main activities that people engage in on public conservation lands and waters remain relatively constant, with short walks of less than 3 hours and sightseeing being the most popular. The main reasons for engaging in these activities are to spend time in nature, with their friends and family, to improve their health, and to challenge themselves physically. These drivers have all grown compared with last year’s results, particularly for getting away from it all (up by 9 percent) and improving their health (up by 10 percent).

2015/16 saw the highest proportion of New Zealanders visiting a national park (41 percent) since this survey approach began in 2012/13.

When asked if they have ever participated in one of the premier outdoor recreation opportunities in New Zealand, 43 percent of respondents have at least partly walked one of DOC’s Great Walks (or paddled in the case of the Whanganui Journey). This includes people who make a short walk or a day visit from the end of a Great Walk track. Eight percent of respondents have walked at least parts of the Te Araroa Trail from Cape Reinga to Bluff, and 23 percent have cycled at least one of the New Zealand Cycle Trail Great Rides.


The survey results revealed that the main barriers for participation are:

- Not having enough time (77 percent)
- Not being physically able or fit enough (16 percent)
- And not having anyone to go with (11 percent).

Compared to last year, all these reasons were mentioned by a similar proportion of people.

PERFORMANCE INDICATOR

The trend in visitor satisfaction with the quality of the experience and opportunities provided

Current state: performance improving 

Our approach is that a satisfying experience enriches visitors' lives, and will also lead to repeat visits and positive word-of-mouth promotion.²¹

Visitor satisfaction with the quality of recreation destination most recently visited is the highest in 4 years, up by 5 percent from 2014/15.²²



Photo: Bridget Meyer

Improving access – enriching more people's lives through connecting with our nature

Around 24 percent of New Zealanders live with a disability of some sort, with approximately 12 percent having a mobility impairment. Part of the 'Healthy Nature Healthy People' initiative, and in co-operation with Halberg Disability Sport Foundation, DOC trialled the use of all-terrain technology to provide a Great Walk experience for wheelchair users in the Abel Tasman National Park. The project seeks to promote tracks to the disabled sector, get more people out into our green spaces, and derive the associated health benefits.

Table 17: New Zealanders' satisfaction with the quality of visitor facilities and opportunities provided.

	2012 /13	2013 /14	2014 /15	2015 /16
Percentage of New Zealanders	78	80	79	84

Satisfaction is highest among those living in the Wellington (87 percent), Hawke's Bay (87 percent), and Auckland (86 percent) regions.

Of the New Zealanders who visited public conservation lands and waters, 95 percent felt safe during their most recent visit. This is similar to the previous year (94 percent).

The quality of facilities provided for visitors is a significant contributor to overall satisfaction with a visit.

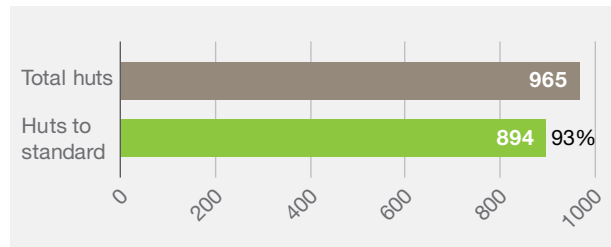


Figure 26: Number of huts to standard (target 90% to standard)

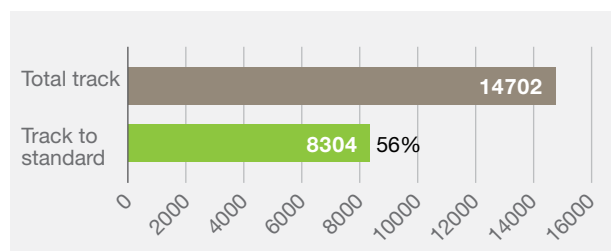


Figure 27: Kilometres of tracks to standard (target 45% to standard)

²¹ Pursuing satisfied customers is reflected by the 'Relationship marketing' approach; see Berry, L. 1983: Relationship marketing. American Marketing Association: Chicago.

²² Ipsos 2016: Full report: Survey of New Zealanders.

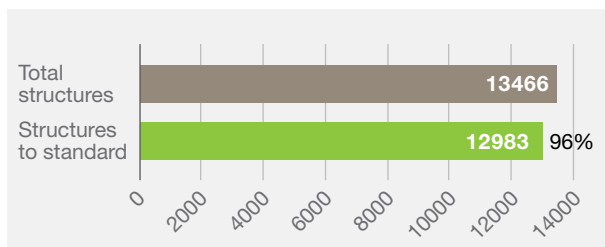


Figure 28: Number of structures to standard (target 95% to standard)

STRETCH GOAL

90% of New Zealanders' lives are enriched through their connection to our nature

New Zealanders' lives are enriched through connection to our nature when, for example, they participate in activities on conservation land which improve their mental and physical health. The Department's role in enriching New Zealanders' lives lies in providing the opportunities to connect with nature that lead overall to a sense of enrichment. When asked in the recent Survey of New Zealanders "How has your life improved through a connection to New Zealand's nature?", 15% of respondents identified personal wellbeing (mental, physical, emotional), while 18% indicated they feel relaxed/happy in nature. Other aspects of enrichment supported by connection to our nature are:

- beliefs about nature which strengthen their identity as a New Zealander
- economic benefits generated from ecosystem services providing New Zealanders with more income, and
- participating in group activities in the outdoors which enhances social relationships.

Visitor centres – a rich source of information

The DOC visitor centre network continues to be an important means of providing visitor information, safety messaging and an opportunity to grow understanding and support for conservation. The 22 visitor centres distributed at key locations across New Zealand receive 1.6 million visitors per year. Visitor centres at Queenstown and Franz Josef have been

re-opened in new locations, and the Dunedin visitor centre is now co-located with the city's i-Site.

STRETCH GOAL

50% of international holiday visitors come to New Zealand to connect with our natural places

Tourism is one of New Zealand's largest export industries, second only to the dairy industry in terms of foreign exchange earnings. It directly employs 6.3 per cent of the New Zealand workforce and it has the potential to improve the economies of communities around the country. For the year ended March 2015:

- Total tourism expenditure was \$29.8 billion, an increase of 10.3 percent from the previous year.
- International tourism expenditure increased 17.1 percent (\$1.7 billion) to \$11.8 billion, and contributed 17.4 percent to New Zealand's total exports of goods and services.
- Domestic tourism expenditure increased 6.3 percent (\$1.1 billion) to \$18.1 billion.
- Tourism generated a direct contribution to GDP of \$10.6 billion, or 4.9 percent of GDP.

People choose to visit New Zealand because of the quality of our nature and the opportunities that it affords. DOC and our partners deliver outstanding experiences in the outdoors for visitors. These outstanding experiences and our reputation in delivering them underpins future demand. As well as contributing to our economy, the growing tourism market creates opportunities for conservation, for iwi, for our partners and for communities to protect New Zealand's special places so that they continue to be special.

Where are our international visitors going?

Research with our international visitors as they leave the country reveals the typical travel patterns people follow when visiting New Zealand. This is useful context when thinking about where the opportunities and pressure points lie. The patterns show that most people are following a relatively narrow range of travel routes and connecting hubs such as Auckland, Rotorua, Wellington,

Christchurch and Queenstown. The challenge from here is extending this ‘pipeline’ out into sites that can absorb more visitors, and supporting the current numbers at high visitation sites.

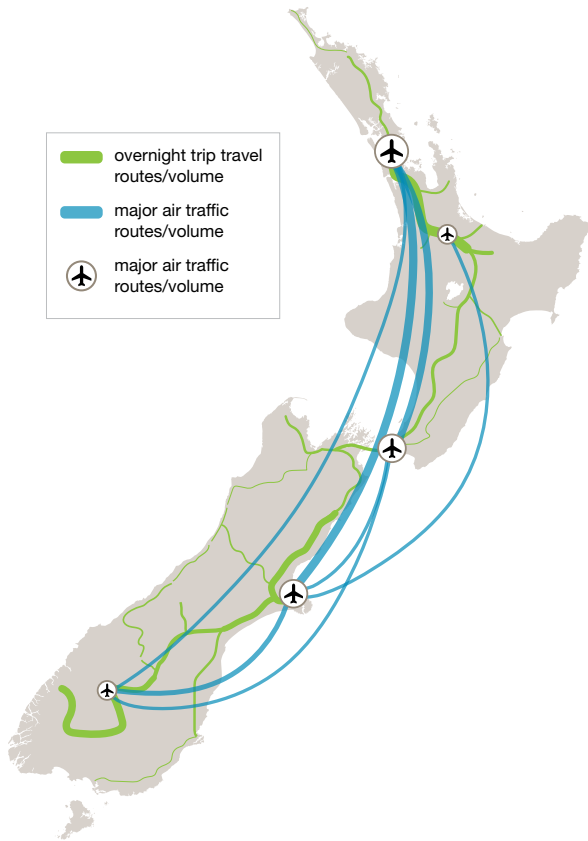


Figure 29: International tourism flows diagram



Hooker Valley – catering to growing visitor numbers

Last year DOC reported upgrades to the Hooker Valley Track at Aoraki/Mount Cook in response to growing demand for accessible short walks in the area. This has led to more people staying in the area overnight, with the adjacent Whitehorse Hill Campground recording a 33 percent increase for 2015/16. To help maintain the visitor experience and manage the increase in visitors, two campground wardens were employed for the summer season. The increase in visitation brings with it further pressure on other infrastructure, which also needs to be planned for.

Output class operating statement 2015/16: Management of recreation opportunities

	Actual 30/06/15 \$000	Budget 30/06/16 \$000	Revised budget 30/06/16 \$000	Actual 30/06/16 \$000
Revenue				
Crown	117,886	116,109	120,945	120,945
Other	24,105	23,598	25,401	25,001
Total revenue	141,991	139,707	146,346	145,946
Expenses	137,428	141,707	148,346	143,066
Surplus/(deficit)	4,563	(2,000)	(2,000)	2,880

Engagement



After an absence of more than 100 years, tieke/North Island saddleback are returned to the pest-free island of Moturua, eastern Bay of Islands by the Project Island Song partnership. Photo: © Roger Chignell

**LONG-TERM OUTCOME GOAL:
50-YEAR FOCUS**

**New Zealanders
connect and contribute
to conservation**

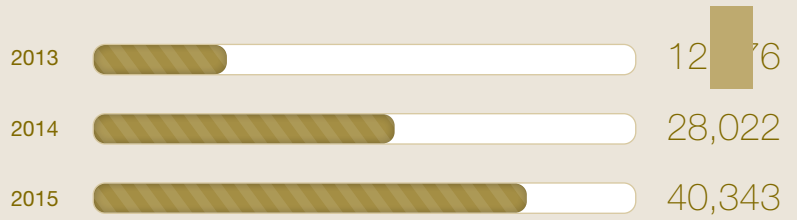
PERFORMANCE INDICATORS

- Change in the satisfaction of tangata whenua with the Department's activities to help them maintain their cultural relationships with taonga
- ↑ Change in the importance of conservation to New Zealanders
- Change in the quality of the Department's engagement with key associates
- ↑ Increase in engagement of the commercial sector in conservation partnerships
- ↑ Change in the level of investment in conservation from the commercial sector
- ↑ Improvement in level of return on investment for key DOC products and services

STRETCH GOALS: 10-YEAR FOCUS

- 90% of New Zealanders' lives are enriched through connection to our nature.
- Whānau, hapū, and iwi are able to practise their responsibilities as kaitiaki of natural and cultural resources on public conservation lands and waters

Unique visitors to the Conservation Week website page



887
community
partnerships



Toyota Kiwi Guardians outreach programme

20
sites
launched in
March 2016



895
children participated
in the first 3 months

Conservation activities of volunteers

54%
Tree planting



43%
Protection or restoration of
forest, wetland, or marine
habitat or species



34%
Pest control



26%
Education about
the environment
or conservation



16%
Managing recreation
facilities or services



12%
Managing
historic
heritage or
connecting
people to
this



New Zealanders connect and contribute to conservation

DOC's engagement and partnerships model is strongly focused on achieving two interrelated outcomes:

- Connecting New Zealanders to conservation and its social, cultural, economic and environmental values and benefits.
- Shifting our society towards taking personal responsibility for conservation and contributing towards it.

DOC works hard to ensure that New Zealanders can access and enjoy conservation experiences that enrich their lives and wellbeing, as well as contributing to the protection and restoration of the country's natural, historical and cultural heritage. When people see our nature as being an integral part of their lives, and experience its benefits in a range of ways, they will be more driven to contribute to its conservation. This is as much the case for the commercial sector as it is for individuals and organisations with an environmental focus. DOC is looking for ways to remove barriers to participation, such as raising awareness about practical conservation action that suits people's lifestyles and skills.

To progress this approach, DOC has developed a stretch goal aimed at more deeply connecting New Zealanders to our nature. The commercial sector is a vital and leading part of the wider community. DOC has been focusing on changing how this sector thinks about and interacts with conservation. Points of focus are:

- Developing productive business partnerships and growing these.
- Increasing business opportunities on public conservation land.
- Increasing the return (benefit) to conservation from key DOC products and services.

DOC's successful engagement with the business sector is heavily dependent on how people relate to conservation already and the image DOC has within society.

PERFORMANCE INDICATOR

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

Performance measures yet to be developed



DOC is exploring a research approach to inform this measure that is acceptable to representatives of tangata whenua.

Ngā Whenua Rāhui – supporting tangata whenua kawenata

In October 2015 DOC celebrated 25 years of achievements from Ngā Whenua Rāhui, a funding programme that provides protection for Māori landowners through the use of 25-year renewable kawenata (covenants). Over the 25-year period the fund has put in place around 234 agreements, protecting 171,733 hectares. This represents 25 percent of Māori land with significant natural values. The fund has also approved 238 mātauranga Māori projects.

PERFORMANCE INDICATOR

Change in the importance of conservation to New Zealanders


Current state: performance improving



DOC uses an annual population-based survey (Ipsos 2016) to track New Zealanders' understanding and perceptions of conservation. The 2016 survey results showed that 85 percent of people surveyed felt that conservation is very important or important to them personally. This is an increase from recent years where the level of importance has been relatively stable at around 80–81 percent.

PERFORMANCE INDICATOR

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


Current state: performance maintained 

Research on DOC's engagement with key associates takes place every 2 years and will be held next in 2016/17.

DOC has a very strong brand, and is the winner of the Randstad Award²³ (for most attractive employer in New Zealand) for the second year in a row. DOC is also rated 8th of all brands in New Zealand in the BrandCapital 2015 assessment. This good standing provides a connection with people, an incentive for businesses to partner with DOC and align their messaging. This also offers DOC an opportunity to profile its own products and services.

PERFORMANCE INDICATOR

Increase in engagement of the commercial sector in conservation partnerships

Current state: performance improving 

There continues to be growth in the commitment of businesses to conservation as DOC establishes and grows partnerships. Examples in 2015/16 include:

50% of New Zealand's natural ecosystems are benefiting from pest management

- The agreement with Genesis Energy has been renewed for another 5 years to support the national Whio Forever partnership and the Taupō for Tomorrow education programme.

50 freshwater ecosystems are restored from 'mountains to the sea'

- The DOC-Fonterra Living Water partnership has gained momentum, a strong strategic focus and delivered many more projects with a 2015/16 expenditure of \$2 million across the five sites. Highlights include support for the signing at Pūkoro/Miranda of the Chinese-New Zealand Government Memorandum of Arrangement on protecting migratory shorebirds and their habitat, and the installation of lakeside silt traps and floating wetlands at Waikato lakes.

90% of New Zealanders' lives are enriched through connection to our nature

- In 2016 DOC and Toyota launched Toyota Kiwi Guardians, a new outreach programme to help families explore the outdoors and take action for nature. Toyota Kiwi Guardians is about giving children and families easy, entry-level ways to engage with nature, with conservation, and to explore the special places that are right on their doorstep. Studies have shown there are positive links between direct experiences in nature and children's mental, emotional and physical health and wellbeing. The programme launched with 20 sites, and in the first 3 months 895 children have participated. DOC has been proud to partner with one of New Zealand's most trusted brands in this initiative, particularly as sustainability is at the core of Toyota's business philosophy.
- The Air New Zealand partnership has been broadened with support for Great Walks biodiversity projects, Great Walks promotion, marine reserves research, Coastal Gems promotion, free transport of endangered native wildlife and the DOC Threatened Species Ambassador.
- The signing of an agreement with Meridian Energy to support the Kākāpō Recovery Programme for 3 years. This follows NZ Aluminium Smelter (NZAS) stepping down after 25 years of support for the kākāpō programme.

²³ Randstad Award 2016 www.randstad.co.nz/workforce360/articles/2016-randstad-award-winners.

PERFORMANCE INDICATOR

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

Current state: performance improving ↑

There is a positive trend in the level of investment in conservation from business, and through partnerships.

Concession management

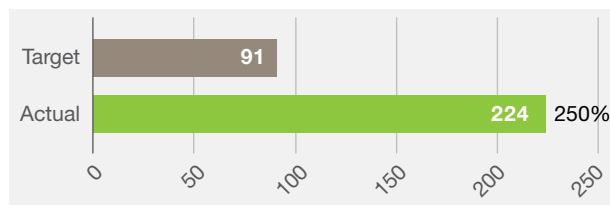


Figure 30: Active one-off recreation concessions managed

The number of active one-off recreation concessions managed was 133 more than planned. The demand for these concessions varies and is outside DOC's control. Economic conditions are a key factor influencing these results.

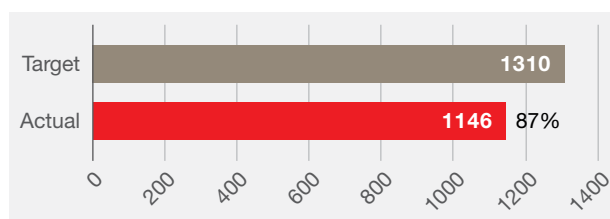


Figure 31: Active longer-term recreation concession permits, licenses and easements managed

The demand for these concessions varies and is outside DOC's control.

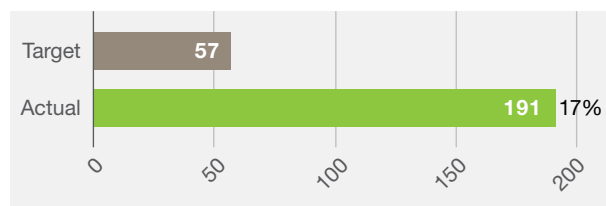


Figure 32: Active longer-term recreation concessions monitored (target 5%)

Additional monitoring of bus and guiding concessions was undertaken at key car park areas on the West Coast to ensure appropriate licensing and compliance.

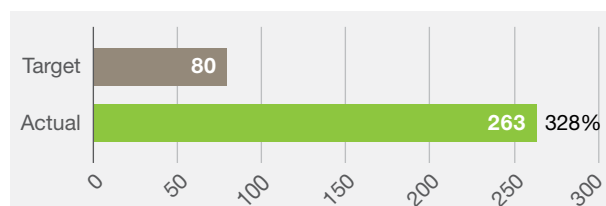


Figure 33: Active one-off other resource use concessions managed

The demand for these concessions varies and is outside DOC's control.

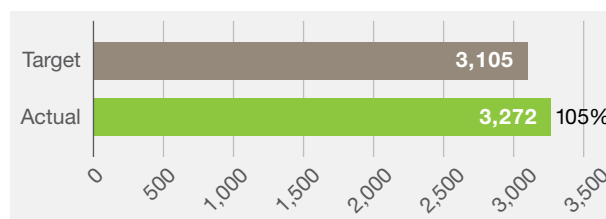


Figure 34: Active longer-term other resource use concession permits, licenses and easements managed

Table 18: Department of Conservation concession and partnership revenue.

Source of financial contribution	2011/12 Actual (baseline) (\$000)	2012/13 Actual (\$000)	2013/14 Actual' (\$000)	2014/15 Actual (\$000)	2015/16 Actual (\$000)	Change from 2014/15 (%)
Concessions, leases and licences ²⁴	13,798	13,360	13,777	15,262	16,951	11.1
Sponsorship/partnership revenue	3,293	5,238	6,473	7,088	9,303	31.3

²⁴ Part of Crown revenue as administered by the Department.

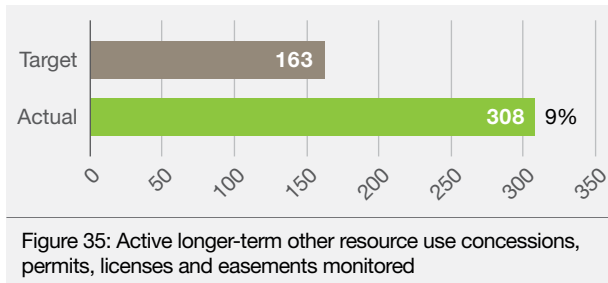


Figure 35: Active longer-term other resource use concessions, permits, licenses and easements monitored

PERFORMANCE INDICATOR

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

Current state: performance improving ↑

Participation in conservation and enjoying our natural and historic heritage brings many benefits to people, the economy and our nature. Particular focus this year has been on promoting those Great Walks with unused capacity. To assist with this, we are increasing the number of wholesalers and inbound tour operators we work with who provide information about Great Walks.

With changing markets, patterns of use and increasing visitor numbers, we are paying particular attention to visitor safety and preparedness information. Domestic marketing has a focus on encouraging New Zealanders to experience our nature, across the range of experiences including short walks, and less-visited regions.

STRETCH GOAL

90% of New Zealanders' lives are enriched through connection to our nature

Connecting people online

DOC continues to profile conservation in a range of ways. The website is DOC's primary tool for connecting people to conservation and the outdoors. The number of visitors to the website increased 17 percent in the past year. This year, new audiences have been attracted to the website and a connected online community has been created through the live streaming of a Royal Albatross nest at Taiaroa Head in Otago. This has attracted the interest of people from over 110 countries, with over 431,000 views to date and an average view time of 18 minutes.

Instagram is DOC's fastest-growing platform and is becoming one of our most engaging social media tools. Between June 2015 and June 2016 our Instagram followers increased from 6,098 to 26,580 (an increase of 335 percent). Between June 2015 and June 2016 we received 217,572 engagements on photos of our nature, an increase of 165 percent on the previous year (82,076). We use Instagram to inspire and captivate our audiences, raise awareness of New Zealand's natural beauty and encourage New Zealanders to engage and take action.

Nature space – people connecting and helping protect our nature

DOC supported the Nature Space web-based platform through involvement in its governance structure and work

Table 19: Revenue from key DOC products and services

	2011/12 Actual (baseline) (\$000)	2012/13 Actual (\$000)	2013/14 Actual (\$000)	2014/15 Actual (\$000)	2015/16 Actual (\$000)	Change from 2014/15 (%)
Revenue received						
Backcountry huts	1,525	1,588	1,606	1,751	2,025	15.6
Conservation campsites	3,196	4,222	4,738	5,201	5,910	13.6
Great Walks	4,240	4,806	5,293	5,605	6,261	11.7
Visitor centre network – gross retail	2,114	2,052	2,213	2,367	2,624	10.9

on its strategic direction. Nature Space provides access to information and resources for groups undertaking ecological restoration across New Zealand, by helping them to source, share and keep up to date with current conservation information and best practice. Nature Space has experienced solid growth in membership over the past year. This growth and the future vision of Nature

Space is further reinforced by increased leadership and support from local and regional councils and other national conservation agencies. There has been a 39 percent increase in the number of groups participating in Nature Space (currently 373 groups) as well as almost 10 percent growth in the number of individuals involved in ecological restoration (currently 38,354).

Healthy Nature Healthy People – widely enriching our lives

Healthy Nature Healthy People tells compelling stories of the inextricable link between the health of both nature and people. In 2015/2016 DOC worked alongside the following partners:

- DOC and Healthy Families Invercargill launched Healthy Nature Healthy People in March with a MAD day out (mud, adventure, discovery). Healthy Families, the Ministry of Health’s flagship prevention platform, is operating in 10 locations New Zealand-wide.
- DOC and the Mental Health Foundation signed a memorandum of understanding in November signalling our joint intent to work together to improve the lives of New Zealanders through contact with ‘our nature’.

DOC Community Fund – enriching community contribution

The DOC Community Fund is DOC’s largest funding commitment to community conservation. The 2015 funding round allocated more than \$8 million to support 120 community groups in a range of conservation efforts. One successful project was the Queen Elizabeth II National Trust Community Weeding Project. The project aims to mobilise New Zealanders to take action around weed control in local communities. Through this project more volunteers have been encouraged to be actively involved in weed control.

Growing conservation skills – enabling a richer conservation experience

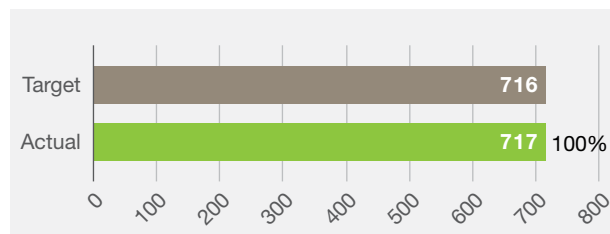


Figure 36: Knowledge and skill-sharing initiatives

During Conservation Week November 2015, 140 events were organised across the country to get people out and connecting to nature. One example was Habitat Heroes, encouraging schools and community/youth groups to get involved in conservation and think about how they could make a difference.

From these knowledge- and skill-sharing initiatives, 988 participants were surveyed and 955 (97 percent) rated the initiative as ‘effective’ or ‘partly effective’ at meeting its objectives (the target was 70 percent).

Volunteering – people connecting with our nature in a practical way

Volunteer time commitment can be quantified by calculating the equivalent to workdays for people in the workforce. One workday equivalent equates to 8 hours of volunteer time.

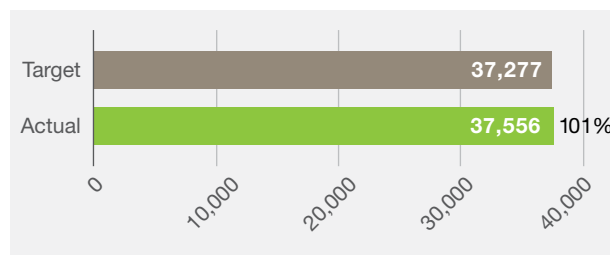


Figure 37: Engagement – volunteer workday equivalents

Partnering with DOC to connect with our nature

DOC seeks to deliver more conservation through partnering with others. A partnership represents the joint commitment by DOC and the partner to put time and resources towards a common conservation goal. Depending on the circumstances, a partnership may warrant a signed agreement, a shared Memorandum of Understanding (MOU), or a handshake between parties.

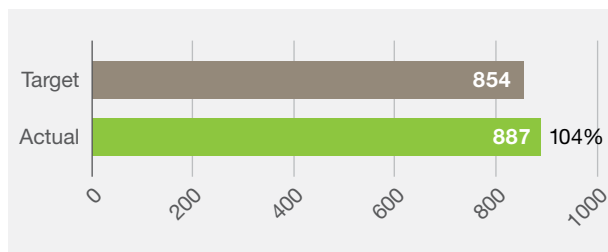


Figure 38: Engagement – partnerships

Of these partnerships, 231 (26 percent) involve tangata whenua. The target for partnerships involving tangata whenua is 30 percent.

Partners are surveyed to gain an understanding of their view on contributing to conservation. Of the 887 partners, 194 were surveyed, and 134 (69 percent) of them rated their contribution to conservation as moderate or significant. The target for a moderate or significant rating is 80 percent. The lower than target rating was not well explained from the comments provided in the

completed surveys. A couple of responses noted concern that partnerships was primarily a way for DOC to secure more resources, and another referred to unnecessary process requirements. Such concerns will need to be considered as partners are sought and engaged with.

STRETCH GOAL

Whānau, hapū and iwi are able to practise their responsibilities as kaitiaki of natural and cultural resources on public conservation lands and waters

DOC is currently focussed on growing the capability within the Department to understand mātauranga Māori concepts and build confidence in engaging with tangata whenua around this topic. Training content is being reviewed. Key partners are being offered similar training to encourage a wider spread of awareness and knowledge sharing.

The knowledge base will be enhanced through targeted research to identify mātauranga relevant to biological and climactic events. This is to allow greater integration of the cultural and spiritual values Māori associate with land and natural and historic values into conservation action.

Output class operating statement 2015/16: Conservation with the community (engagement)

	Actual 30/06/15 \$000	Budget 30/06/16 \$000	Revised budget 30/06/16 \$000	Actual 30/06/16 \$000
Revenue				
Crown	28,641	29,811	29,716	29,716
Other	2,162	2,085	2,287	1,928
Total revenue	30,803	31,896	32,003	31,644
Expenses	29,128	31,896	32,003	29,117
Surplus/(deficit)	1,675	-	-	2,527

Capability



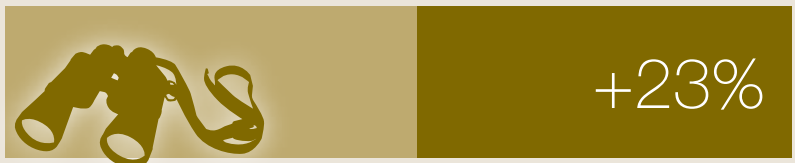
**LONG-TERM OUTCOME GOAL:
50-YEAR FOCUS**

Our business is supported by a capable workforce and sound systems

PERFORMANCE INDICATORS

- ↑ Leadership: the Department has the leaders it needs to perform well, both now and in the future
- ↑ Relationships: the Department identifies, builds and manages relationships critical to achieving results
- ↑ Culture: the Department has the type of culture it needs to achieve results now and in the future
- People: the Department has the skills and competencies to achieve its results in collaboration with others
- Information and communications technology (ICT): the Department has the ICT it needs to achieve results and contribute to others
- Asset management: the Department's asset-related decisions support current and future service delivery
- ↑ Structure: the Department's structure is linked to its results and future business needs

2016 Workplace Engagement Survey results



This organisation has a clear vision of where it's going and how it's going to get there



Confidence in senior leadership



A sense of common purpose



The organisation is making the changes it needs to be successful



Teams working well together

Our business is supported by a capable workforce and sound systems

Refreshed transformation plan

In 2014 we entered the first phase of our transformation plan to land and embed a new operating model. The 2015/16 financial year has been focused on phase two; realigning the organisation to the strategic direction. All elements of the new model are focused on delivering results for people. As our people change and grow we need to ensure the organisation is working just as hard to be fit for purpose and a great place to work. The three phases of transformation are outlined below.

- ✓ Phase one: enabling others to contribute – gearing ourselves up for engaging/collaborating with others to achieve results.
- ✓ Phase two: realigning the organisation to the strategic direction.
- Phase three: embedding the new model and building strong productive external relationships that achieve the desired goals.

Embedding structural changes

The previous year has seen us emerge from a period of considerable restructuring in order to realign the organisation with the strategic direction. The 90-day Regional Pilot in Nelson, Marlborough, and the West Coast was designed to trial ways to integrate conservation management at place, and enable step-change partnership growth work. Following its success, we have now implemented these approaches in all locations.

A key part of this change was introducing and reinforcing the principles of single point accountability, team process, and leader-led task assignment. This had a considerable impact on the structure of the organisation including:

- Significant increase to the size of our Operations business group

- Corresponding reduction to the size of our Partnerships business group, narrowing their focus to step-change growth work and moving other areas of work back into Operations
- Introduction of a new layer of management (supervisors), to make the span of control more manageable for Operations managers.

People were asking for this change, and it has been well received.

Clarifying the vision and strategy

As part of phase two – the realignment of the organisation to the strategic direction – we have been focused on building understanding and commitment to the new vision and strategy through the DOC story. The DOC story is underpinned by the concept of ‘our nature’. It brings together DOC’s vision, its newly revised purpose and 2025 Stretch Goals.

The changes to DOC’s Senior Leadership Team (SLT) are embedding well, and the 2016 Workplace Engagement Survey shows a significant lift in confidence in SLT across the organisation. The focus on clarifying our strategic direction and improving collaboration across the business is also coming through with significant improvements²⁵ in responses to the following questions:

- This organisation has a clear vision of where it’s going and how it’s going to get there (up 23 percent).
- I have confidence in the senior leadership of this organisation (up 11 percent).
- There is a sense of ‘common purpose’ in this organisation (up 9 percent).
- This organisation is making the changes it needs to be successful in the future (up 15 percent).
- Teams in this organisation work well together (up 9 percent).

We will continue to use the Workplace Engagement Survey as our main measure of culture change.

²⁵ Note that for an organisation this size, a change of 3 percent or more is considered very significant.

This includes the existing annual survey, as well as introducing a 6-monthly 'pulse' survey to check in on progress and key areas of focus.

Entering the third phase of transformation

We have refreshed the transformation plan going into this third phase to ensure a strong focus on supporting and growing our people, embedding core leadership models, and improving systems and processes. This is all designed to ensure the organisation is well equipped to deliver on our vision by working with others to grow conservation.

Developing the capability of our people

Leadership development

Workshops have been delivered to all leaders in DOC to embed key leadership models within the Department. The purpose of this is to develop a common language across the Department, and provide clarity about who is responsible for making decisions. Single point accountability, leader-led, team process and task assignments are key components of this intervention, and are designed to be practical tools that leaders can apply immediately within their teams.

Alongside this, we have delivered Core People Management workshops to 248 managers, supervisors, and senior rangers over 8 months. Led by local directors, and supported by Capability and HR staff, the workshops built on key leadership models (team process training) with a focus on emphasising line managers' responsibilities and accountabilities for people management. These workshops were designed to provide role clarity around the new operating model, and covered the 'how to' for core people processes - recruitment, induction, people management and monthly operating reviews (MORs). This acknowledged the large number of first-time managers and supervisors we have in the new structure, and provided them with some immediate support to be successful in their roles.

We have made progress towards embedding the Leadership Success Profile (LSP) into DOC's systems and frameworks. Specifically, we have aligned the LSP with our competency framework, and introduced the LSP into new role descriptions. We are on track to meet the state sector-wide commitment of fully integrating the LSP into all our people management systems by June 2017.

DOC offers a range of programmes and internships to build our talent and succession pipeline early in people's careers. The 2015/2016 summer internship programme hosted 8 students this year. The internship brings new ideas to the Department from young talented university students.

Our Trainee Ranger programme is in its 17th year, and continues to train 20 young people annually in core conservation skills through our partner Nelson Marlborough Institute of Technology (NMIT). As well as field experience, they graduate with a National Certificate in Conservation. This year seven graduates were selected for a 2-year traineeship with DOC and hosted in Operations regions across the country. Many other graduates of the course gain employment with other conservation and environmental organisations.

There has also been a successful Māori Conservation Cadetship programme run from 2009 to 2012.

We also continue to collaborate with our colleagues in the Natural Resources Sector to deliver the Aspiring Leaders Programme. We sent 12 DOC staff on the programme this year. These programmes and internships are growing a talented pipeline of leaders and technical workers who are gaining the skills, experiences, and exposure that will support them to be successful in their future careers.

DOC has updated a number of its technical and field skills courses that are provided to iwi, community groups, council and DOC staff. These include monitoring skills courses (Foliar Browse Index, 20 x 20/Recce methods) and pest management (Animal Pest Operational Planning, Animal Pest Control methods and Approved Handlers, Weeds Management). These courses train to

Table 20: Areas of employment for NMIT Conservation course students following graduation

NMIT graduating year	2011	2012	2013	2014	2015
DOC 2-year traineeship	7	7	7	7	7
DOC short-term contract	5	3	3		5
Nga Whenua Rahui	1				
Regional Council	1	1	1	2	1
Private contractor (eg Nelmac, pest control)		2	3	3	1
Other conservation (eg sanctuaries, covenants)		2		3	1
Other organisation (eg. schools, bio-tech, fisheries)	2	2			1
Unknown	4	2	6	5	1

current best practice and standard operating procedures and in the case of Animal Pest Control Methods will meet new HSNO regulations for Approved Handlers expected in early 2017.

Talent management

We are continuing to roll out a formal talent management system to identify and support our people's potential, in line with state sector requirements. In the past year:

- A talent management toolkit has been developed and distributed to all directors.
- Deputy Director-Generals and directors have been supported to have meaningful talent conversations with their direct reports.
- Capability maps (as required by State Services Commission) have been moderated by business group across all our senior leaders and managers.

This process is enabling more focused and transparent development planning, and more targeted investment; ensuring that our people are getting support to reach their potential. We continue to offer a range of experiential and formal learning opportunities such as 360 degree surveys, coaching, leadership development programmes, and in-house management training to deliver on the identified development needs.

Improving organisational systems

DOCLearn

DOCLearn is the Department's Learning Management System. Part of its functionality enables reporting on capability and compliance to ensure staff are competent and safe to do the work of their role. Regional Health and Safety competency reports are being generated monthly by the Capability Development team to report on the numbers of staff that are compliant with SOP standards to undertake high risk work for the Department.

Managers are also able to generate reports for their teams, at any time, on the currency of their staff's health and safety competencies. Training data is entered by administrators within each region. The high risk health and safety competencies held by staff are linked to an individual and the work they are required to undertake.

As part of ongoing system improvement, in the past year Health and Safety competency records have been brought together in one system for the first time, to centralise records nationally. The system can now monitor and send out expiries of internal assessments, licences, and certificates related to the competencies. Monthly status reports are provided for directors on the level of competency approvals in their region.

We are also progressing with the migration of the Department’s fire training records. Working with the Fire team, 60,000 records have been entered in the system. In an emergency, DOC can build immediate fire teams due to the programme structure in DOCLearn. We continue to collaborate with other organisations who have the same learning management system to improve the design and functionality of the system.

‘Wasp Control with Vespex’, a new online tutorial was released in December 2015. To date, 6,510 participants have viewed the tutorial, completing a total 48,208 minutes of viewing time.

Animal Pest Management Information System (APMIS)

DOC is improving how it collects, plans and reports on pesticide information. The APMIS project is in its final closing stages and already the benefits of the system are being realised. Through its use, Battle for our Birds has saved approximately 100 hours of Geospatial Information Services (GIS) time. It is estimated that Bio-Planners will save considerable time on data collection, and rangers will now have their own tool to plan, comply and support aerial and ground operations. The public will also have greater access to the information held in the Pesticide summaries, including details on when and where DOC operations are taking place.

Safety and wellbeing

The Department has developed initiatives to increase near-miss reporting amongst staff and it has been encouraging to note a near doubling in near-miss reporting along with a 14 percent reduction in the total recordable injury frequency rate. The Department has a vision of ‘injury free, safe home every day’ which is now well embedded. The safety culture of the Department has improved significantly, and people are now more prepared to speak up and report incidents. In the Workplace Engagement Survey, 93.8 percent of people agreed with the question “If I saw risky or unsafe behaviours at work, I would raise it directly with the people involved”. The Incident Cause Analysis Method (ICAM) of incident investigation, implemented

during the report period, is now taking effect with an improvement in quality of investigations noted, resulting in improved learnings with the aim of preventing repeat incidents.

We have appointed a new Safety and Wellbeing Director, whose primary focus is on particular areas of risk, and revitalising the health and safety system. The Department’s work contains significant risk to workers and others, and the primary focus is now on critical risk (ie, low frequency but high consequence events). This work focuses on the top eight organisational-critical risks. These critical risk areas include on-road vehicle use, off-road vehicle use, helicopter use, boat use, diving, chainsaw use and work at height. An example of this work is an analysis of quad bike use and related incidents which resulted in the removal of these bikes from the Department’s fleet. Vehicle incidents are, however, of considerable concern and the Department continues to investigate initiatives to reduce risk in this area.

DOC manages its own workplace accident compensation claims. There has been considerable success in this programme. According to the Department’s latest Data Claim Summary Report, Research NZ data, and an internal survey, DOC outperforms third party administrators and ACC in almost all facets of the programme (return to work, rehabilitation and financial performance).

Departmental capital and asset management intentions

Asset management and profile

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

Strong capital asset management and investment management practices are therefore critical to DOC’s long-term success. This ensures best value for money from the assets needed to deliver the Government’s conservation services.

Land assets

DOC has responsibility for managing about one-third of New Zealand's land surface. The profile of that land is more mountainous than lands elsewhere in New Zealand and reflects the difficulty of developing lands at higher altitudes for agriculture. Historically, this provided the opportunity to establish protection for the land that remained. It also reflects the challenges the nation now faces to protect ecosystems in their natural state at the lower altitudes. In this challenge it is useful to be able to describe and quantify the value of natural capital.

Performance of physical assets

The performance of the natural assets has started to be reported through the 'Natural heritage' section of the annual report, drawing on status and trend information from the Tier 1 monitoring programme. For recreation

assets, condition reporting is undertaken through Output reporting for huts, tracks and structures.

Asset profile

The asset profile information in Table 21 is for Crown and Departmental assets combined and presented by asset group. Similar asset classes are grouped together and managed by an asset group owner. Asset group owners develop an asset management plan to communicate the planned management of asset replacement and investment to customers.

Improving asset management

The Department has commenced work on its asset management maturity and capability as part of the Government's Investor Confidence Rating. Interim results will be reported in the 2016/17 Annual Report.

Table 21: Department of Conservation asset profile 2015/16 (Crown and Departmental assets combined)

Asset group	Asset class	Carrying amount* (\$m)	Depreciation (\$m)	Capital expenditure† (\$m)
Information & Communications Technology	Computer software	6.7	2.7	1.0
Fleet	Vessels	2.4	0.4	0.2
	Motor vehicles	11.8	1.7	1.5
	Plant and equipment	7.8	2.4	1.5
Property	Furniture and fittings	4.5	1.6	1.2
	Buildings	89.4	2.8	1.4
	Infrastructure assets	34.4	1.0	0.2
Visitor and Historic assets	Visitor & Historic assets	373.5	17.4	7.7
Land (Crown & Dept)	Land (Crown & Dept)	5,690.7	0.0	0.6
Fencing	Fencing	44.9	5.3	1.9

* Excludes assets under construction

† Excludes transfers between departments

Well-served Government and citizens



Well-served Government and citizens

Policy advice

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

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

DOC works in support of the Government's commitment to achieving just and durable settlements of all historical Treaty of Waitangi claims.

This workstream also includes Ministerial services, statutory and ministerially appointed bodies, and management planning.

Management planning

Management planning occurs within the statutory planning framework required by the Conservation Act 1987, National Parks Act 1980 and various Treaty of Waitangi (TOW) Settlement Acts requiring the preparation of 10-year conservation management plans. A focus is the revision of conservation management strategies (CMSs), keeping national park management plans fit for purpose and meeting legal requirements for TOW settlement plans. Three revised CMSs were approved by the NZCA during the reporting period.

These were Canterbury (Waitaha), Otago, and Southland/Murihiku. These strategies and plans provide guidance to DOC in the management of public conservation lands and waters.

More information about DOC's statutory management planning activity can be found in Appendix 7.

Outputs that contribute to this output class

Policy outputs contribute to all four intermediate outcomes as set out in Appendix 2. These are reported on below.

Table 22: Policy advice and services performance

2015/16 performance measures and targets	National commentary
Policy advice	
The satisfaction of the Minister of Conservation with the policy advice, as per common satisfaction survey (target at least 80 percent).	There has not been an assessment by the Minister of the Department's policy advice for 2015/16.
Technical quality of policy advice papers, assessed by a survey and robustness assessment.	Technical quality score 63 percent.
The total cost per hour of producing outputs will be at most \$95/hour.	Total cost per output hour \$54.34.
Ministerial servicing	
It is expected that the Department will send 200–300 submissions to the Minister.	The Department sent 208 submissions to the Minister.
It is expected that the Department will receive 60 to 70 ministerial Official Information Act requests with 100 percent meeting the ministerial deadline.	The Department received 15 ministerial Official Information Act requests. Of these, 60 percent met the ministerial deadline.
It is expected that the Department will receive 150 to 200 Parliamentary Questions with 100 percent meeting the ministerial deadline.	The Department received 288 Parliamentary Questions. All met the ministerial deadline.

Output class operating statement 2015/16: Policy advice and services

	Actual 30/06/15 \$000	Budget 30/06/16 \$000	Revised budget 30/06/16 \$000	Actual 30/06/16 \$000
Revenue				
Crown	11,755	11,455	11,221	11,221
Other	169	566	1,066	121
Total revenue	11,924	12,021	12,287	11,342
Expenses	12,393	12,021	12,287	9,744
Surplus/(deficit)	(469)	-	-	1,598



INDEPENDENT AUDITOR'S REPORT
TO THE READERS OF
THE DEPARTMENT OF CONSERVATION'S
ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

The Auditor-General is the auditor of the Department of Conservation (the Department). The Auditor-General has appointed me, Graeme Edwards, using the staff and resources of KPMG, to carry out the audit on her behalf of:

- the financial statements of the Department on pages 91 to 120, that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2016, the statement of comprehensive revenue and expense, statement of changes in taxpayers' funds, the statement of trust monies 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;
- the performance information prepared by the Department for the year ended 30 June 2016 on pages 35 to 87.
- the statement of expenses and capital expenditure incurred against appropriations of the Department for the year ended 30 June 2016 on pages 129 to 133.
- the schedules of non-departmental activities which are managed by the Department on behalf of the Crown on pages 121 to 128 that comprise:
 - the schedules of: assets; liabilities; commitments; contingent liabilities and assets as at 30 June 2016; expenses; and revenue for the year ended 30 June 2016;
 - the notes to the schedules that include accounting policies and other explanatory information

Opinion

In our opinion:

- the financial statements of the Department:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2016; and
 - its financial performance and cash flows for the year ended on that date;
 - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Reporting Standards.
- the performance information of the Department:
 - presents fairly, in all material respects, for the year ended 30 June 2016:
 - what has been achieved with the appropriation; and
 - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure;

- complies with generally accepted accounting practice in New Zealand.
- the statements of expenses and capital expenditure of the Department on pages 129 to 133 are presented fairly, in all material respects, in accordance with the requirements of section 45A of the Public Finance Act 1989.
- the schedules of non-departmental activities which are managed by the Department on behalf of the Crown on pages 121 to 128 present fairly, in all material respects, in accordance with the Treasury Instructions:
 - the schedules of: assets; liabilities; commitments; contingent liabilities and assets as at 30 June 2016; expenses; and revenue for the year ended 30 June 2016.

Our audit was completed on 16/09/2016. 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 information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the information we audited. 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 information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Department's preparation of the information we audited 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 performance information within the Department's framework for reporting performance;
- the adequacy of the disclosures in the information we audited; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited. Also, we did not evaluate the security and controls over the electronic publication of the information we audited.

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 that present fairly the Department's financial position, financial performance, and its cash flows, and that comply with generally accepted accounting practice in New Zealand.
- performance information that presents fairly what has been achieved with each appropriation, the expenditure incurred as compared with expenditure expected to be incurred, and that complies with generally accepted accounting practice in New Zealand.
- statements of expenses and capital expenditure of the Department, that are presented fairly, in accordance with the requirements of the Public Finance Act 1989.
- schedules of non-departmental activities, in accordance with the Treasury Instructions, that present fairly those activities managed by the Department on behalf of the Crown.

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

The Director General is responsible for such internal control as is determined is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Director General is also responsible for the publication of the annual report, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the information we are required to audit, and reporting that opinion to you based on our audit. Our responsibility arises from the Public Audit Act 2001.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the Department.

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

Financial statements

Mountain beech in flower. Photo: Brian Rance

Statement of responsibility

In terms of section 45C 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, statements of expenses and capital expenditure and for 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.

I have the responsibility for ensuring that end-of-year performance information on each appropriation administered by the Department is provided in accordance with sections 19A to 19C of the Public Finance Act 1989, whether or not that information is included in this Annual Report.

I am responsible for the accuracy of any end-of-year performance information prepared by the Department, whether or not that information is included in the Annual Report.

In my opinion, these financial statements fairly reflect the financial position and operations of the Department for the year ended 30 June 2016, and the forecast financial statements fairly reflect the forecast financial position and operations of the Department for the year ending 30 June 2017.



Lou Sanson

Director-General
Department of Conservation
16 September 2016

Departmental financial statements

Statement of comprehensive revenue and expense for the year ended 30 June 2016

	Notes	30/06/15 Actual \$000	30/06/16 Budget* \$000	30/06/16 Revised Budget* \$000	30/06/16 Actual \$000	30/06/17 Forecast* \$000
Revenue						
Revenue Crown		314,965	310,467	338,848	338,848	314,421
Other revenue	2	43,756	41,132	48,095	42,599	41,312
Total revenue		358,721	351,599	386,943	381,447	355,733
Expenses						
Personnel costs	3	158,022	143,590	144,190	158,525	144,190
Operating costs	4	108,121	125,346	160,204	132,229	129,448
Depreciation, amortisation and impairment expense		35,102	34,799	35,340	34,242	33,638
Capital charge	5	47,265	49,864	49,209	47,832	50,457
Finance costs		100	-	-	92	-
Loss on disposal of property, plant and equipment		1,165	-	-	1,055	-
Total expenses		349,775	353,599	388,943	373,975	357,733
Net surplus/(deficit)		8,946	(2,000)	(2,000)	7,472	(2,000)
Other comprehensive revenue and expense						
Gain on property revaluations		4,001	-	-	8,211	-
Total comprehensive revenue and expense		12,947	(2,000)	(2,000)	15,683	(2,000)

* The statement of accounting policies provides explanations of these figures which are unaudited.
Refer to Note 1 for an explanation of major variances.

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 2016

	Notes	30/06/15 Actual \$000	30/06/16 Budget* \$000	30/06/16 Revised Budget* \$000	30/06/16 Actual \$000	30/06/17 Forecast* \$000
Taxpayers' funds						
General funds	13	461,360	470,680	467,764	460,907	485,210
Property, plant and equipment revaluation reserves	13	136,746	134,514	136,746	142,554	136,746
Total taxpayers' funds		598,106	605,194	604,510	603,461	621,956
Represented by:						
Current assets						
Cash		43,656	11,045	50,860	18,625	64,697
Prepayments		2,283	2,000	2,000	2,183	2,000
Inventories		837	1,000	1,000	931	1,000
Trade and other receivables	7	12,820	6,000	6,000	12,339	6,000
Non-current assets held for sale		3,371	-	-	3,371	-
Debtor Crown	8	44,813	74,813	34,813	116,488	49,813
Total current assets		107,780	94,858	94,673	153,937	123,510
Non-current assets						
Property, plant and equipment	9	548,893	587,543	547,050	537,077	539,647
Intangible assets	10	9,286	10,995	7,484	7,651	6,465
Total non-current assets		558,179	598,538	554,534	544,728	546,112
Total assets		665,959	693,396	649,207	698,665	669,622
Current liabilities						
Trade and other payables		12,840	46,252	6,097	12,911	9,066
GST payable		3,089	10,000	5,000	5,798	5,000
Employee entitlements	11	14,639	12,500	12,500	14,405	12,500
Finance leases		618	650	600	476	600
Provisions	12	3,789	-	-	25,340	-
Return of operating surplus	6	7,014	-	-	7,544	-
Revenue in advance		10,029	5,000	5,000	9,998	5,000
Total current liabilities		52,018	74,402	29,197	76,472	32,166
Non-current liabilities						
Employee entitlements	11	14,366	13,000	15,000	16,090	15,000
Finance leases		540	800	500	1,111	500
Provisions	12	929	-	-	1,531	-
Total non-current liabilities		15,835	13,800	15,500	18,732	15,500
Total liabilities		67,853	88,202	44,697	95,204	47,666
Net assets		598,106	605,194	604,510	603,461	621,956

* The statement of accounting policies provides explanations of these figures which are unaudited.

Refer to Note 1 for an explanation of major variances.

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

Statement of changes in taxpayers' funds
for the year ended 30 June 2016

	Notes	30/06/15 Actual \$000	30/06/16 Budget* \$000	30/06/16 Revised Budget* \$000	30/06/16 Actual \$000	30/06/17 Forecast* \$000
Balance at 1 July		591,394	596,394	598,106	598,106	606,510
Total comprehensive revenue and expense		12,947	(2,000)	(2,000)	15,683	(2,000)
Distributions to Crown						
Asset transfers		(795)	-	(3,137)	(3,137)	-
Capital repayments		-	-	-	(449)	-
Return of operating surplus	6	(7,014)	-	-	(7,544)	-
Contributions from Crown						
Asset transfers		1,574	-	-	802	-
Capital contributions		-	10,800	11,541	-	17,446
Balance at 30 June		598,106	605,194	604,510	603,461	621,956

* The statement of accounting policies provides explanations of these figures which are unaudited. Refer to Note 1 for an explanation of major variances.

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 2016

	Notes	30/06/15 Actual \$000	30/06/16 Budget* \$000	30/06/16 Revised Budget* \$000	30/06/16 Actual \$000	30/06/17 Forecast* \$000
Cash flows - operating activities						
Receipts from Revenue Crown		294,965	310,467	348,848	267,173	314,421
Receipts from other revenue		40,035	41,132	53,581	42,970	41,312
Payments to employees		(159,929)	(141,129)	(142,634)	(157,379)	(141,129)
Payments to suppliers		(120,982)	(130,995)	(172,908)	(106,953)	(129,540)
Payments for capital charge		(47,265)	(49,864)	(49,209)	(47,832)	(50,457)
Net cash flow from operating activities	14	6,824	29,611	37,678	(2,021)	34,607
Cash flows - investing activities						
Receipts from sale of property, plant and equipment		958	-	-	745	-
Purchase of property, plant and equipment		(18,561)	(50,166)	(33,001)	(14,545)	(33,216)
Purchase of intangibles		(1,888)	(2,400)	(2,000)	(1,042)	(2,000)
Net cash flow from investing activities		(19,491)	(52,566)	(35,001)	(14,842)	(35,216)
Cash flows - financing activities						
Capital contributions		-	10,800	11,541	-	17,446
Finance lease payments		(698)	-	-	(705)	-
Capital withdrawals		-	-	-	(449)	-
Return of operating surplus to the Crown		(990)	-	(7,014)	(7,014)	(26,163)
Net cash flow from financing activities		(1,688)	10,800	4,527	(8,168)	(8,717)
Net increase/(decrease) in cash		(14,355)	(12,155)	7,204	(25,031)	(9,326)
Opening cash balance		58,011	23,200	43,656	43,656	74,023
Closing cash balance		43,656	11,045	50,860	18,625	64,697

* The statement of accounting policies provides explanations of these figures which are unaudited.

The Goods and Services tax (net) component of operating activities has been included under supplier payments and reflects the net GST paid to and received from Inland Revenue. The GST components have been presented on a net basis as the gross amounts do not provide meaningful information for financial statement purposes.

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 2016

	30/06/15 Actual \$000	30/06/16 Actual \$000
Commitments by category		
<i>Capital commitments</i>		
Property, plant and equipment	3,017	2,187
Intangible assets	-	-
Total capital commitments	3,017	2,187
<i>Operating commitments</i>		
Non-cancellable accommodation leases	25,835	69,469
Other non-cancellable leases	3,044	2,903
Total operating commitments	28,879	72,372
Total commitments	31,896	74,559
Commitments by term		
Less than 1 year	11,453	10,468
1–2 years	7,079	7,209
2–5 years	10,075	16,847
Greater than 5 years	3,289	40,035
Total commitments	31,896	74,559

Capital commitments

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

Non-cancellable operating lease commitments (accommodation and other)

The Department leases property, plant and equipment in the normal course of its business. The majority of these leases are for premises, motor vehicles and computer hardware and have a non-cancellable leasing period ranging from 3–15 years.

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

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

Statement of contingent liabilities and contingent assets

as at 30 June 2016

	30/06/15 Actual \$000	30/06/16 Actual \$000
Public liability claims	940	1,424
Total contingent liabilities	940	1,424

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

	30/06/15 Maximum exposure \$000	30/06/16 Maximum exposure \$000
Court and Tribunal proceedings and other potential claims:		
44 proceedings and potential claims of which 9 are quantifiable. The remaining 35 claims cannot be quantified. The contingent liability for the 9 quantifiable claims is shown below.		
Costs to clean asbestos and dioxin contaminated land	15	10
Claims for damage caused by events originating from DOC land	910	903
Other quantifiable proceedings and potential claims	15	511
Total court and tribunal proceedings and other potential claims	940	1,424

The Department is aware that further sites requiring remediation (due to mining, asbestos, pollution or other means) may exist throughout New Zealand and could require remediation at some point. As these potential sites are unknown, the Department does not currently have a commitment to restore the sites, thus no provision or contingent liabilities are recognised in their regard at 30 June 2016.

Errors have been detected in the rate of payment for annual, sick and bereavement leave within some payroll systems. The Department is unaware of any problems in this regard within its own payroll system and accordingly has not made provision for a recognised contingent liability for this as at 30 June 2016.

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.

Eleven new indemnities were granted in 2015/16 for staff access to conservation land.

Contingent assets

The Department has no contingent assets (2015: 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 2016

	As at 30/06/15 \$000	Contributions \$000	Distributions \$000	Net interest \$000	As at 30/06/16 \$000
Conservation Project Trust	1,275	530	(790)	49	1,064
NZ Walkway Trust	11	-	-	-	11
National Parks Trust	139	79	(76)	3	145
Bonds/Deposits Trust	7,256	54	(758)	234	6,786
Total	8,681	663	(1,624)	286	8,006

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

Trust accounts are mainly used to hold bonds and deposits from operators working on public conservation land, including those contracted by the Department. These are repaid when the operators have been cleared of all obligations.

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

Statement of accounting policies

Reporting entity

The Department of Conservation (the Department) is a government department as defined by section 2 of the Public Finance Act 1989. The relevant legislation governing the Department's operations includes the Public Finance Act and the Conservation Act 1987. The Department's ultimate parent is the New Zealand Crown.

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. For financial reporting purposes, the Department of Conservation is a public benefit entity (PBE) and its financial statements have been prepared in accordance with Tier 1 PBE standards.

The financial statements of the Department are for the year ended 30 June 2016. The financial statements were authorised for issue by the Director-General of the Department on 16 September 2016.

Basis of preparation

The financial statements of the Department have been prepared on a going concern basis, and 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 annual financial statements are the second set of financial statements presented in accordance with PBE International Public Sector Accounting Standards (IPSAS).

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 issued and not yet effective and not early adopted

In 2015, the External Reporting Board issued Disclosure Initiative (Amendments to PBE IPSAS 1), 2015 Omnibus Amendments to PBE Standards, and Amendments to PBE Standards and Authoritative Notice as a Consequence of XRB A1 and Other Amendments. These amendments apply to PBEs with reporting periods beginning on or after 1 January 2016. The Department will apply these amendments in preparing its 30 June 2017 financial statements. The Department expects there will be no effect in applying these amendments.

Significant accounting policies

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

Budget and forecast figures

The budget and the revised budget figures are based on the *Supplementary Estimates of Appropriations for the Government of New Zealand for the year ending 30 June 2016* (the Budget is 2015 Budget Economic and Fiscal Update [the Estimates Budget BEFU 2015] and the Revised Budget is the Supplementary Estimates Budget 2016).

The budget and forecast figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

As required by the Public Finance Amendment Act 2013, forecast information has been included for the following financial year. The aim is to provide the reader with further context around the year's result by providing next year's forecast for comparison purposes.

The forecast figures are based on the *Estimates of Appropriations for the Government of New Zealand for the year ending 30 June 2016* (the Forecast is 2016 Budget Economic and Fiscal Update [BEFU 2016]). The forecast financial statements were authorised for issue on 26 May 2016.

The forecast figures reflect the Department's purpose, strategic intentions and activities and are based on estimates and assumptions that may occur during the 2016/17 year. The forecast figures have been prepared in accordance with PBE FRS42 Prospective Financial Statements and have been based on existing government and ministerial policies and expectations at the time the BEFU 2016 was issued.

The main assumptions adopted on 26 May 2016 were:

- The Department's vision, intermediate outcomes and deliverables are substantially the same as the previous year.
- Revenue and expenses are reasonable estimates of income and costs expected to be incurred, based on experience across the Department.
- Estimated information at 30 June 2016 was used as the opening position for the 30 June 2017 year forecasts.

Revenue

The Department derives revenue through the provision of outputs to the Crown, for services to third parties, and from sponsorships, donations, bequests and grants. Revenue is recognised when earned, reported in the current financial period and measured at the fair value of the consideration received.

Revenue Crown

Revenue from the Crown is measured based on the Department's funding entitlement for the reporting period. The funding entitlement is established by Parliament when it passes the Appropriation Acts for the financial year. The amount of revenue recognised takes into account any amendments to appropriations approved in the Appropriation (Supplementary Estimates) Act for the year and certain other unconditional funding adjustments formally approved prior to balance date.

There are no conditions attached to the funding from the Crown. However, the Department can incur expenses only within the scope and limits of its appropriations.

The fair value of Revenue Crown has been determined to be equivalent to the funding entitlement.

Sponsorships

Revenue from sponsorships is initially recorded as revenue in advance and subsequently recognised as revenue when the conditions of the sponsorship are satisfied.

Donated services

Certain operations of the Department are reliant on services provided by volunteers. Volunteer services are not recognised as revenue or expenditure by the Department.

Cost allocation

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

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 2016, direct costs were 62 percent of the Department's costs (2015: 59 percent).

Indirect costs assigned to outputs

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

For the year ended 30 June 2016, indirect costs accounted for 38 percent of the Department's costs (2015: 41 percent).

Financial instruments

Financial assets and financial liabilities are initially measured at fair value plus transaction costs.

Cash on hand

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

Trade and other receivables

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

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

The amount of the impairment is the difference between the asset's carrying amount and the amount expected to be received on settlement. Overdue receivables that are renegotiated are reclassified as current (that is, not past due).

Non-current assets held for sale

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

Operating leases

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

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

Property, plant and equipment

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

Land, buildings, infrastructure, fencing and visitor assets are measured at fair value with all other assets measured at cost less accumulated depreciation and impairment losses.

Revaluations

The carrying values of revalued assets are assessed annually to ensure that this amount does not differ materially (a threshold of 7.5 percent is used) from their fair value and are revalued at least every 5 years.

If there is a material difference between carrying value and fair value then the off-cycle asset classes or sub classes in the case of visitor assets are revalued. Additions between valuations are recorded at cost.

Aside from land, asset classes measured at fair value are done so using the Depreciation Replacement Cost method and indexation model.

The indexation model uses the appropriate capital goods index published by Statistics New Zealand to determine the movement in asset values over the intervening period. Where an asset class is revalued, the application of the indexation model and the values produced are reviewed and approved by an independent valuer. Land is valued using assessments conducted in accordance with the Rating Valuation Act 1998.

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

Additions

Assets under construction are recognised at cost and are not depreciated. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

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

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

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, formation assets, cultural assets and assets under construction, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives (see Table 23).

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 assets – Crown as administered by the Department of Conservation'. Typically, this land includes the national, conservation and forest parks as well as Crown reserve land.

Intangible assets

Software acquisition and development

Costs that are directly associated with the development of software for internal use by the Department are recognised as an intangible asset.

Amortisation

Computer software is amortised on a straight line basis over a period of 5-7 years.

Impairment

All intangible assets measured at cost, including those not yet in use, are reviewed for impairment at balance date. Any impairment in the value of an intangible asset is included in the surplus or deficit.

Statement of cash flows

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

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

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

Goods and Services Tax (GST)

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

Income tax

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

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 are disaggregated and classified as general funds and property, plant and equipment revaluation reserves. The latter relate to the revaluation of fixed assets to fair value.

Trade and other payables

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

Table 23: The useful lives of property, plant and equipment have been estimated as follows:

Asset class	Estimated Useful Life in years
Visitor assets	
Campsites and amenity areas	10–50
Signs	10
Tracks	8
Roads (surface only)	25
Buildings/huts	35–65
Structures	25–100
Other fixed assets	
Administrative buildings	20–40
<i>Plant, field and radio equipment</i>	
Plant and field equipment	10
Radio equipment	5–10
<i>Furniture, computers, other office equipment</i>	
Furniture, computers, other office equipment	5
<i>Motor vehicles</i>	
Passenger (30% residual value applied)	4
Utilities (40% residual value applied)	5
<i>Vessels</i>	
Engines	10
Hulls	15
<i>Infrastructure</i>	
Industrial fire equipment	45
Landscaping	44
Roads	10–100
Sewerage	64
Solid waste	38
Stream control	98
Water supply	60
Fences	25–40

In accordance with PBE IPSAS 17 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.

Employee entitlements

Short-term employee entitlements

Employee entitlements expected 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.

Long-term employee entitlements

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

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

Provisions

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

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

Critical accounting estimates and assumptions

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

Valuation of certain items of property, plant and equipment

Note 9 provides detail in respect of the valuation of property, plant and equipment.

Commitments

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

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

Notes to the financial statements for the year ended 30 June 2016

Note 1: Major budget variations

Significant variances between Actual and Revised Budget

Statement of comprehensive revenue and expense

Revenue was \$5.5 million less than the Revised Budget mainly due to contingent revenue budgets not being achieved, with operating cost savings to match.

Actual expenses for the year were \$15.0 million less than the Revised Budget mainly due to a deferral of field operations' costs to the 2016/17 year and operating cost savings resulting from contingent revenue budgets not being achieved.

Statement of financial position

Current assets were \$59.3 million more than the Revised Budget mainly due to unspent Crown funding being held as a Debtor Crown receivable. Current liabilities were \$47.3 million more than the Revised Budget mainly due to provisions for the Battle for our Birds beech mast programme, the return of operating surplus and higher than planned trade payables.

Statement of cash flows

Net cash flow from operating activities was \$39.7 million less than the Revised Budget due to lower than anticipated Crown cash funding, offset by lower payments to suppliers as a result of the deferral of field operations. The portion of Crown funding not drawn down in cash is held as a Debtor Crown receivable at year end (see Note 8 for details).

Also contributing to Payments to suppliers being less than the Revised Budget was the higher actual current liabilities at year end compared to the Revised Budget. Whereas a provision of \$22.3 million was made at year end to cover costs committed for but not yet paid in cash in respect of the Battle for our Birds programme, this was included under Payments to suppliers in the Revised Budget.

Capital contributions were not required due to lower than planned capital investment, as a result the closing cash balance was \$32.2 million below the Revised budget.

Note 2: Other revenue

	30/06/15 Actual \$000	30/06/16 Actual \$000
Recreational and tourism charges	14,751	16,388
Leases and rents	526	515
Retail sales	2,612	2,899
Resource sales	867	878
Donations and sponsorships	9,396	9,725
Permissions cost recoveries and insurance proceeds*	4,501	2,526
Administration cost recoveries	11,103	9,668
Total other income	43,756	42,599

* The figure for the year ending 30 June 2015 included insurance proceeds of \$1.4 million which was received in settlement of a number of claims following the Canterbury earthquakes.

With the exception of revenue received in the form of donations and bequests all revenue from other income has been classified and treated as exchange revenue. The nature of exchange revenue streams is that approximate equivalent value is given in exchange.

Note 3: Personnel costs

	30/06/15 Actual \$000	30/06/16 Actual \$000
Salaries and wages	145,013	145,771
Termination entitlements	261	271
Annual, long service and retiring leave provisioning	1,683	3,019
Superannuation subsidies	4,795	4,736
Recruitment	468	199
Uniforms	343	284
ACC Partnership Programme	1,041	601
Other	4,418	3,644
Total personnel costs	158,022	158,525

A reduction in the cost of the ACC Partnership Programme compared to 2014/15 is due mainly to the removal of the ACC residual levy effective from 1 April 2015.

Note 4: Operating costs

	30/06/15 Actual \$000	30/06/16 Actual \$000
Professional fees	14,617	14,695
Contractors	34,189	54,699
Fees paid to auditors:		
Fees for financial statement audit	253	275
Fees for assurance services	-	-
Grants	5,410	6,842
Communications and computer expenses	7,274	7,478
Travel	6,569	6,440
Motor vehicle and vessel expenses	4,895	4,554
Accommodation	4,797	4,818
Office supplies	1,765	1,762
Field supplies	12,085	11,485
Lease expenses	11,609	12,861
Printing	1,217	1,279
Other	3,441	5,041
Total operating costs	108,121	132,229

The increase in operating costs in the year ended 30 June 2016 compared to the prior financial year is mainly due to provisioning of \$22.3 million to cover costs committed for the Battle for our Birds programme that will commence early in the new financial year. This is recorded in the Contractors' expense line item above.

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 2016 was 8.0 % (2015: 8.0%).

Note 6: Return of operating surplus to the Crown

	30/06/15 Actual \$000	30/06/16 Actual \$000
Net surplus for the year	8,946	7,472
Add/(less)		
Donated assets	(1,227)	(127)
Other expenses	(1,386)	(1,498)
Remeasurement losses on long service and retirement leave	681	1,697
Total return of operating surplus	7,014	7,544

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

Note 7: Trade and other receivables

	30/06/15 Actual \$000	30/06/16 Actual \$000
Trade receivables	7,995	6,639
Less provision for impairment	(252)	(141)
Net trade receivables	7,743	6,498
Accrued revenue	5,077	5,841
Total trade and other receivables	12,820	12,339

Note 8: Debtor Crown

The Debtor Crown balance of \$116.5 million (2015: \$44.8 million) consists of \$24.8 million (2015: \$24.8 million) of visitor asset accumulated depreciation funding and \$91.7 million (2015: \$20.0 million) of operating funding (GST inclusive) not drawn down as a result of the timing of cash requirements.

Note 9: Property, plant and equipment

	Land	Buildings	Plant and equipment	Infrastructure	Fencing	Vessels	Motor vehicles	Furniture and fittings	Visitor and cultural assets	Land formation	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cost or valuation											
Balance at 1 July 2014	14,323	143,238	33,571	34,595	85,306	8,604	24,337	14,606	669,425	114,359	1,142,364
Additions	-	545	1,312	1,995	2,437	163	2,768	578	10,225	862	20,885
Revaluation movement	(516)	11,332	-	-	-	-	-	-	(9)	-	10,807
Disposals	(670)	(313)	(93)	(214)	(8)	(37)	(2,365)	(226)	(6,644)	-	(10,570)
Balance at 30 June 2015	13,137	154,802	34,790	36,376	87,735	8,730	24,740	14,958	672,997	115,221	1,163,486
Balance at 1 July 2015	13,137	154,802	34,790	36,376	87,735	8,730	24,740	14,958	672,997	115,221	1,163,486
Additions	-	1,379	2,508	196	1,896	187	1,460	1,244	7,263	341	16,474
Revaluation movement	(81)	(1,707)	-	-	-	-	-	-	24,115	-	22,327
Disposals	-	(2,250)	(1,525)	-	(2,312)	(255)	(1,463)	(110)	(8,433)	-	(16,348)
Balance at 30 June 2016	13,056	152,224	35,773	36,572	87,319	8,662	24,737	16,092	695,942	115,562	1,185,939
Accumulated depreciation and impairment losses											
Balance at 1 July 2014	-	84,177	24,425	14,443	32,225	5,507	11,833	8,717	402,756	-	584,083
Depreciation expense	-	1,910	2,357	726	5,214	474	1,984	1,304	17,386	-	31,355
Revaluation movement	-	6,806	-	-	-	-	-	-	-	-	6,806
Disposals	-	(255)	(66)	(214)	(3)	(37)	(1,545)	(108)	(5,423)	-	(7,651)
Balance at 30 June 2015	-	92,638	26,716	14,955	37,436	5,944	12,272	9,913	414,719	-	614,593
Balance at 1 July 2015	-	92,638	26,716	14,955	37,436	5,944	12,272	9,913	414,719	-	614,593
Depreciation expense	-	2,018	2,371	761	5,319	404	1,730	1,611	17,351	-	31,565
Revaluation movement	-	(1,018)	-	-	-	-	-	-	15,134	-	14,116
Disposals	-	(1,826)	(1,461)	-	(636)	(229)	(1,055)	(109)	(6,096)	-	(11,412)
Balance at 30 June 2016	-	91,812	27,626	15,716	42,119	6,119	12,947	11,415	441,108	-	648,862
Carrying amounts											
At 30 June 2014	14,323	59,061	9,146	20,152	53,081	3,097	12,504	5,889	266,669	114,359	558,281
At 30 June 2015	13,137	62,164	8,074	21,421	50,299	2,786	12,468	5,045	258,278	115,221	548,893
At 30 June 2016	13,056	60,412	8,147	20,856	45,200	2,543	11,790	4,677	254,834	115,562	537,077

Basis of valuations

Valuations for assets other than land, within asset classes valued at fair value effective as at 30 June 2016 have been determined using the Depreciation Replacement Cost method and an indexation model. When applying the indexation model the appropriate capital goods index as published by Statistics New Zealand has been used.

Due to the nature, location and purpose of the Department's assets, fair value is determined using depreciated replacement cost because no reliable market data is available.

Significant assumptions applied in deriving depreciated replacement cost include:

- Historical cost adjusted by movements in the appropriate capital goods price index reflects the present replacement cost.
- The remaining useful life of assets is estimated.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

The asset values determined using this methodology were certified as fair value by an independent registered valuer.

a) Land and buildings

Land is initially recognised at cost and is revalued annually based on assessments as provided by Quotable Value Limited. Land not matched to an assessment is valued using an average per hectare rate. These values were certified by an independent registered valuer and are effective as at 30 June 2016.

Buildings were valued at fair value effective as at 30 June 2015 with individual assets revalued at fair value where a change in the use of a building has occurred.

b) Visitor assets

A number of different asset classes are included under the grouping 'Visitor Assets', including tracks, structures, buildings (predominantly huts) and signs. Visitor assets are revalued on a rolling basis with all assets valued at a minimum every five years.

Tracks were valued at fair value effective as at 30 June 2013. Structures, campgrounds/amenity areas and signs were valued as at 30 June 2014. Buildings as well as road and car park surfaces were revalued as at 30 June 2016.

c) Other property, plant and equipment

Fencing and infrastructure assets were valued at fair value effective as at 30 June 2013. The land formation cost of tracks, car parks and roads (\$115.6 million as at 30 June 2016) have been included as a separate class in the financial statements and are not depreciated or revalued.

Property, plant and equipment under construction

The total amount of property, plant and equipment in the course of construction is \$4.8 million (2015: \$6.9 million).

Note 10: Intangible assets

	30/06/15 Actual \$000	30/06/16 Actual \$000
Cost		
Balance at 1 July	27,622	29,510
Additions	1,888	1,042
Disposals	-	-
Balance at 30 June	29,510	30,552
Accumulated depreciation and impairment losses		
Balance at 1 July	16,477	20,224
Amortisation expense	2,805	2,677
Disposals	-	-
Impairment losses	942	-
Balance at 30 June	20,224	22,901
Carrying amount as at 30 June	9,286	7,651

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

Note 11: Employee entitlements

	30/06/15 Actual \$000	30/06/16 Actual \$000
Current portion		
Accrued salaries and wages	1,854	834
Long service and retiring leave	1,523	2,041
Other employee entitlements	11,262	11,530
Total employee entitlements (current portion)	14,639	14,405

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

	30/06/15 Actual \$000	30/06/16 Actual \$000
Non-current portion		
Long service and retiring leave	14,366	16,090
Total employee entitlements (non-current portion)	14,366	16,090

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

Discount rates and salary growth rates used in the actuarial valuation are as specified by The Treasury for valuations of this type and are effective for valuations as at 30 June 2016. A drop in the discount rates used in the actuarial valuation has resulted in an increase of \$1.5 million in the value of the retirement and long service leave liability.

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

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

Changes in assumptions	Increase/(decrease) in surplus/(deficit) \$000
Salary growth	
1% below assumed	1,451
1% above assumed	(1,674)
Discount rates	
1% above assumed	1,424
1% below assumed	(1,671)

Note 12: Provisions

	30/06/15 Actual \$000	30/06/16 Actual \$000
Current portion		
Environmental	3,566	24,441
ACC Partnership Programme	174	466
Onerous contracts	49	433
Total current portion	3,789	25,340
Non-current portion		
Environmental	327	1,117
ACC Partnership Programme	427	224
Onerous contracts	175	190
Total non-current portion	929	1,531
Total provisions	4,718	26,871
Movements in provisions:		
Environmental		
Balance at 1 July	11,653	3,893
Provision utilised or reversed during the year	(10,206)	(1,237)
Provision made during the year	2,446	22,902
Balance at 30 June	3,893	25,558
Onerous contracts		
Balance at 1 July	274	224
Provision utilised or reversed during the year	(50)	(22)
Provision made during the year	–	421
Balance at 30 June	224	623

Battle for our Birds

Following the 2015/16 beech mast event an amount of \$22.3 million has been provided for in the financial year ending 30 June 2016 to cover costs committed for the Battle for our Birds programme. Mast events are prolific flowering bursts among forest trees, like beech, over spring and summer. This flowering in turn leads to a bumper seedfall in the following autumn and the widely available seed on the forest floor drives a rapid increase in rat and stoat numbers. Rats and stoats both prey on native species and the surge in the predator population puts vulnerable native species under extreme pressure, particularly during the spring when birds are nesting and raising offspring.

To protect our indigenous fauna the Department is implementing the Battle for our Birds predator control programme. The Department has extended the South Island forest areas targeted for aerial protection with biodegradable 1080 pesticide and boosted ground-based trapping networks.

Cleaning up contaminated sites

\$2.1 million has been recognised by the Department as the future cost of the decontamination of the Prohibition Ball Mill and Alexander Gold Mine sites at Waiuta on the West Coast with \$0.6 million of this amount provided for in the 2015/16 financial year. Testing at the old mine site in the Victoria Forest Park has identified very high levels of arsenic in the soil and water that poses a risk to people and the environment. The Prohibition Mine site was contaminated through the processing of ore for gold when the mill was operating between 1938 and 1951. Work is now underway with some \$1.5 million spent so far on remediating the Prohibition site with work on the Alexander site planned for the summer months.

Waikato-Tainui Waikato River Conservation Accord

Provision was made in the 2014/15 financial year for \$0.8 million as the Department's share of the clean-up cost associated with the obligations arising under the above accord. Significant remediation work has been planned for the 2016/17 financial year.

Note 13: Taxpayers' funds

	30/06/15 Actual \$000	30/06/16 Actual \$000
General funds		
Balance at 1 July	456,880	461,360
Net surplus for the year	8,946	7,472
Transfers from revaluation reserve on disposal	1,769	2,403
Capital repayments to the Crown	-	(449)
Return of operating surplus to the Crown	(7,014)	(7,544)
Asset transfers between Department and Crown	779	(2,335)
Balance at 30 June	461,360	460,907
Property, plant and equipment revaluation reserves		
Balance at 1 July	134,514	136,746
Revaluation gains	4,001	8,211
Transfer to general funds on disposal	(1,769)	(2,403)
Balance at 30 June	136,746	142,554
Total taxpayers' funds at 30 June	598,106	603,461
Revaluation reserves consist of:		
Land revaluation reserve	12,224	12,143
Buildings revaluation reserves	37,498	35,600
Visitor assets revaluation reserves	82,685	90,537
Other revaluation reserves	4,339	4,274
Total revaluation reserve	136,746	142,554

Note 14: Reconciliation of net surplus to net cash flow from operating activities

	30/06/15 Actual \$000	30/06/16 Actual \$000
Net surplus	8,946	7,472
Add non-cash items		
Depreciation, amortisation and impairment expenses	35,102	34,242
Donated assets	(314)	(82)
Total non-cash items	34,788	34,160
Add items classified as investing or financing activities		
Net loss on disposal of property, plant and equipment	1,165	1,055
Add/(less) working capital movements		
(Inc)/dec in prepayments	(349)	100
(Inc)/dec in inventories	307	(94)
(Inc)/dec in trade and other receivables	(3,992)	481
(Inc)/dec in Debtor Crown	(20,000)	(71,675)
Inc/(dec) in trade and other payables	(5,227)	159
Inc/(dec) in GST payable	322	2,709
Inc/(dec) in employee entitlements	(2,046)	1,490
Inc/(dec) in other provisions	(7,676)	22,153
Inc/(dec) in revenue in advance	586	(31)
Net working capital movement	(38,075)	(44,708)
Net cash flow from operating activities	6,824	(2,021)

Note 15: Financial instrument risks

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

Credit risk

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

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

The Department's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and net receivables. 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 statement of financial position date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

Financial instrument risks

	Less than 6 months \$000	Between 6 months and 1 year \$000	Between 1 and 5 years \$000	Over 5 years \$000
Liquidity risks				
<i>2015</i>				
Trade and other payables	12,840	-	-	-
Finance leases	392	285	588	-
<i>2016</i>				
Trade and other payables	12,911	-	-	-
Finance leases	307	260	1,238	-

The carrying amount of financial assets is represented by: Cash \$18.6 million (2015: \$43.6 million), Trade and other receivables \$12.3 million (2015: \$12.8 million) and Debtor Crown \$116.5 million (2015: \$44.8 million). The carrying amount of financial liabilities is represented by: Trade and other payables \$12.9 million (2015: \$12.8 million) and Finance leases \$1.8 million (2015: \$1.2 million).

Note 16: 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 as related party transactions.

One employee of the Department is a close family member of a member of the Department's Senior Leadership Team. The terms and conditions of their employment contract is no more favourable than the Department would have adopted if there was no relationship to that staff member. No other transactions were carried out with related parties of the Department's Senior Leadership Team.

	30/06/15 Actual \$000	30/06/16 Actual \$000
Key management personnel compensation		
Salaries and other short-term benefits	2,516	2,584
Other long-term benefits	143	-
Termination benefits	178	-
Total key management personnel compensation	2,837	2,584

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

A member of the Department's Risk and Assurance Committee was a director of OPUS International Consultants Limited for part of the financial year. The Department of Conservation purchased engineering services from OPUS at a cost of \$506,015 (2015: \$274,966). There is a balance of \$123,509 (2015: \$27,436) outstanding at year end.

The Director-General of the Department of Conservation is a member of the Te Urewera Board and the Kiwi Trust Board (Kiwis for kiwi). Payments totalling \$34,612 were made to Te Urewera Board, this being the Department's share of the Board's operating costs (2015: \$150,000). An amount of \$727,388 was paid to Kiwis for kiwi (2015: \$280,000).

Note 17: Capital management

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

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

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

Note 18: Events after the balance sheet date

No significant events that may impact on the financial statements have occurred between year-end and the signing of these financial statements (2015: none).

Non-departmental financial schedules

Schedule of revenue – Crown as administered by the Department of Conservation for the year ended 30 June 2016

	Notes	30/06/15 Actual \$000	30/06/16 Budget* \$000	30/06/16 Revised Budget* \$000	30/06/16 Actual \$000
Revenue					
Concessions, leases and licences	1	15,261	13,900	14,700	16,951
Other operational revenue		5,384	3,350	4,296	6,348
Capital receipts		3,125	-	-	8,088
Total revenue		23,770	17,250	18,996	31,387

* The statement of accounting policies provides explanations of these figures which are unaudited.

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

Schedule of expenses – Crown as administered by the Department of Conservation for the year ended 30 June 2016

	30/06/15 Actual \$000	30/06/16 Budget* \$000	30/06/16 Revised Budget* \$000	30/06/16 Actual \$000
Vote Conservation				
Appropriation for non-departmental output classes**	15,723	35,877	29,306	15,562
Appropriation for non-departmental other expenses	3,836	4,623	4,601	8,181
GST input on appropriations	1,878	-	4,374	1,804
Other	(89)	-	(3,049)	-
Total expenses	21,348	40,500	35,232	25,547

* The statement of accounting policies provides explanations of these figures which are unaudited.

** Includes Multi-category expenses.

The Schedule of expenses – Crown as administered by the Department of Conservation summarises non-departmental expenses that the Department administers on behalf of the Crown. Further details are provided in the Statement of expenses and capital expenditure incurred against appropriations.

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

Schedule of assets – Crown as administered by the Department of Conservation as at 30 June 2016

	Notes	30/06/15 Actual \$000	30/06/16 Budget* \$000	30/06/16 Revised Budget* \$000	30/06/16 Actual \$000
Current assets					
Cash		17,577	27,829	16,258	20,004
Prepayments		162	200	200	150
Trade and other receivables		4,642	27,408	9,574	6,036
Non-current assets held for sale	2	8,387	-	-	7,857
Total current assets		30,768	55,437	26,032	34,047
Non-current assets					
Property, plant and equipment	3	5,557,809	5,414,577	5,553,306	5,726,977
Total non-current assets		5,557,809	5,414,577	5,553,306	5,726,977
Total assets		5,588,577	5,470,014	5,579,338	5,761,024

* The statement of accounting policies provides explanations of these figures which are unaudited.

Schedule of liabilities – Crown as administered by the Department of Conservation as at 30 June 2016

	Notes	30/06/15 Actual \$000	30/06/16 Budget* \$000	30/06/16 Revised Budget* \$000	30/06/16 Actual \$000
Current liabilities					
Trade and other payables		1,699	320	500	870
Revenue in advance		191	-	-	823
Provisions	4	2,350	-	-	1,974
Total current liabilities		4,240	320	500	3,667
Total liabilities		4,240	320	500	3,667

* The statement of accounting policies provides explanations of these figures which are unaudited.

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

Schedule of commitments – Crown as administered by the Department of Conservation

as at 30 June 2016

	30/06/15 Actual \$000	30/06/16 Actual \$000
Other non cancellable operating leases	504	246
Total commitments	504	246
Commitments by term		
Less than 1 year	259	245
1–2 years	245	1
2–5 years	-	-
Total commitments	504	246

Schedule of contingent liabilities and contingent assets – Crown as administered by the Department of Conservation

as at 30 June 2016

	30/06/15 Actual \$000	30/06/16 Actual \$000
Quantifiable liabilities	8,000	8,114
Total contingent liabilities	8,000	8,114

There were 16 claims against the Crown, 14 of which are not currently quantifiable. The bulk of the liability is for the anticipated cost of earthquake-strengthening Turnbull House, which could cost as much as \$8 million.

Contingent assets

The Crown, as administered by the Department of Conservation, has no contingent assets (2015: nil).

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

Statement of accounting policies

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. Refer also to 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.

Accounting policies

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

These non-departmental statements and schedules are the second prepared in accordance with the new Public Benefit Entity accounting standards. The transition to the new accounting standards has had no material impact on the schedules.

The following particular accounting policies have been applied.

Budget and revised budget figures

The budget and the revised budget figures are those presented in the *Supplementary Estimates of Appropriations for the Government of New Zealand for the year ending 30 June 2016* (the Budget is 2015 Budget Economic and Fiscal Update [the Estimates Budget BEFU 2015] and the Revised Budget is the Supplementary Estimates Budget 2016).

The budget and revised budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

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, reported in the current financial period and is treated as exchange transactions.

Goods and Services Tax (GST)

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

Trade and other receivables

Short-term trade debtors and other receivables are recorded at their face value, less any provision for impairment. Impairment of a receivable is established when there is objective evidence that the Crown will be unable 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 carrying amount of the asset is reduced through the use of a provision for impairment account and the amount of the loss is recognised in surplus or deficit. Overdue receivables that are renegotiated are reclassified as current (that is, not past due).

Non-current assets held for sale

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

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

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

Property, plant and equipment

Land is initially recognised at cost and is revalued annually based on assessments provided by Quotable Value Limited. Land not matched to an assessment is valued using an average per hectare rate.

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

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

For revalued assets a revaluation change is recognised against the revaluation reserve for that class of assets. Where this results in a debit balance in the revaluation reserve, the balance is recognised in surplus or deficit.

Depreciation

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

Trade and other payables

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

Provisions

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

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

Commitments

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

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

Contingent liabilities

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

Notes to the schedules for the year ended 30 June 2016

Note 1: Concessions, leases and licences

	30/06/15 Actual \$000	30/06/16 Actual \$000
Guiding	3,326	3,947
Telecommunications	1,720	1,644
Grazing	1,585	1,458
Tourism occupations	1,782	2,295
Ski areas	1,111	1,584
Sporting and special events	75	86
Aircraft landings	1,443	2,234
Residential/recreational	857	857
Other occupations	774	788
Vehicle transport	351	394
Boating	1,150	1,015
Filming	208	134
Easements	531	354
Extractions fees	86	75
Miscellaneous	262	86
Total concessions, leases and licences	15,261	16,951

Note 2: Non-current assets held for sale

	30/06/15 Actual \$000	30/06/16 Actual \$000
Land	8,387	7,857
Total non-current assets held for sale	8,387	7,857

Comprises mainly of land that has been identified for settlement of Treaty of Waitangi claims.

Note 3: Property, plant and equipment

	Land \$000	Buildings \$000	Infrastructure \$000	Cultural assets \$000	Total \$000
Cost or valuation					
Balance at 1 July 2014	5,418,440	78,639	13,191	5,100	5,515,370
Additions	9,965	-	1,730	-	11,695
Revaluation movement	149,441	1,138	-	-	150,579
Disposals	(1,196)	-	-	-	(1,196)
Assets transferred to Crown Entities	(69,039)	-	-	-	(69,039)
Assets transferred to current assets	(97)	-	-	-	(97)
Balance at 30 June 2015	5,507,514	79,777	14,921	5,100	5,607,312
Balance at 1 July 2015	5,507,514	79,777	14,921	5,100	5,607,312
Additions	9,732	-	-	-	9,732
Revaluation movement	177,424	170	-	-	177,594
Disposals	(8,738)	-	-	-	(8,738)
Assets transferred to Crown Entities	-	-	-	-	-
Assets transferred to current assets	(8,336)	-	-	-	(8,336)
Balance at 30 June 2016	5,677,596	79,947	14,921	5,100	5,777,564
Accumulated depreciation and impairment losses					
Balance at 1 July 2014	-	47,551	336	-	47,887
Depreciation expense	-	803	162	-	965
Revaluation movement	-	651	-	-	651
Disposals	-	-	-	-	-
Balance at 30 June 2015	-	49,005	498	-	49,503
Balance at 1 July 2015	-	49,005	498	-	49,503
Depreciation expense	-	816	162	-	978
Revaluation movement	-	106	-	-	106
Disposals	-	-	-	-	-
Balance at 30 June 2016	-	49,927	660	-	50,587
Carrying amounts					
At 30 June 2014	5,418,440	31,088	12,855	5,100	5,467,483
At 30 June 2015	5,507,514	30,772	14,423	5,100	5,557,809
At 30 June 2016	5,677,596	30,020	14,261	5,100	5,726,977

Land is initially recognised at cost and is revalued annually based on rateable valuations provided by Quotable Value. Individual land lots are only updated every three years by Quotable Value using a mass appraisal process. Land not matched to an assessment is valued using an average per hectare rate. These values were certified as fair value by an independent registered valuer. The valuation is effective as at 30 June 2016.

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

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

Historic buildings used for rental activities were valued by an independent registered valuer. The valuation is effective as at 30 June 2016. 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. The cost of heritage assets is not able to be reliably measured given the nature of these assets and accordingly these assets are not able to be recognised on the schedule of assets.

Note 4: Provisions

Environmental provisions

This is the estimated cost of rectifying the environmental damage in the following affected or contaminated sites that the Crown has an obligation to remedy:

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

Earthquake repairs

In the 2013/14 financial year a provision of \$0.5 million was made to repair damage to the Old Government Building following the 2013 earthquakes in Wellington with some \$0.4 million spent thus far on this work.

Designations

There is a provision (\$0.1 million) relating to a designation on private land in Auckland to protect the property from development.

Note 5: Events after the balance date

No significant events that may impact on the actual results have occurred between year-end and the signing of these financial statements (2015: none).

Additional financial information

Statement of expenses and capital expenditure incurred against appropriations for the year ended 30 June 2016

Appropriation title	30/06/15 Actual \$000	30/06/16 Budget* \$000	30/06/16 Revised Budget* \$000	30/06/16 Actual \$000	Location of end-of-year performance information
Departmental output expenses					
Management of natural heritage	161,241	159,077	187,877	181,936	page 53
Management of historic heritage	6,635	7,557	7,089	5,584	page 60
Management of recreational opportunities	137,428	141,707	148,346	143,066	page 68
Conservation with the community	29,128	31,896	32,003	29,117	page 76
Crown contribution to regional pest management	2,269	3,291	3,291	2,831	page 53
Total Departmental output expenses	336,701	343,528	378,606	362,534	
Departmental capital expenditure					
Property, plant and equipment	20,885	50,166	33,001	16,474	page 83
Intangible assets	1,888	2,400	2,000	1,042	page 83
Total Departmental capital expenditure	22,773	52,566	35,001	17,516	
Non-departmental output expenses					
Community Conservation Partnerships Fund	4,388	7,209	7,990	1,507	Department of Conservation Non-departmental Report
Management services - natural and historic places	1,396	1,862	1,977	1,876	Exempt
Moutoa Gardens/Pākaitore	23	23	23	23	Exempt
Stewart Island infrastructure	-	415	50	1	Exempt
Total Non-departmental output expenses	5,807	9,509	10,040	3,407	
Non-departmental other expenses					
Compensation payments	-	60	60	-	
Mātauranga Māori fund	605	724	702	341	
Waikaremoana lakebed lease	241	241	241	241	
Subscriptions to international organisations	330	405	405	312	
Payment of rates on properties for concessionaires	758	839	839	821	
Depreciation	965	1,004	1,004	978	
Provision for bad and doubtful debts	-	100	100	91	
Loss on disposal of property, plant and equipment	-	600	600	-	

Appropriation title	30/06/15 Actual \$000	30/06/16 Budget* \$000	30/06/16 Revised Budget* \$000	30/06/16 Actual \$000	Location of end-of-year performance information
Non-departmental other expenses					
Vesting of reserves	937	650	650	5,397	
Impairment of public conservation land**	-	50	5,455	2,463	
Total Non-departmental other expenses	3,836	4,673	10,056	10,644	
Non-departmental capital expenditure					
Crown land acquisitions	268	2,000	2,600	231	N/A
Purchase and development of reserves	553	1,800	4,076	392	
Total Non-departmental capital expenditure	821	3,800	6,676	623	
Multi-category expenses and capital expenditure					
Identification and implementation of protection for natural and historic places MCA					
<i>Non-departmental output expenses</i>					
Nature Heritage Fund	993	5,527	5,468	3,344	Department of Conservation Non-departmental Report
Ngā Whenua Rāhui	5,002	9,872	8,261	5,199	
Legal protection Queen Elizabeth II	3,412	3,412	3,612	3,612	Exempt
South Island Landless Natives Act 1906	509	7,557	1,925	-	Exempt
Total identification and implementation of protection for natural and historic places MCA	9,916	26,368	19,266	12,155	
Policy advice, statutory planning, and services to Ministers and statutory bodies MCA					
<i>Departmental output expenses</i>					
Policy advice	3,706	8,021	8,121	3,352	page 87
Statutory planning, services to Ministers and statutory bodies	8,687	4,000	4,166	6,392	page 87
Total policy advice, statutory planning, and services to Ministers and statutory bodies MCA	12,393	12,021	12,287	9,744	
Total multi-category expenses and capital expenditure	22,309	38,389	31,553	21,899	
Total annual and permanent appropriations	392,247	452,465	471,932	416,623	

* The statement of accounting policies provides explanations of these figures which are unaudited.

** These amounts are excluded from the Schedule of expenses on page 121 as they are recorded as a change in the Crown Asset Revaluation Reserve.

Expenses and capital expenditure incurred in excess of appropriation

The Crown as administered by the Department of Conservation was appropriated \$0.7 million for the vesting of reserves in the financial year to 30 June 2016 and has incurred costs of \$5.4 million under this appropriation. Included in the expense for the year is an amount of \$4.8 million this being the value of land acquired by Tasman District Council from the Department under the Reserves Act 1977. Territorial authorities are not required to negotiate with the Department when exercising the authority under which this vesting was effected.

Expenses and capital expenditure incurred without, or in excess of, authority.

Nil.

Statement of departmental capital injections

for the year ended 30 June 2016

	30/06/15 Actual \$000	30/06/16 Budget* \$000	30/06/16 Revised Budget* \$000	30/06/16 Actual \$000
Department of Conservation-capital injection	-	10,800	11,541	-

*The statement of accounting policies provides explanations of these figures which are unaudited.

Statement of departmental capital injections without, or in excess of, authority

for the year ended 30 June 2016

The Department has not received any capital injections during the year without, or in excess of, authority.

Departmental expenses by output

for the year ended 30 June 2016

This is the fourth year of the Department's programme to move resources from the previous functional basis to focus them on integrated management at priority sites. This programme is aimed at improving both operational effectiveness through targeting the highest priority work, and efficiency by undertaking multiple management actions at once on these sites, for example managing possums by combining possum and rat control at the site. This move affects resource allocations in Management of Natural Heritage, Management of Recreational Opportunities, and Conservation with the Community.

Summary of output class expenditure by output
for the year ended 30 June 2016

	30/06/15 Actual \$000	30/06/16 Actual \$000
Vote: Conservation		
<i>Management of natural heritage</i>		
Fire control	3,356	724
Natural heritage restoration	719	23,534
Fencing (stock control)	6,539	6,239
Species persistence	9,073	11,687
Ecosystems conservation	77,128	73,223
Local treasure natural heritage partnerships	1,646	105
Lands held for now and future generations	62,418	66,424
Natural heritage non-specific	362	-
Total management natural heritage	161,241	181,936
<i>Management of historic heritage</i>	6,635	5,584
Total management of historic heritage	6,635	5,584
<i>Management of recreational opportunities</i>		
Huts	18,685	-
Booked accommodation	3,156	(29)
Campsites	16,381	-
Tracks	45,674	1
Amenity areas and community services	10,989	3
Roads and carparks	4,689	-
Visitor information	1,305	-
Recreation planning and impact monitoring	3,767	(4)
Taupo sports fisheries	1,591	-
More visitors to iconic destinations	9,801	40,198
More New Zealanders enjoy gateway destinations	405	31,966
Locally treasured destinations	138	24,623
More people enjoy the backcountry	166	22,317
Accessing public conservation land	20,699	23,991
Recreation non-specific	(18)	-
Total management of recreational opportunities	137,428	143,066

	30/06/15 Actual \$000	30/06/16 Actual \$000
Vote: Conservation		
<i>Conservation with the community</i>		
Effective implementation of treaty settlements	2,745	2,814
Conservation identity/values	6,679	6,930
Conservation activity achieved by others	13,837	14,710
Conservation investment in NZ prosperity	1,188	588
Conservation outcomes from business partnerships	4,076	3,451
Motivated and capable businesses	134	344
DOC products/services/brand	469	280
Total conservation with the community	29,128	29,117
<i>Policy advice and ministerial servicing</i>		
Policy advice	3,706	3,352
Statutory planning, bodies, ministerial services	8,687	6,392
Total policy advice and ministerial servicing	12,393	9,744
Crown contribution to regional pest management	2,269	2,831
Total Output Expenses	349,094	372,278
Add: Unrealised remeasurement losses	681	1,697
Total expenses per Statement of comprehensive revenue and expenses	349,775	373,975

Appendices



Appendix 1: Responsibilities of the Department of Conservation

DOC manages about 8.6 million hectares of land, 44 marine reserves (covering 1.77 million hectares), and 8 marine mammal sanctuaries (covering approximately 2.8 million hectares)²⁴. 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 with tourism operators and other third party activities on public conservation lands and waters. These include grazing, mining and the use of sites for telecommunication purposes.

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

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

The Government's driving goals in 2015/16²⁵ continue to focus on responsibly managing the Government's finances, building a more productive and competitive economy, delivering better public services within tight financial constraints, and rebuilding Christchurch.

DOC's mandate and context is also set by a statutory planning framework that supports the legislation: the Conservation General Policy, the National Parks General Policy, and the strategies and plans that flow from these 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, and reporting on, public conservation lands and waters.

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

²⁴ Marine reserves and marine mammal sanctuaries are listed in the supporting information on the Department of Conservation website at www.doc.govt.nz/2016-annual-report-factsheets.

²⁵ Budget Policy Statement: Budget 2015 www.treasury.govt.nz/budget/2015/bps/bps-15.pdf.

Appendix 2: Departmental outputs

The work DOC does (the outputs it delivers) to achieve each of the intermediate outcomes is shown in Table 2.1.

Table 2.1. Output classes and main outputs that contribute to DOC's intermediate outcomes.

Intermediate outcome	Output classes	Main outputs
Intermediate outcome 1: <i>Natural heritage</i> The diversity of our natural heritage is maintained and restored	Management of natural heritage	Fire control Conservation Services Programme ²⁶ Restoration Pest and weed control Legal protection of areas and marine protection Species management
	Crown contribution to Regional Pest Management Strategies	Regional Pest Management Strategies
	Conservation with the community	Participation Education and communication
	Policy advice, statutory planning, and services to Ministers and statutory bodies	Policy advice Ministerial servicing
Intermediate outcome 2: <i>Historic heritage</i> Our history is brought to life and protected	Management of historic heritage	Historic and cultural heritage restoration
	Management of recreational opportunities	Asset management Recreation opportunities management Recreation concessions
	Conservation with the community	Participation Education and communication
	Policy advice, statutory planning, and services to Ministers and statutory bodies	Policy advice Ministerial servicing
Intermediate outcome 3: <i>Recreation</i> New Zealanders and our visitors are enriched by outdoor experiences	Management of historic heritage	Historic and cultural heritage restoration
	Management of recreational opportunities	Asset management Recreation opportunities management Recreation concessions
	Conservation with the community	Participation Education and communication
	Policy advice, statutory planning, and services to Ministers and statutory bodies	Policy advice Ministerial services
Intermediate outcome 4: <i>Engagement</i> New Zealanders connect and contribute to conservation	Conservation with the community	Participation Education and communication
	Management of natural heritage	Fire control Conservation Services Programme Restoration Pest and weed control Legal protection of areas and marine protection Species management
	Management of historic heritage	Historic and cultural heritage restoration
	Management of recreational opportunities	Asset management Recreation opportunities management Recreation concessions Other resource use concessions
	Policy advice, statutory planning, and services to Ministers and statutory bodies	Policy advice Ministerial services

²⁶ The Conservation Services Programme undertakes research into the interactions between commercial fishing and marine protected species. Final reports can be found on DOC's website at www.doc.govt.nz/our-work/conservation-services-programme/about-csp/.

Appendix 3: Quality assurance

Quality assurance for this work is managed through DOC's development and implementation of best practice and standard operating procedures. Where external standards are not available, and/or DOC is the only agency undertaking work in New Zealand, it uses an internal peer review process to ensure best practice remains up to date. This process is shown in Figure 3.1.

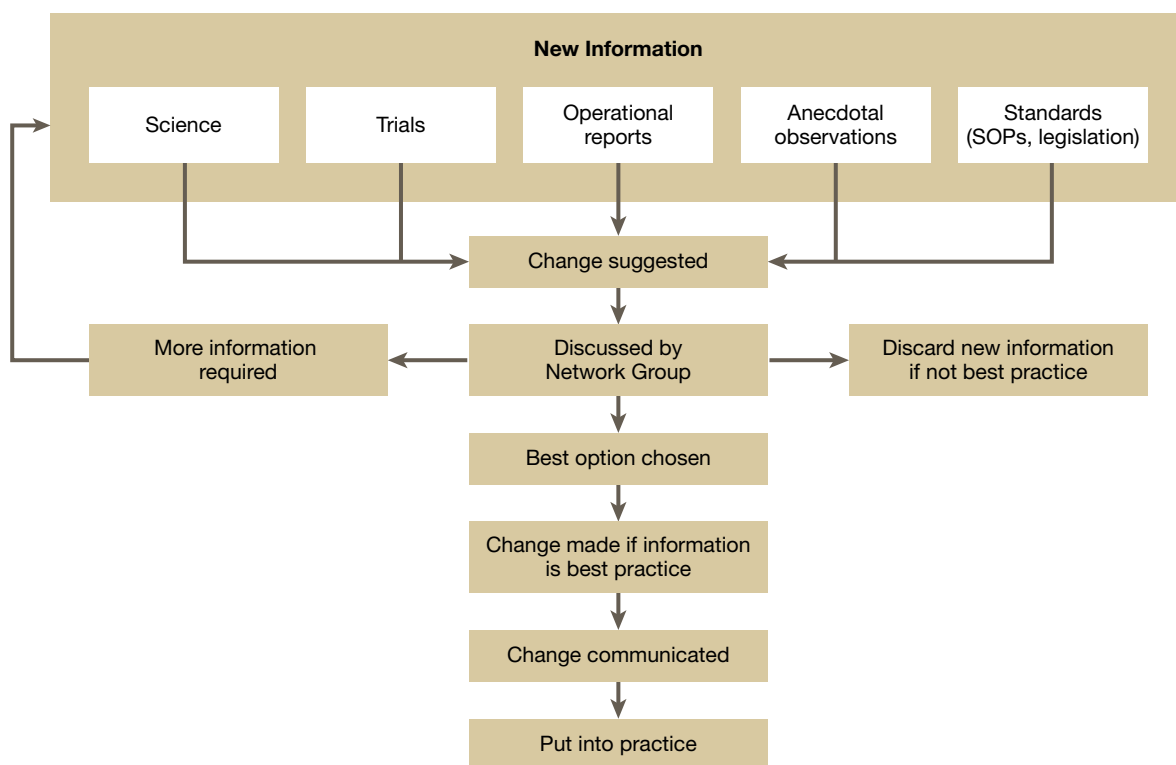


Figure 3.1: DOC's process for changing current best practice.

Appendix 4: Conservation achieved by others

New Zealand's special species and places are under constant threat from pests, climate change and from human activities. The task of managing our natural and historic heritage is huge and the Department recognises it cannot do it alone.

Partnerships with people and groups with a shared interest are critical including whānau, hapū and iwi, businesses, communities, and volunteers. While DOC has always worked in partnerships, this work has not always had a high profile, even though it is as important as the conservation work done by our own staff.

Partnerships are about working side-by-side with other people who care about conservation and want to make a difference too, and about making it easier for others to contribute in whatever way suits them best and celebrate success and achievements.

Celebrating community contribution

The following four community groups are included to draw the attention of readers to the significant contributions to conservation of a wide number of groups and individuals during the year – contributions that may otherwise go unreported and unrecognised.

The Otago Peninsula Biodiversity Group

The Otago Peninsula Biodiversity Group (OPBG) is a local community organisation made up of ten volunteer trustees and a part-time project manager. The focus of the OPBG is on the peninsula-wide control of animal pests, starting with possums which are considered the most controllable. Their goal is to reduce possum numbers to zero density. Possum numbers will thereafter be suppressed at that level indefinitely.

OPBG is inspired by the 'Predator Free New Zealand' concept, and its localised efforts, in terms of achievement and knowledge gained, will be of benefit to other groups nationally who hold similar aspirations.



Table 4.1: Otago Peninsula Biodiversity Groups' contribution to conservation

Measure group	Measure	Year end result
Possum control	Hectares of land receiving treatment this year for possums	9,600
	Hectares of land under sustained possum control	9,600
Volunteer involvement	Number of workday equivalents contributed by people volunteering	393

Orokonui Ecosanctuary Ltd

Orokonui Ecosanctuary, north of Dunedin, has an 8.7 km pest-proof fence erected in 2007. All 12 species of animal pests originally present have been eradicated. The Ecosanctuary provides safe habitat for many species of threatened native flora and fauna that have been successfully translocated there, such as saddleback/ tīeke and kākā. The Ecosanctuary has an active biodiversity reintroductions programme that signals further desirable introductions like snipe, kākārīki and native frog.



Photo: Shellie Evans

Table 4.2: Orokonui Ecosanctuary's contribution to conservation

Measure group	Measure	Year end result
Goat control	Hectares of land receiving treatment this year for goats	307
	Hectares of land under sustained goat control	307
Possum control	Hectares of land receiving treatment this year for possums	307
	Hectares of land under sustained possum control	307
Rats and/or mustelid control	Hectares of land under sustained rats and/ or mustelid control	307
	Hectares of land receiving treatment this year for rats and/ or mustelids	307
Volunteer involvement	Number of workday equivalents contributed by people volunteering	1619
Threatened species	Threatened species* under active management to ensure local security	8

* Threatened species being managed are: South Island kākā, takahē, South Island robin, tuatara, Otago jewelled gecko, Otago skink, green skink.

Te Nohoaka o Tukiauau/Sinclair Wetland Trust

Since 2011 the Sinclair Wetlands have been managed by Te Nohoaka o Tukiauau/Sinclair Wetlands Trust. This comprises up to eight volunteer trustees, including representatives of Te Rūnanga o Ōtākou, and of the Tatawai Whenua Tapu Trust that manages an adjoining portion of the wetland.

The wetlands are part of a nationally important and regionally significant wetland complex in the Taieri Plains. There is a mixture of river channels, pools, swamps, and forested islands. Waterbirds are abundant, and are a focus for visitors, who are welcome to walk or kayak, to stay overnight, to help as volunteers, and to connect to the wetland environment via education and hands-on participation.

Management includes enhancing wetland habitats, control of weeds and pests, and replanting native forest on the ‘islands’ within the wetlands. These activities are looked after by an on-site coordinator, on behalf of Te Nohoaka o Tukiauau/Sinclair Wetlands Trust.



Table 4.3: Te Nohoaka o Tukiauau/Sinclair Wetland Trust's contribution to conservation

Measure group	Measure	Year end result
Rats and/or mustelids control	Hectares of land receiving treatment this year for rats and/or mustelids	100
Possum control	Hectares of land receiving treatment this year for possums	100
	Hectares of land under sustained possum control	100
Weed control	Hectares of land under sustained weed control	315
	Hectares of land receiving treatment this year for weeds	315
Volunteer involvement	Number of workday equivalents contributed by people volunteering	470

Yellow-eyed Penguin Trust

The Yellow-eyed Penguin Trust (YEPT) was started in 1987 by local residents of Otago Peninsula who alerted the public to the declining population of the endemic yellow-eyed penguin. The Trust was New Zealand's first single species trust and it adopted the charitable concept as their own means of conserving yellow-eyed penguins on mainland coasts. Today the Trust is a semi-professional organisation that enjoys a growing national and international reputation as one of New Zealand's lead agencies and authority on yellow-eyed penguin conservation.

The Trust owns or manages six sites between north Otago and the Catlins where it carries out a range of activities including revegetation, predator control and species monitoring.



Photo: Brent Beaven

Table 4.4: Yellow-eyed Penguin Trust's contribution to conservation

Measure group	Measure	Year end result
Volunteer involvement	Number of workday equivalents contributed by people volunteering	327
Species management	Threatened species under active management to ensure local security (yellow-eyed penguin)	1
Rats and/or mustelid control	Hectares of land receiving treatment this year for rats and/or mustelids	350

DOC Community Fund

The DOC Community Fund, announced in March 2014, has approximately \$26 million dollars to distribute to community groups for priority conservation work over 4 years. Following the initial 4 years, the fund will return to an annual allocation of approximately \$4.6 million per annum.

The fund is directed at practical, on-the-ground projects. These projects will maintain and restore the diversity of our natural heritage and enable more people to participate in recreation, enjoy and learn from our historic places, and engage with and value the benefits of conservation.

The fund was formerly known as the Community Conservation Partnerships Fund.

The DOC Community Fund currently has 120 active projects. Of the 120, 109 have signed deeds of grant in place. All grantees with signed deeds are meeting their reporting requirements.

The remaining 11 projects do not have signed deeds in place as they are not due to commence (or are deferred to commence) in 2016/17 or 2017/18.



The Conifer Cavalry volunteers took on wilding pines in an event run by QEII National Trust and Weedbusters NZ, and funded through the DOC Community Fund. In exchange for removal of young wilding conifers, the riders got access to a special high country station. Photo: Jesse Bythell

Appendix 5: Ngā Whenua Rāhui

This funding programme exists to protect the natural integrity of Māori land and preserve mātauranga Māori.

The Ngā Whenua Rāhui Fund provides protection for Māori landowners through the use of 25-year reviewable kawenata (covenants).

Table 5.1: Achievements in the identification and protection of biodiversity and indigenous ecosystems on private, Māori and South Island Landless Natives Act land.

Ngā Whenua Rāhui	2015/16 Target	2015/16 Actual
Number of restoration programmes undertaken that meet the criteria for success set out in their programme plan.	25	14
Hectares of land receiving treatment for possums	14,000	11,046
Number of possum operations undertaken that meet their targets for operational success.	15	11
Hectares of land receiving treatment for goats.	60,860	84,629
Number of other terrestrial animal pest operations undertaken that meet the criteria for success set out in their programme plan.	4	4
Number of acutely threatened species that will have improved security for one or more populations as a result of active species conservation programmes.	4	4
Number of kawenata (covenants) approved in each of the three most threatened LENZ environments.	Reported at year end	2 x Acutely Threatened 3 x At Risk

Appendix 6: Output performance on land transferred to Te Uru Taumatua²⁷

As a result of the Te Urewera Act, administration of Te Urewera has been passed to the Te Urewera Board, which comprises joint Tūhoe and Crown membership.

Under the Act, Te Urewera is no longer a national park, but a separate legal entity for whom the board members act as trustees.

Te Urewera is still open to the public, and the Department of Conservation will continue to work in Te Urewera and maintain the tracks and facilities in conjunction with the Board.

The natural heritage conservation work previously reported through the Department's output reporting is reported in Table 6.1 below, as conservation achieved by a partner rather than completed by the Department.

Table 6.1: Natural heritage conservation outputs for Te Urewera.

Management area	Waikareiti-Manouha	Waimana East	Waimana West	Total
Pest and weed control: Predators				
Hectares of land receiving treatment this year for possums	1,200	75,87	11,868	20,655
Hectares of land under sustained control for possums	1,200	7,587	11,868	20,655
Pest and weed control: Other animal pests				
Hectares of land receiving treatment this year for deer		2,509		2509
Hectares of land under sustained control for deer	200	2,509		2709
Hectares of land receiving treatment this year for goats		12,760	11,500	24,260
Hectares of land under sustained control for goats		12,760	11,500	24,260
Species and ecosystems				
Island biosecurity programmes maintaining a pest-free status	1			1
Threatened species under active management to improve security	5	3	2	8*
Threatened species under active management to improve understanding	1	1		2

* Note the threatened species managed are the same in two cases across two of the areas, hence the total is 8 species and not 10.

²⁷ Te Uru Taumatua is the Tūhoe governance entity.

Appendix 7: Management planning

Part of the context in which DOC operates is a statutory planning framework required by the Conservation Act 1987, National Parks Act 1980 and various Treaty of Waitangi Settlement Acts requiring the preparation of conservation management plans. A focus has been the revision of conservation management strategies (CMSs), which have reached the end of their intended 10-year life. Public engagement and consultation is a critical part of the process. Final approval of a CMS rests with the New Zealand Conservation Authority (NZCA).

Three revised CMSs were approved by the NZCA during the reporting period. These were Canterbury (Waitaha), Otago, and Southland/Murihiku. Reviews on the next three, East Coast Hawke's Bay CMS (including joint work with Ngāti Porou on the Nga Whakahaere Takirua part of this CMS, in accordance with the Ngāti Porou Claims Settlement Act 2012), Wellington/part Wanganui and Nelson/Marlborough CMSs were advanced during the reporting period.

Another focus is keeping national park management plans fit for purpose. Land around the Pike River mine disaster site has been added to the Paparoa National Park as a monument to those who were lost. The subsequent review of the management plan was advanced to public notification stage in the reporting period. The intent to conduct a parallel full review of the Westland/Tai Poutini National Park and Aoraki/Mt Cook National Park management plans was publically notified in May 2016.

Treaty settlement conservation management plans advanced in the reporting period include drafting of the conservation management plans for:

- Whirinaki Conservation Area, developed in consultation with Te Rūnanga o Ngāti Whāre for the Whirinaki Conservation Park (in accordance with the Ngāti Whāre Treaty Claims Settlement Act 2012) which was publically notified for comments in June 2016
- Te Hauturu-o-Toi/Little Barrier Island, developed in consultation with Ngāti Manuhiri (in accordance with the Ngāti Manuhiri Treaty Claims Settlement Act 2012) which was substantially drafted in the reporting period, and publically notified for comments on 10 August 2016.

Pre-drafting and early consultation work was also undertaken on the conservation management plans covering the Rangitoto, Motutapu, Motuihe, Browns (Motukorea) group of islands (in accordance with the Ngā Mana Whenua o Tāmaki Makaurau Collective Redress Act 2014) and Te Pokohiwi/Wairau Boulder Bank (in accordance with the Ngāti Apa ki te Rā Tō, Ngāti Kūia, and Rangitāne o Wairau Claims Settlement Act 2014).

These strategies and plans provide guidance to DOC in its management of public conservation lands and waters.

Appendix 8: Performance of Reserve Boards as at 30 June 2015²⁸

Reserve Boards – Financial information available

Reserve Board	Type	Revenue \$	Expenditure \$	Net Assets \$
Northland				
Oakura	Recreation	23,246	15,587	240,399
Waikiekie	Recreation			
Ruakaka Central	Hall			
Waipu Cove	Recreation	1,011,111	845,680	2,644,828
Ruakaka	Recreation			
Whatitiri	Recreation			
Taurikura	Hall			
Coates Memorial Church	Local purpose	1,979	721	1,457
Auckland				
Glorit	Hall	6,530	3,811	
Bay of Plenty				
Awakaponga	Hall	5,383	3,518	124,765
Lake Rotoiti	Scenic	8,252	8,270	33,564
Wanganui				
Poukiore	Recreation			
Papanui	Hall			
Tiriraukawa	Hall	330	387	2828
Pākaitore/Moutoa Gardens	Historic	441,076	436,427	308,246
Wellington				
Horowhenua	Recreation	10,639	18,632	32,679
Whitireia Park	Recreation	5,571	1,811	49,815
Nelson/Marlborough				
Homewood	Hall	162	148	59,809
Kaiteriteri	Recreation	5,011,378	4,690,944	8,845,673
West Coast				
Charleston	Hall			
Millerton	Hall	117,084	38,716	66,330

²⁸ Details are dated 30 June 2015 and many are still subject to audit process as required by Audit New Zealand. Interim reports have been provided where available.

Appendix 9: Search and Surveillance Act 2012, section 171

Annual reporting of search and surveillance powers by agencies other than the Police

171(a)	The number of occasions on which entry or search powers were exercised without a warrant in the period covered by the report.	3
171(b)	The number of occasions on which warrantless surveillance powers were exercised in the period covered by the report that involved the use of a surveillance device.	0
171(c)(i)	In respect of each kind of surveillance device used without a warrant in the period covered by the report, the numbers of that kind of device used (i) for a period of no more than 24 hours.	0
171(c)(ii)	In respect of each kind of surveillance device used without a warrant in the period covered by the report, the numbers of that kind of device used (ii) for a period of more than 24 hours but no more than 48 hours.	0
171(d)	The number of persons charged in criminal proceedings where the collection of evidential material relevant to those proceedings was significantly assisted by the exercise of a warrantless search or surveillance power in the period covered by the report.	0
171(e)	The matters set out in section 172 in relation to surveillance device warrants and declaratory orders.	n/a

