Department of Conservation
Te Papa Atawhai

Annual Report

for the year ended 30 June 2004

Treasuring our extraordinary heritage

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

ISSN 1176-7324

Treasuring our extraordinary heritage

ONE OF A KIND

The Minister of Conservation

Pursuant to Section 39 of the Public Finance Act 1989, I submit this report on the operations of the Department of Conservation for the year ended 30 June 2004.

Hugh Logan
Director-General

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Cover

The braided Ahuriri River with the Barrier Range centre, Ahuriri Valley, Omarama. Photographer: *Rob Suisted*.

Photographs

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Paper

This annual report is printed on Freelife Vellum – 5% Cotton, 80% recycled (pre-consumer, woodfree waste) and 15% ECF virgin fibre milled from sustainably managed forests.

Ourisia macrophylla

A New Zealand native flower common in the sub-alpine parts of Egmont National Park.

Photographer: *C Rudge*

ONE OF A KIND

Director-General's Overview

Director-General's Report

The work of the Department of Conservation contributes to the three core components of our nation: the environment, the society, and the economy.

Our most direct contribution is looking after New Zealand's natural and historic environment. In an ecological sense, New Zealand is extraordinary. Nowhere else in the face of the planet can you find the plants and animals, the landforms and the marine life, that exist on land here, or in the seas that surround us.

We are unique, and we have a global responsibility to look after this uniqueness. At heart, this is the job of the Department of Conservation. It is a job that the people of New Zealand want us to do, and it is a job that they too take up personally and collectively with passion and commitment on their own land, in their own communities, and across the nation as a whole.

As a society, New Zealanders care deeply about the quality of their environment. We are a people of the coast, the forest, and the mountains. Our natural environment defines us as a people and binds us as a nation.

New Zealanders enjoy their natural environment – walking, skiing, fishing, hunting, mountain biking. We care, we participate, and we look on the natural environment as part of our common heritage.

Parliament has long recognised this and instilled in legislation the principle that conservation land is the common heritage of all citizens, access is free, and the Department does not act as "owner" but as steward for the people and for future generations.

The work of the Department of Conservation is also central to the economic prosperity of the country. New Zealand's "brand" in the world is that we are a dynamic nation which has protected its special natural features. We can and do promote this in a way that others envy. In the 21st century, wild nature and a healthy environment provide a competitive advantage in a world where the natural environment is increasingly threatened.

The Department of Conservation's work is essential to this New Zealand "brand." The tourism industry is now New Zealand's biggest single foreign exchange earner. The Department's work is vital to ensuring a sustainable tourism industry.

This direct economic benefit sits alongside what some might argue are the larger and, long-term, more important economic benefits which come from the ecosystem services of clear water, soil and catchment protection, and biological diversity, as well as the economic and social benefits of healthy lifestyles, equality of access, and personal challenges that come from outdoor recreation and enjoyment.

Finally, I want to say a word about our reporting to Parliament. This annual report is one step in a major revamp of our reporting systems. Another step is reworking our "Statement of Intent," where we must improve how we describe the links between what we do and the results we are seeking. It's hard, especially as human understanding of ecology is so limited, but it is a very useful exercise which may well change some of what we do, or the way we do it.

In this year's annual report, the detailed "Statement of Service Performance" numbers are based on the old system, and the narrative text moves in the new direction. Next year will be one more step in that direction.

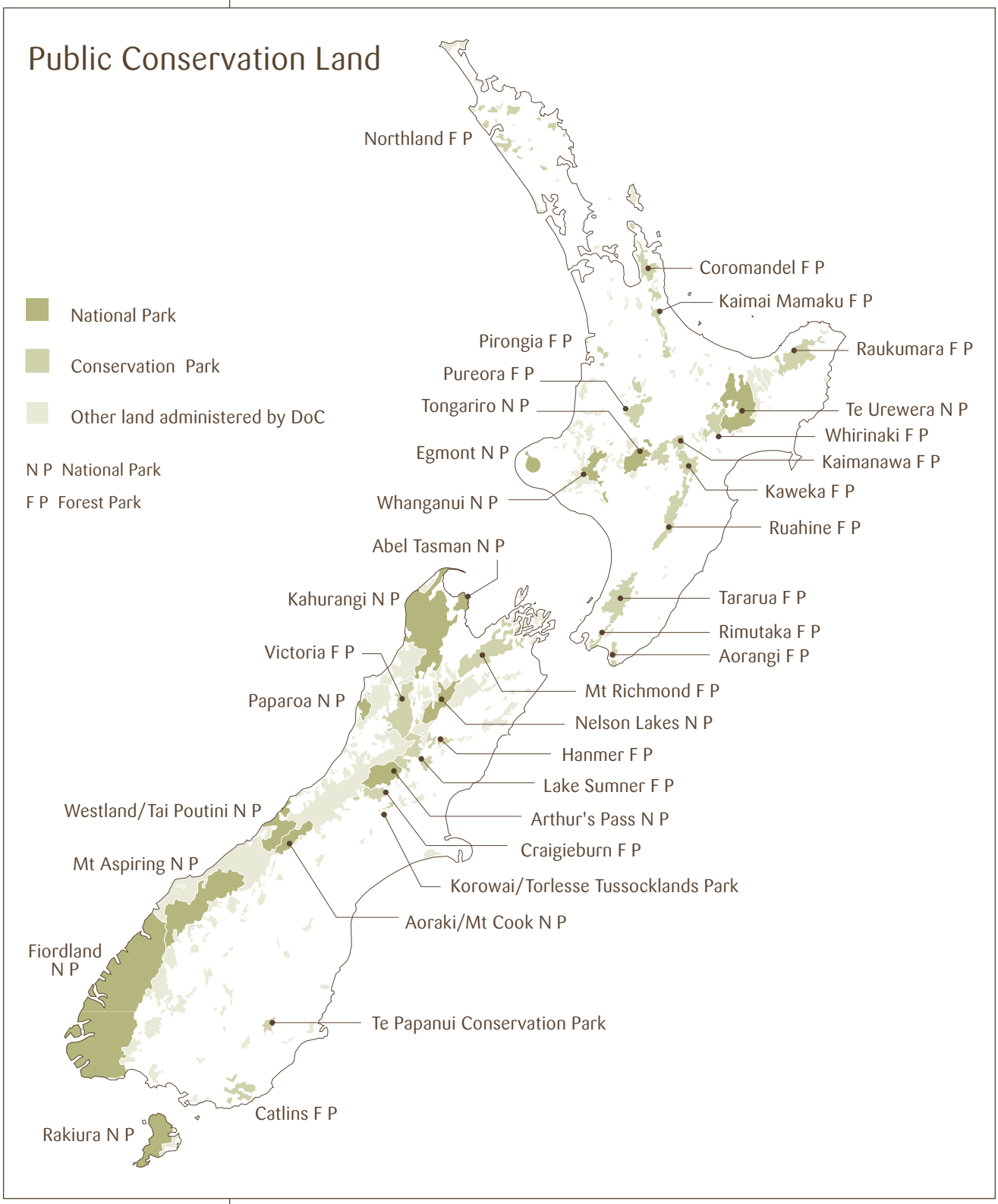
Hugh Logan
Director-General

OUR VISION

Our legislation and key goals provide the Department of Conservation with its vision:

New Zealand's natural and historic heritage is protected; people enjoy it and are involved with the Department in its conservation.

Kei te mahi ngatahi te Papa Atawhai me nga iwi whanui ki te whakaute, te manaaki me te tiaki i nga taonga koiora me nga taonga tuku iho o Aotearoa hei painga mo te katoa.


Public Conservation Land
National Park
Conservation Park
Other land administered by DoC
N P National Park
F P Forest Park
Northland F P
Coromandel F P
Kaimai Mamaku F P
Pirongia F P
Raukumara F P
Pureora F P
Tongariro N P
Te Urewera N P
Whirinaki F P
Egmont N P
Kaimanawa F P
Kaweka F P
Whanganui N P
Ruahine F P
Abel Tasman N P
Kahurangi N P
Tararua F P
Rimutaka F P
Victoria F P
Aorangi F P
Mt Richmond F P
Paparoa N P
Nelson Lakes N P
Hanmer F P
Lake Sumner F P
Westland/Tai Poutini N P
Arthur's Pass N P
Craigieburn F P
Mt Aspiring N P
Korowai/Torlesse Tussocklands Park
Aoraki/Mt Cook N P
Fiordland N P
Te Papanui Conservation Park
Catlins F P
Rakiura N P

Light-mantled sooty albatross chick

A light-mantled sooty albatross chick on its nest in the Auckland Islands.

Photographer: *J L Kendrick*

ONE OF A KIND

Our Work for Conservation: Protection

Our job:

Protect and Restore New Zealand's Natural Heritage

The outcomes we seek:

- Halting the loss of natural heritage in New Zealand's terrestrial, fresh water and marine environments within areas managed by the Department.
- No human-induced extinctions of terrestrial, fresh water, and marine species have occurred and, where practicable, representative populations of all indigenous species have long-term security in predominantly natural habitats within their natural range.
- Ensuring a more comprehensive range of terrestrial, fresh water, and marine environments is legally protected.

In Nelson Lakes National Park, Raumoa Hough inspects a fence for the national inventory.
Belinda Mellish

The Context and the Challenge

IN BRIEF

- Measuring and reporting is very hard in ecological systems, but we are making headway.
- Working with DoC's human associates is core to making conservation progress.

New Zealand as a natural phenomenon is one of this earth's curiosities – we were biologically and geographically isolated from all our neighbours for about 60 million years, the north-south stretch of our long thin islands (from latitude 29° to 53° South) give us extraordinarily varied climate, and our physical environments range from volcanoes to deserts to fiords. Humans arrived late to these islands, compared to the rest of the planet, and we arrived with a huge impact. All this makes us attractive to scientists and tourists alike, it gives us particular responsibilities, but it also presents a unique mix of challenges for the Department as we work to preserve our natural heritage. It would be hubris to say we were in control, it would be over-reaching ourselves to say we even understood this extraordinary environment – but it would be accurate to say we are making real progress.

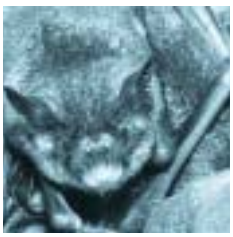
The Department's focus this year has been on:

- Halting the decline in the state of our parks and other protected areas.
- Preventing loss of indigenous species.
- Adding key places to the protected area network.

The predicament for conservation organisations the world over is finding ways to measure and report on the differences that our actions make. This is not easy. The technology for measuring outcomes very often does not exist so we must rely on measures of activity (outputs) and rely on working hypotheses about their contribution to outcomes. Often the biological timeframes of environmental processes mean differences can only be measured by long-term study not annual surveys. A good example is change in the status of a threatened species.

This is often compounded by the very limited understanding which humans have of the complexity of the ecological processes – we don't always know the potential consequences of our actions. We may, for instance, remove possums to improve the habitat for forest birds but discover that this results in higher densities of rats and mustelids (such as stoats).

The good news is that while we have an enormous distance to go, we have been focusing on this area for some time. New Zealand's Department of Conservation is now recognised internationally as a leader in the development of methods to assess the condition of natural habitats and measuring the difference (positive or negative) of our management actions.



North Island brown kiwi
Rod Morris

Takahe
David Crouchley

Short-tailed bat
B D Lloyd

Giant weta.
J L Kendrick

Last year we reported on the beginning of the Natural Heritage Management System (NHMS). This programme integrates a number of data systems and management tools to give our managers more sophisticated information to help them make the right decisions, linking the Department's priority outcomes to specific interventions. There will also be measurable data on interventions so we can test results and demonstrate progress towards national goals.

The next step in the NHMS project is to form a very clear picture of what it will actually take to develop the necessary information management systems and measurement and reporting tools. We also need to assess the capability which will be needed inside the Department to run the system and use its results.

We are taking a cautious and pragmatic approach, fully testing all components "off-line" before running them as part of our work. The risks and costs will be thoroughly assessed before any additional investment is made.

Climate also dramatically affects how we plan and do our work, and this year has been one of weather extremes. We have had exceptionally dry conditions such as those during the Canterbury fires (which stretched our fire-fighting capability all across the country), to the catastrophic floods that hit the central and lower North Island areas in March, destroying fences and cutting access to many sites.

The social and legislative environment also affects our work. This year the controversy over the seabed and foreshore has meant we have had to take a far more low-key approach to progressing marine reserves, for instance, though working relationships with local Maori communities are deeply rooted and remain strong.

The work of the Department involves and serves the human community. As conservationists on their own land, as volunteers in conservation work, as private sector contractors, New Zealanders are crucial to conservation in New Zealand. The Department has programmes in place to help improve the way we engage with the public.

In addition, helping make recreation opportunities available is a core reason for the Department's existence.

Improving the state of our natural heritage is at least as much about working with all our associates to gain their confidence and support as it is about the technical and legal tools which underpin our physical work.

Halting the Losses

Because of our peculiar history, our indigenous plants and animals are extremely vulnerable to human-induced disturbances, including animal pests, weeds, fire, and land uses which result in fragmented habitats and degraded waterways. Those human-induced disturbances drive most of DoC's work, and the core of our work is built on the New Zealand Biodiversity Strategy, a package of goals, principles, action plans, and priorities which the Government released in 2000.

Firefighters in training

Fire control: A major responsibility

New Zealand's evolutionary history means that our indigenous plants and animals are particularly at risk from fire. This makes fire prevention and control a priority for the Department.

DoC is the fire authority for the conservation estate (national parks, reserves, and conservation areas); all "state areas" (which includes river beds); plus a one-kilometre fire safety margin around them. The Department has the responsibility for protecting life, property and natural values in about one-third of the country. Essential to meeting this responsibility is having staff and volunteers who are trained to standards set under the NZ Qualifications Framework for fire fighters, maintaining fire fighting equipment to our own standards and the requirements of the National Rural Fire Authority, and having approved fire plans in each of our Conservancies.

The Department's fire fighting capability was severely tested last summer in the eastern South Island, where drought and weather patterns led to a period of severe fires. The Department fought 33 significant fires over the summer; resources were stretched and other activities had to be pushed aside as staff fought fires.

The fires were so severe that the National Rural Fire Authority sent teams to help locally and coordinated the deployment of fire fighters from other regions. The level of co-working was excellent – fire authorities worked closely together, sharing resources and helping out no matter who had specific responsibility for an individual fire during this time of crisis. The national standards for fire training and fire equipment proved their worth in the safeguarding of life and property.

Testimony to the reputation of our fire-fighters came in August 2003 when the United States faced a severe fire season and sought specialist help from New Zealand and Australia; a number of DoC staff were sent to help. This provided an invaluable opportunity to gain experience in new techniques and share best practice. All our fire fighters were able to work well with their US colleagues as all are trained to the same international system.

Dealing with abundant animal pests

IN BRIEF

- As we learn more, we are moving from a focus on individual pests to an integrated approach.
- We are working to develop a standard data "tool kit," but we are not there yet.

New Zealand's forests, birds, and other creatures evolved for millennia in islands remarkably isolated. The intricate processes of our indigenous ecology have suffered a series of body blows as humans arrived with our various non-human companions and stowaways. "Pest control" is DoC's shorthand for dealing with all this in order to protect our indigenous plants and animals.

There has been a shift in how DoC approaches pest control. The terminology is whether a programme is "pest led" or "site led" – are we trying to control a particular pest species, or are we trying to achieve a particular result for a particular place? In our early days of pest control, some 15 years ago, we began with plans to deal to individual species. We had the possum plan, the goat plan, the thar plan, even the wasp plan.

While we still need clear national thinking and priorities about individual pests, we are moving much more toward making decisions about places rather than individual pest species. This is largely a result of learning more about how our indigenous environments work. Though human beings understand very little of their full complexity, it's clear that controlling possums in an area, for instance, may actually lead to an increase in another sort of pest – a threat which may be even worse for some of our native plants and animals. So we are moving toward "integrated pest management" where we think carefully about all the things that need protection and could be done, then set priorities for which places receive what sort of protection for what sorts of purposes.

The reasons we undertake pest control can be loosely grouped into three: threatened species protection (quite focused), ecosystem protection (more broad in scope), and biosecurity (preventing pests becoming established in the first place). The basic options are:

- Prevention (biosecurity at New Zealand's border or containment within a specific area),
- Eradication (removing them all), or
- Sustained control (managing populations through periodic or ongoing pest control operations).

Controlling pests is the least value for public money, but it is commonly the only option available since the pest is well established and it is not feasible to eradicate it.

Good monitoring and review are important so that we learn from each project. Managers make use of local biological inventory data, some of which dates back several decades. We are working toward systems which can collate learning nationally, one of the goals of the NZ Biodiversity Strategy.

A ship rat looks for a meal in a fan tail's nest.
David Mudge

One critical foundation for new systems is a nationally standard toolbox for recording information and monitoring our work, and there has been real progress this year. A first step was to look at the monitoring we have done or are doing now, so with Landcare Research Limited we surveyed more than 2,200 of our monitoring projects to look at methods and how information is held. The survey found that there was a great deal of monitoring going on, but that it was less coordinated or standardised than would be desirable. There is now work to reduce variation in our approach to monitoring.

The goal is to have a toolkit which is relevant across all the work the Department does, standardised techniques for collecting information and monitoring our results, so that we can compare the results in similar communities across the country. We will be in a much better position to see patterns and learn lessons from the work of the entire Department.

There was new funding for pest control through the New Zealand Biodiversity Strategy. Allocation is on the basis of national priorities which in turn are built on local judgements about priorities. More data-based decision making will improve the consistency and validity of conclusions, leading to more stability in priorities, and that data is progressively becoming available.

IN SUMMARY

This Year's Pest Control

We are moving toward integrated pest management, and now have a continuum of programmes from focusing on one pest to intensively targeting a whole range.

"Integration" of pest management can be seen as a continuum and arguably much of the Department's pest control work is now "integrated" to some degree.

- This year, we controlled goats on about 1.5 million hectares of conservation land.
- On about a million hectares of that land, there was also a possum control programme. Where possums and goats are being controlled there is usually also an effect on rats.
- Within those million hectares, there were more than thirty sites around the country where there was integrated and intensive pest management for a wide range of pests. These were chosen because there were, for instance, particularly vulnerable species.
- At more than 100 further sites, DoC, community groups, and private land owners are targeting pest management for ecosystem and species protection. Many take an integrated approach to pest management.
- At six official "mainland island" sites there was the highest degree of fully integrated pest management and detailed scientific monitoring.

Each level of integration and intensity delivers a more pristine environment, but each level is also more expensive.

Possums: One of a suite of pests controlled by DoC

IN BRIEF

- Possums exist almost everywhere, so priorities must be set very carefully.
- We are controlling possums on about a million hectares of the highest priority land.
- Measuring effectiveness at killing possums is easier than measuring outcomes for native species.

Possums are one of the worst pest animals that DoC deals with, both in their widespread distribution and in the damage they inflict, whether destroying native vegetation or preying on birds on their nests, their chicks, eggs, or other wildlife.

Possums are now found throughout almost all of mainland New Zealand (apart from one or two places in Fiordland and South Westland), though at varying densities depending on the available vegetation.

But while "possum control" sounds like a single activity, the term actually covers a multitude of different combinations of actions. The choices involved are quite complex.

For instance, the objective of a possum programme may be to protect the nests of one threatened species, or it may be to prevent the collapse of a forest. Those objectives determine the intensity and the frequency of the effort, while the choice of technique is often driven by site factors and community considerations. The frequency may be triggered by the on-set of possum-related damage or the trend in possum population density. Site factors include the remoteness and ruggedness of the site, the density of undergrowth and availability of tracks and huts. Community considerations include acceptability of toxins, other land uses, adjoining land uses and availability of skills. There is a complex weighing up that must go on before the public sees a "possum programme."

While the Department is responsible for managing some eight million hectares of public conservation land, a considerable percentage of this is in grassland (e.g., South Island grasslands), alpine snow and ice (e.g., Mt Aspiring National Park), or wetland. In these places, possums do not occur or, if they do, they are not a threat.

Since 1996, the Department has applied a priority-setting system to determine where its possum control resources can be used to greatest effect. Ranking of control sites is based on a numerical scale calculating significance for conservation, using criteria of presence of "at risk" biota, vegetation types, biological communities, and ecosystems.

After applying these criteria at a local level, experienced technical staff peer review the proposals to set national priorities. In this way, the Department allocates resources to achieve a sustained level of possum control over a million hectares of public conservation lands.

Most possum control operations are monitored for both their effectiveness in reducing the possum population and for wider outcomes.

Effectiveness is usually judged on how many possums survived (the fewer the better!). Trapping is used to obtain this measure (known as the Residual Trap Catch index) and follows strict national inter-agency protocols. The agreed national target is a maximum of five possums found per 100 "trap nights."

In the Department's annual reports to Parliament, we have so far reported on activities ("outputs") rather than outcomes. The measures for these are the area under sustained control for possums and the area treated during the year.

Outcomes, however, are things like the survival rate of chicks or density of the forest canopy, and these results can take much longer to assess. Our measures for outcomes often lack precision, but they do provide reasonable indicators of what we have achieved (five-minute bird call counts, for instance, or the foliar browse index where we assess the leaf recovery of the possums' favourite forest foods).

Before and after: A kohekohe tree damaged by possums in Pirongia Forest Park. Five years later, the results of a possum control operation are encouraging.

IN SUMMARY

Progress Against Possums

Possum control illustrates the complexities of working in living ecologies, and our progress.

Possums exist virtually everywhere in New Zealand, so the first job is to set priorities, using a numeric ranking system. The most important criteria are:

- Presence of endangered species, plant or animal.
- Presence of rare biological communities.

This year, there were about a million hectares where the Department carried out sustained possum control programmes. This area was chosen because our ranking system identified it as having the highest priority for conservation values. It was made up of about 90% indigenous forest, 8% shrub and grasslands, and 2% "other."

In a 1995 Departmental study, it was calculated that about 1.6 million out of the approximately 8 million hectares of public land administered by the Department contained forest types which were highly vulnerable to possums. While we know now that this is probably an underestimate, it does show that progress is being made, as we now have sustained possum control over about 60% of the estate which is the most vulnerable.

We are still putting together the pieces of the bigger picture, though the science frontier continually shifts. We do know from more recent research that about 1.2 million ha of conservation land is unlikely to harbour possums because it is rock, ice, water, is generally unsuitable habitat for possums, or is of marginal conservation value and not a priority for controlling possums.

This leaves some 5.2 million ha where possums are likely to be present and will be having some impact on the plants and animals. We are continuing to understand these areas better, and that will allow us to better quantify their values and their vulnerabilities.

The success of the Department's programmes is monitored against a number of criteria, including:

- How many possums survive, measured by "residual trap catch." The national standard across agencies engaged in the fight against possums is no more than 5 possums caught per 100 "trap nights."
- Number and variety of birds, measured by average five-minute bird call count. This is a rough indicator of birdlife, but useful in some cases.
- Forest health, using the "foliar browse index" as a first indicator. This tracks damage to the plants most favoured as possum food.
- Species recovery. If the objectives include protection for a particular bird species, the number of successful fledglings produced is monitored.

This is a simplified picture of a complex situation. The Department does carry out possum control programmes in other protected areas, but the most intensive work to control this particular pest is being carried out in this one million hectares. In addition, the Department's work to control possums is now often in the context of an integrated approach to pest management.

It is also important to note that the possum is only one of a range of pests that threaten our indigenous forests and animals. In some areas, the biggest threat may be a plant pest like Old Man's Beard, and in others stoats or rats may be more of a threat to endangered species.

CASE STUDY

Whakapohai Possum Control

In an area of native forest where possum control has been carried out, monitored, adjusted, and carried out again, results show the area is now just about as healthy as an area free of possums.

In the late 1990s, a DoC survey showed that the Whakapohai block was near the colonisation front of possums.

The block is located near Lake Moeraki in South Westland, with a forest of lowland rata-kamahi and mixed beech. Surveys from the 1980s showed important wildlife and vegetation, including kaka, whio/blue duck, and karearea/NZ falcon.

Rata-kamahi forests are highly vulnerable to possums. Eradication of possums from this area is not feasible so in 2000/01 sustained possum control began over a 4,800 ha area, the smallest size viable to protect the conservation values at risk. Targets were set based on experience in other similar areas.

Poison being delivered for the Whakapohai possum control operation, October 2003.
G Woodhouse

1080 poison pellets, used in possum control.
Alan Baker

After exploring the possum control options and discussing them with the local community, contractors were engaged to use ground control methods. Some areas needed extra work before the targets were achieved.

Possum densities were tracked between 2001 and 2003, when it was decided that a further control operation was necessary. With further consultation and an assessment of the results of the previous operations, it was decided to make some changes. This year, 1080 was aerially applied, supplemented by some ground control. The area was increased to 7,460 ha. The results were good, with post-control possum density better than our target: we aimed to achieve a maximum of 5 possums found per 100 "trap nights" (5% RTC), and achieved 2 (2% RTC). It was particularly good news that nearly twice the area could be treated using the same level of resources.

This project resulted in good control of possum numbers and the re-measured vegetation monitoring in 2004 revealed that the species studied were in approximately similar health to possum-free areas elsewhere in Westland.

Monitoring of possum densities and vegetation health will continue, providing the data which will trigger the future work to maintain the health of the area.

Plant pests: A large and growing problem

IN BRIEF

- Plant pests can be as damaging as animal pests, and are getting worse.
- This year we prevented many from becoming widespread.
- The community is vital in both controlling them and preventing more becoming pests.

Old Man's Beard smothers other plants in a scenic reserve.
John Barkla

Weeds are similar to animal pests in the sense that they are newly arrived on these islands and threaten our indigenous living things. Although they sound less of a problem than, for instance, possums, weeds are invading a wide range of ecosystems including marine, estuarine, fresh water, dune systems, wetlands, geothermal, forest, tussock lands, and alpine. Their impact takes many forms: they can completely transform an ecosystem, such as when tussock is replaced with wilding conifers. They can out-compete rare native plants. Predators can use the cover of weeds such as gorse, broom, and lupins, to prey on rare native birds such as the black stilt on braided riverbeds. Weeds can also affect recreation and tourism, choke waterways and disrupt electricity generation, invade farmland, and ruin landscapes. (It is hard to imagine any scenes from Lord of the Rings being filmed in a forest choked with Old Man's Beard.)

Weed problems are getting worse. Many of tomorrow's weeds are already in New Zealand. Called "sleepers," they will adapt to New Zealand conditions then make the jump from benign garden plant to serious conservation pest.

Many existing weed problems are spreading. For example a small cluster of wilding conifers on a ridge has the potential to spread a thousandfold. If dealt with early, the costs of removing wilding conifers can be as little as $2 per hectare. Left for 25 years, the cost escalates to $1,500/ha.

Options for managing weed pests are similar to those for pest animals:

- Prevention (stopping them coming into New Zealand).
- Surveillance and a weed-led approach to eradicate or contain new weed pests before they become widespread.
- Site-led weed control on high-priority conservation sites when weeds have become widespread over the landscape.

The Department now has in place a fully integrated weed management system which includes: policy, national standard operating procedures (to plan, monitor, report, and review weed work), a weeds database, science capacity, public awareness, and training packages. Monitoring, reports, and reviews are in place so that we can learn from each project. Weed reports and reviews are presented nationally so all weed staff can benefit.

There was good news this year, with more than 90 weed-led projects preventing many weeds from becoming widespread, and the site approach is working on more than 750,000 hectares. In many of these sites, weed infestations have been knocked down and will require only low maintenance to be kept weed free.

Another important development this year was the launch of a national "Weedbusters" campaign. This is a community and inter-agency initiative led by DoC. It is built on the recognition that the public can unwittingly cause many weed problems – but they can also solve many of them if they are made aware of the issues. The campaign's website is www.weedbusters.org.nz .

The ideal for weed control is to treat small weed infestations early. We are pleased to say that much of this work goes on but is unrecognised because vigilance prevents weeds becoming widely established.

Fencing: Front-line protection

IN BRIEF

- Fences play a critical role in keeping out pests, including wandering stock.
- This year we inventoried about 90% of our more than 17,500 km of fences.

Summer volunteer tackles the weed pinus contorta *on Mount Ruapehu, Tongariro National Park.*
J R Keys

Jess O'Rourke treats a Darwin's Barberry stump in weed eradication on Stewart Island last summer.

The boundary between conservation lands and farmland is a key risk area in the protection of biodiversity. Fencing is the obvious method to shield plants and protected creatures from grazing by stock, and is the most effective tool for the protection of small "islands" of natural area. It is also a very useful tool to protect fresh water environments from stock damage. But because of the size of the areas that should be fenced and the cost of fencing, DoC has to set priorities about which areas will be fenced and where fences will be maintained.

The Department manages approximately 17,500 kilometres of fencing, most of it very old. It requires considerable investment to ensure that it remains effective at keeping stock and other animal pests out. Meanwhile, there are approximately 9,560 reserves and other small protected areas, totalling more than 900,000 hectares, and it is estimated that less than 20 percent of these reserves are adequately fenced.

We cannot commit the necessary funds to meet all our fencing needs because we must choose between funding pest control or fencing or other operations. In deciding what to do, managers choose the best method to reduce the greatest threat at the lowest cost – pest animals in the forest or wandering stock. In small reserve situations it will almost always be fencing first then pest animal control.

DoC builds and maintains fences not just for conservation purposes, but also to ensure that we are meeting our obligations under the Fencing Act, and to meet our basic responsibilities for the infrastructure we manage. The Fencing Asset Management System has been developed to collect detailed information about what fences we manage, where they are, and their condition, so we can put in place a strategy to address conservation protection, neighbour obligations, and accounting standards. Data has now been collected across 90% of the land administered by the Department.

Mainland islands: Sanctuary and laboratory

IN BRIEF

- Monitoring in mainland islands shows improvements in the abundance of plants and animals plus protection for specific threatened species.
- Lessons learned in mainland islands are useful elsewhere.

Volunteers building a bridge at Boundary Stream, Hawke's Bay.

The notion of "mainland islands" has caught public imagination and scientific attention. Basically, they are sites where intensive pest control is carried out and the results are monitored. They provide sanctuaries for our native creatures, are available for the public to visit, and provide useful scientific information. We can change methods, compare with places where there is no comparable pest control, and learn a great deal. And New Zealanders can have the experience of a forest alive with bird calls and dense with native plants.

Considerable effort has been applied at the six mainland islands to document what's being done and its conservation outcomes. Improvements in the cover and abundance of both fauna and flora species have been reported, as well as lessons for use elsewhere.

In 1992, we became aware that kokako at Otamatuna in Te Urewera National Park were under threat from possums. Two years later, the population had halved. Early treatment focused on possum control, but the benefits were only partial and slow. The start of the mainland islands programme in 1996 brought a much wider view of the forest ecosystem and Otamatuna was given the "full treatment" of ongoing intensive control of possums, rats, and stoats by a variety of methods. The response has been spectacular – kokako pair numbers have risen from a low of 8 in 1994 to at least 95 in 2003. Most other native bird species have also increased severalfold.

At Boundary Stream mainland island in Hawke's Bay total bird density remains stable, but species richness, evenness, and diversity were significantly greater than in the comparison sites. In addition, comparisons were made at 44 points between photos taken in 1999 and this year, and there is evident seedling and palatable plant growth in more than two thirds. At the mainland island in Trounson Kauri Park in Northland, vegetation monitoring and five-minute bird call counts continue to show a positive response, with pigeon abundance being particularly notable. The whole forest's restoration has been dramatic and the lessons learned at this relatively small site are being applied on a larger scale in Waipoua Forest.

Overall, the results have been positive, but monitoring shows that within mainland islands native species can still be vulnerable to pests. At Hurunui mainland island in Canterbury an unexpected irruption of rats in the 2000/01 season had a severe impact on species such as orange-fronted parakeet and mohua/yellowhead. Effort over the 2001/02 and 2002/03 seasons focused on rat control and monitoring the results is continuing.

Because of their scientific significance, more information has been gathered and disseminated in a range of conservation and scientific forums from mainland islands than from virtually any other conservation management programme in New Zealand. We are aware, however, of the need to make information available to a broader audience.

Annual reports for each project contain results for pest control targets and conservation outcomes, and summaries of these annual reports are now on the Department of Conservation website: www.doc.govt.nz .

The challenge now is to refine management regimes so that costs and risks are reduced and we can be confident that conservation gains will be sustained.

CASE STUDY

Boundary Stream Mainland Island

The Boundary Stream mainland island has delivered impressive conservation gains on every front, and the lessons learned are being shared.

Boundary Stream mainland island is situated on the south-eastern flanks of the Maungaharuru Range, about 60 kilometres north of Napier.

Established in 1995, the goals for this area include restoring it, "by careful nurturing and enhancement, to the vibrant indigenous ecosystem it once was." It is also to be a place where the public can experience flourishing fauna and flora, reminiscent of a typical Hawke's Bay forest of the past, and to demonstrate what can be achieved given sufficient resources, enthusiasm, commitment, and public support. The goals have been more than achieved.

Intensive and integrated pest control has meant kereru/NZ pigeon are now eight times more abundant in the mainland island site than they are in the comparison site where pests are not being controlled. No kiwi were killed by predators this year. Since reintroduction in 1998/99, the toutouwai/North Island robin population has stabilised at approximately 50 birds, with juvenile survival rate tripling since 2001.

Plants have also benefited from the control of pests. Compared to 1999, seedlings overall have shown a 75% increase in growth; the figure is 65% even for those species of plants which are particularly palatable to pests.

Community involvement has been a key ingredient; volunteer days have doubled since 2001/02, and volunteers are staying three times as long.

A core purpose of mainland islands is as laboratories which provide knowledge to help do the job better elsewhere. The lessons we are learning at Boundary Stream are being shared throughout the Department, and with community groups working on ecosystem restoration projects.

Keeping the fresh water fresh

IN BRIEF

- Our network of rivers, lakes, and wetlands is under increasing pressure.
- There was progress this year in controlling invasive fresh water weeds.

New Zealand is rich in fresh water. We have more than 70 major river systems with more than 4,000,000 km of channel. There are more than 770 lakes plus at least as many small ponds, covering more than 3,400 square km. Wetlands cover about 1,000 square km today, only about 10% of the original wetland mosaic.

But our water bodies are in highly variable condition. Few whole catchments are protected, and very few systems remain ecologically intact because of invasive plant and animal species, reduced water quality, channelisation, sedimentation and hydrological changes.

Royal spoonbills and pied stilts, Waituna Wetlands Scenic Reserve.
Gordon Watson

NZ's freshwater crayfish, the kouro.

The Buller River, highly ranked for its biodiversity in the Waters of National Importance project.
John Wotherspoon

Willow trees, a weed in NZ's fresh water.
L M McFarlane

Wetlands, important environments with high biodiversity values, continue to be lost. With increasing urban water use, demand for water for electricity, and land use intensification, New Zealand's fresh water biodiversity is coming under ever-increasing pressure.

Despite all this, we have a number of water bodies and wetlands which are of international importance, five of which are designated as "wetlands of international importance" under the Ramsar Convention, an international treaty encouraging the conservation and wise use of wetlands.

Indigenous species living in these fresh water ecosystems are as diverse and extensive as the environments they occur in, although our knowledge is patchy. As with land creatures, many of New Zealand's fresh water species are found only here. But a high proportion of fresh water species are found only in a small number of places and are classified as being in decline; one third of New Zealand's native fish species are classified as being under threat.

DoC's role in fresh water is to manage and/or restore the beds of water bodies and surrounding land areas that it administers, as well as managing most indigenous fresh water species.

Where important fresh water natural heritage (places or species) occur beyond areas we administer, DoC's role is to advocate for sympathetic management. This often involves statutory advocacy through the Resource Management Act. In some circumstances, the Department may also seek legal protection of important water-body types that are not well represented in the protected area network. Recently, several important wetlands have been purchased through the Nature Heritage Fund.

Fresh water conservation is complex partly because responsibility for it is fragmented amongst different agencies, but the Government's Sustainable Development Programme of Action for Water goes some way towards dealing with the competing demands for fresh water. One of its projects involves identifying "Waters Of National Importance" (WONI), whether that importance is for tourism, irrigation, energy generation, industrial uses, recreation, natural heritage, or cultural heritage.

The Department received funding to lead the identification of waters of national importance. We have almost completed identifying places that best represent the full range of our fresh water natural heritage.

Work to stop the spread of fresh water invasive species is a priority for the Department because eradication is rarely an option once pests become established in waterways. Because individual catchments are isolated from each other, the main mechanism of spread involves people. This year, the Department undertook a range of aquatic weed control projects to protect high value sites and also minimise the risk of particular aquatic weeds spreading; one example was lagarosiphon removal in Lake Waikaremoana. West Coast Conservancy tested a new surveillance methodology that the National Institute of Water and Atmospheric Research has developed to identify aquatic weed infestations. The results look promising for use elsewhere.

Marine issues: Increasing competition and a complex year

IN BRIEF

- This year NZ's second largest marine reserve was gazetted.
- There is increasing competition between conservation, recreation, fishing, and culture.

An adult and chick light-mantled sooty albatross, on their nest.
Graeme Taylor

Southern royal albatross on Campbell Island.
Peter J Moore

A pair of northern royal albatross, Taiaroa Head.
M F Soper

New Zealand has one of the largest marine environments of any nation on earth, and it contains an extraordinary variety of coastal and marine ecosystems and species. Little biological sampling has been done in this vast area, and we have only basic information about the effects of our land- or water-based actions. There is no doubt, however, that the marine environment is changing in response to human activity.

Marine reserves are aimed at conserving marine life in as natural a state as possible, by providing comprehensive and long-term legal protection. The Department is responsible for managing marine reserves, and our monitoring and research in them provide valuable information about marine ecosystem changes and recovery rates.

This year, New Zealand's second largest marine reserve was established, some 484,000 hectares around the Auckland Islands. The area is significant for its unique wildlife, including the threatened New Zealand sea lion. Although offshore island reserves add significantly to the marine area under protection, only a relatively small area is currently protected around the inshore coast (15,500 ha) through 16 marine reserves. With increasing community interest in marine protection, this year the Department actively encouraged discussion about marine reserve applications with some success.

There is a range of views in the community about marine protection, with a sense of competition among groups to have various areas set aside for their activity, be it recreational fishing, aquaculture, conservation, or cultural use. One positive development is an increasing desire to see an integrated approach to marine protection, using a range of tools such as marine reserves, mataitai, taiapure, and fisheries area closures.

The Department's work this year has taken place against a backdrop of Maori concerns about customary fishing and access to the marine area for cultural practices, as well as the debate about guardianship of the foreshore and seabed. But there is a growing desire to understand our marine environment better, and a broadening commitment to marine protection. The Department worked with the Ministry of Fisheries to develop a joint National Plan of Action on Seabirds, aimed to prevent deaths through fishing by-catch, as well as a joint draft Marine Protected Area Strategy to provide a more comprehensive set of tools for coordinating marine protection.

In addition, the Ministers of Conservation and Fisheries, in partnership with their Australian counterparts, began work toward establishing marine protection in the Tasman Sea.

IN SUMMARY

Monitoring in Marine Reserves Demonstrates Value of Protection

Marine life is showing real gains inside marine reserves, according to scientific monitoring.

Scientific monitoring is establishing the benefits for marine life from the protection given by marine reserves. There is regular monitoring in 14 of the 18 gazetted marine reserves and protected areas.

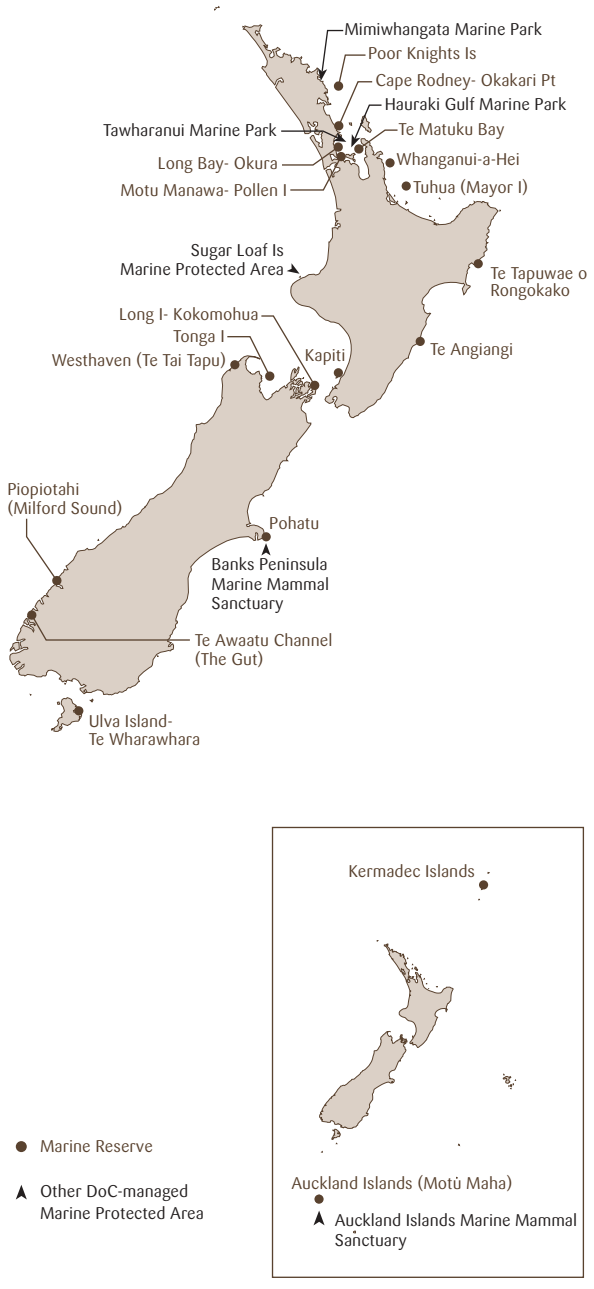
Significant increases in the size and numbers of lobster and fish have been recorded at a number of reserves, including:

- At Te Whanganui-a-Hei, off the Coromandel Peninsula, lobster numbers are 15 times greater than non-reserve areas.
- At the Tonga Island Marine Reserve, which sits alongside Abel Tasman National Park, the production of lobster eggs is estimated to be nine times greater than outside the reserve.
- At Cape Rodney-Okakari Point near Leigh the number of legal-size snapper is now 28 times that outside the reserve. Blue cod are significantly larger and more than twice as abundant in the Long Island-Kokomohua Marine Reserve in the Marlborough Sounds. Lobsters, blue cod and butterfish are reported to be noticeably less wary of divers in the reserve compared to sites outside the reserve.

However, monitoring has shown that in the Tuhua Marine Reserve, 35 kilometres from Tauranga, there is little recovery of reef fish species. One likely explanation is continued fishing in the no-take zone; to deal with this, regular boat patrols were begun this year.

The Department's monitoring shows that marine reserves usually lead to significant increases in marine environmental values. For further information, see the DoC website: www.doc.govt.nz/Conservation/Marine-and-Coastal/Marine-Reserves/Monitoring.asp

Marine Reserves and other Marine Protected Areas



Securing the Future for Indigenous Species

IN BRIEF

- Species protection often takes place in a broader "biodiversity" context.
- Our knowledge of native species is broadening to include less glamorous groups such as the fungi and marine invertebrates.
- There were major developments this year in offshore island sanctuaries.
- It is impossible to have recovery plans for every threatened species, but we are making progress.

The blue duck or whio, which live in turbulent unmodified bouldery rivers. They are now nationally endangered because of loss of habitat, hydro schemes, and by predation by such introduced creatures as cats, stoats, rats, dogs, and possums, which prey on the eggs, chicks, and nesting females. A recovery plan provides hope for their survival.
Graham Dainty

The protection of individual species is in some ways the aspect of the Department's work which is most positive and most dramatic. The national reaction to news of kakapo chick hatchings or kiwi deaths is evidence of the human capacity to care about another species and our commitment to do what we can to protect it.

There are risks attached to focusing on individual species, of course. Along with the rest of the population, the Department has perhaps been overly focused on these "charismatic" creatures – iconic birds and the tuatara, for instance. We are also learning that while we must bear in mind the protection of species that are endangered, designing our work around biodiversity is more broadly effective in the long term than focusing just on particular threatened species.

DoC's species recovery planning now complements other work like pest and weed strategies. Ultimately, the desired outcome is biodiversity conservation, seeing even our most vulnerable species becoming part of fully functioning ecosystems again. This is delivered by an effective mix of site-based work and programmes targeted at protecting particular species.

The limits of our knowledge

Only about 6,000 of the more than 90,000 known indigenous species have been investigated and categorised thus far and of these, approximately 2,400 are listed as threatened. Biodiversity Strategy funding is helping to broaden this knowledge base to include groups such as fungi, marine invertebrates, spiders, and mosses.

As they are investigated and categorised, the number of species on the threatened list will almost certainly grow. This means that in one sense an increase in threatened species will be good news because it will indicate we know more about more of our indigenous creatures, not just the charismatic megafauna. Healthy environments require mosses and snails as well as birds.

Of the approximately 2,400 New Zealand indigenous species now listed as threatened:

- 25% are considered "acutely threatened," facing a very high risk of extinction in the wild.
- 9% are considered "chronically threatened," also facing extinction but buffered slightly by either a large total population or a slower rate of decline.
- 66% are considered "at risk," vulnerable to fire, loss of habitat, predation, disease, etc.

Of the approximately 800 listed as acutely and chronically threatened:

- 2% have no work programmes targeted specifically at their recovery but are found on offshore islands or equivalent situations and are stable or recovering (e.g., Forbes' parakeet on Mangere Island, McGregor's skink on Mana Island, Brothers tuatara on North Brother, Titi, and Matiu/Somes Islands).
- 2% have no work programmes targeted specifically at their recovery because they are probably naturally very rare and are stable (e.g., orca/killer whale, some alpine plants, Broughton Island weevil).
- 4% are species with very restricted distributions, where targeted work benefits all or most of the individuals of that species and the species is stable or recovering as a result of this successful management (e.g., kakapo, takahe, *Powelliphanta gilliesi brunnea* land snail).
- 12% had work carried out in 2002/03 which improved the security of some populations, but other populations are unmanaged and in decline (note the distinction between local *populations* and the overall *species*). For some of these species, the overall trend is decline (e.g., orange-fronted parakeet, whio/blue duck, mohua/yellowhead, North Island kokako, flax snail). Those species which have improved security for some but not all populations have a lowered risk of extinction, even if the species is still in decline over much of its range. By securing even one population from known threats we are providing important insurance against extinction for the species.
- 3% had work planned which was intended to improve security at the level of local populations, but the work was not carried out successfully.
- 77% have no work programmes targeted specifically at their recovery and are believed to be in decline. The majority of these species are fungi, bryophytes (mosses), invertebrates, and vascular plants, though they also include the crested grebe and erect-crested penguin.

The information above was collected last year, as a special exercise outside our regular reporting measures, and an equivalent level of information is not available for this year. However, reporting measures are under development, and are intended to allow a depth of analysis similar to that above, for those species covered by recovery plans.

CASE STUDY

Protecting the Shy Mudfish

Work to protect the acutely threatened Northland mudfish is complicated by its shyness and the fact that many of its remaining soggy homes are on private land, but we are making real progress, with cooperation from private land owners and Biodiversity Strategy funding.

Many centuries ago, before humans arrived on these islands, large interconnected wetlands were commonplace in Northland. These magnificent areas harboured a wealth of plants and animals found only here, including the Northland mudfish.

Once widespread across Northland, the disappearance of most wetlands has forced these mudfish into a handful of undrained areas, many smaller than a backyard swimming pool. Most of these areas are on private land.

The Northland mudfish is a shy creature, rarely seen and known to few people. It lives in the soggy parts of swamps amongst the roots of manuka trees, ferns, and wet moss, where it can wiggle and slide over vegetation and through tiny passages of water which link up with other parts of the wetland. During periods of drought, the mudfish can live without water by burrowing down into the damp soil until rainfall signals it can emerge once again.

But while mudfish can survive without water for some time, they cannot live if their wetland is drained or destroyed by cattle. The threat to this indigenous fish is very real and it has been listed as “Acutely Threatened and Nationally Endangered”.

The Department has been searching out wetlands where the Northland mudfish survives. A small number of wetlands containing mudfish have been found, most of which are on private property. A mudfish recovery plan was published this year.

There has been real progress recently, as three land owners agreed to fence off sites in order to help the mudfish. Three may not sound like much, but it is very significant since there are only ten key wetland complexes where mudfish live, and many of them are in private hands and thus unprotected.

In addition, these wetlands not only contain mudfish but are also home to other threatened animals and plants. Biodiversity Strategy funds paid for the fencing.

Over the next few years departmental staff will monitor the re-growth of vegetation in fenced-off areas as well as the condition of the mudfish.

The Northland mudfish.
Nicholas Ling

Creating island havens

The Department's work to make pest-free sanctuaries on offshore islands is part of the strategy to safeguard both individual threatened species and help move toward healthier ecosystems. In those places our particular vulnerable species are safe, but so are many other species and the result will be a healthier ecosystem.

Examples this year include:

- The rat and cat eradication on Raoul Island which will benefit Kermadec storm petrel, masked booby, and petrel, plus up to 16 other species of marine and terrestrial birds. We are hopeful the operation will enable eight species to be taken off the endangered list.
- The eradication of kiore from Hauturu/ Little Barrier Island, which will benefit thirteen endangered reptiles (including tuatara, chevron skink, and striped skink), two plants which are affected by rodents throughout their range and are thus endangered (dactylanthus and large-flowered broom), a large number of seabirds (including the black petrel and Cook's petrel, found only on Hauturu), as well as invertebrates including a giant weta found only on this island.
- Rat eradication on Campbell Island will benefit not only the endangered Campbell Island snipe and teal, but also eight species of endangered invertebrates, six species of burrowing seabirds, and many other birds.

Protection for endangered species is part of what drives other DoC work, most notably our pest and weed control, but also includes Resource Management Act advocacy (e.g. threatened fresh water fish), and support for community-based initiatives (e.g. kiwi, kokako).

Poison bait being loaded onto helicopter bucket, bound for Campbell Island.
P Tyree

The rat-eradicating poison bait on its way to Campbell Island, 700 km offshore.
P Tyree

CASE STUDY

Campbell Island: DoC's "Personal Best" in Island Pest Control

Indigenous birds are reappearing on Campbell Island after the island's long history of human-introduced pests was turned around by the most ambitious eradication programme ever undertaken by the Department.

Campbell Island, in the Subantarctic, is large, isolated, and regularly raked by extreme weather. It has a long history of human-introduced animals wiping out indigenous ones.

Norway rats colonised it in the early 1800s, and from then until the late 1800s various domestic stock were liberated, though most died out. Later, sheep and cats were introduced during unsuccessful attempts to farm the island.

Over the last 20 years this biological history has been wound back, with progressive eradication of the pests. First, sheep were eradicated in the 1990s and feral cats died out.

In July 2001, the Department carried out a milestone aerial rat eradication operation. At 11,300 hectares, Campbell Island is an order of magnitude larger than any previous effort to eradicate pests. Its isolation, 700 kilometres south of Invercargill, and its severe sub-Antarctic weather conditions posed huge logistical challenges.

The budget for the Campbell Island operation was more than $2.5 million, with no guarantee of success. Limitations included the amount of bait that could be used because of the difficulty of transport, lack of storage facilities, and limited flying time to apply the bait.

While the Department's objectives were innovative, even visionary, they were achieved by being extremely conservative. Five years in the planning, the actual bait laying was completed in one month (rather than the planned three months).

The rewards of a successful operation are already starting to appear. The Campbell Island pipit, which had been found only on nearby rat-free islands, have self-introduced and are now rapidly recolonising the island. The Campbell Island teal, a flightless bird found only here, had become extinct on the main island. A male was sighted on Campbell in April this year, apparently having migrated back (swimming or being blown) from rat-free Dent Island, about a kilometre off the main island.

In May this year intensive searches revealed no trace of rats.

Moving toward adaptive management

The Department's work to protect endangered species is now designed so that we have a greater ability to quickly adapt to unexpected developments; the shorthand for this is "adaptive management." We now know that we have to be able to adjust what we are doing, if the evidence shows that some part of current management can be improved or made more efficient.

An example of success where careful monitoring led to a change in tactics is the kokako programme, where the original hypothesis was that possums and rats were competing with kokako for food. Research showed that in fact possums and rats were key predators as well as being food competitors. We shifted tactics. Kokako have all but disappeared from unmanaged sites but the good news is that they are now increasing in number in the managed North Island sites. In 1992, there were only about 350 pairs; this season there were about 550. At least at sites where dangers can be managed, the species is safe.

In a number of cases we have changed the direction of recovery programmes when we have realised that the key agents of decline

The endangered chevron skink, now safe from kiore on Hauturu/ Little Barrier Island.
Dick Veitch

for that species have not been identified. Our experience thus far is that the species requires a healthy ecosystem to fully recover, which is a bigger task.

Operation Ark

New Zealand's South Island native forests occasionally have what we call a "mast year" where some trees produce huge quantities of seeds. This glut of food in turn leads to an explosion in animal pest numbers, which in turn can pose serious threats to bird life. Operation Ark was announced by the Minister of Conservation in September 2003, in response to one of these animal pest irruptions. Species that were particularly threatened include mohua/yellow head, kakariki karaka/orange-fronted parakeet, and whio/blue duck.

Large-scale integrated pest control is expensive, so the Department has to carefully target efforts at priority sites and species. Operation Ark will include intensive animal pest control to benefit key species at eleven priority sites. The experience of intensive pest control efforts in mainland islands, however, is that even though efforts are targeted at protecting the most vulnerable species, there are benefits to a wide range of species.

DoC is also working with other agencies to be better able to predict these cycles and thus be better prepared to deal with them.

Operation Ark is made possible through Biodiversity Strategy funding.

The outlook

We are making progress at protecting some threatened species, and we continue to look for efficiencies where we have techniques that work. Funds from the New Zealand Biodiversity Strategy have been important in expanding our threatened species work.

It is important to acknowledge the enormity and practical impossibility of developing recovery actions for all threatened species, or even halting the overall rate of decline of all species classified as threatened, although more could be done.

Our intention is to intensively manage species at selected sites. As a result, there may be a loss of some species from some places where they are currently found (kokako and kiwi, for instance) and preventing the extinction of some others presents a huge challenge.

Key issues and risks are:

- The scarcity of efficient and cost-effective techniques to manage key threats – there are particular issues on mainland New Zealand where techniques need to be able to cope with constant reinvasion of animal pests.
- Our limited understanding of the complex ecosystem interactions that take place in response to management (e.g., work in the kiwi sanctuaries indicates that removal of stoats appears to result in an increase in rat numbers).
- Demand exceeding the Department's capacity and capability to support joint initiatives and undertake its other work.

Protecting a Tapestry of Habitats and Landscapes

IN BRIEF

- The current network of public conservation land is weighted toward snowy mountains.
- This year there were major additions to increase protection for other environments, such as tussock and wetlands.

Birchwood Station.
Gilbert van Reenan

A critical look at the land now protected for its conservation values shows that the network has come together rather haphazardly, and is quite unbalanced. We are heavy in snowy mountains, for instance, and light in coastal wetlands. An ongoing task for the Department is to move toward a protected network which has a comprehensive representation of all New Zealand's terrestrial and marine environments.

The Nature Heritage Fund: Major purchases

This year there have been major additions to protected land through the Nature Heritage Fund, whose goal is to protect indigenous ecosystems that represent the full range of natural diversity originally present in New Zealand by providing incentives for voluntary conservation. It is administered by an independent committee, serviced by the Department of Conservation, and receives an annual allocation of funds from Government.

This year, the fund purchased the 23,783 Birchwood Station, a conservation jewel with exceptional alpine landscapes ranging from glaciers and mountain peaks to one of the least-modified valley floors in the eastern South Island.

Clent Hills Station was also purchased by the NHF this year, a 10,000 ha property stretching from the shores of Lake Heron northwest of Ashburton to Mt Taylor on the summit of the Old Man Range. It is largely undeveloped tussock grasslands and includes an important part of the Lake Heron Basin complex of lakes and wetlands. It strategically links a number of protected areas that could ultimately form the core of a much larger Hakatere/Lake Heron/Arrowsmith Ranges Conservation Park. This purchase was initiated by high-country farmers with properties around Clent Hills, who approached the Department with a proposal to work cooperatively to secure the station.

A joint venture combined resources from the Nature Heritage Fund, the Auckland Savings Bank Community Trust, the Auckland Regional Council, and Auckland's territorial authorities to secure the 564 ha Kaikoura Island in the Hauraki Gulf. It has immense potential as an area where all of Auckland's communities can work together to restore a flourishing natural environment. The Auckland Savings Bank has a vision of using Kaikoura as a centre for outdoor and environmental education.

Conservation in the South Island's high country

For the last 140 years, much of the South Island high country has been owned by the Crown but farmed under "pastoral leases." The Government is now negotiating with some lessees so that land that has "significant inherent values" can be returned to full Crown ownership and control. Where that happens, the land will be managed by the Department of Conservation.

The area is important for a whole variety of reasons. In addition to having good pasture land, the area is rich in conservation terms, with historic buildings, distinctive landscapes, unique dryland ecosystems, extensive tussock grasslands, and forest remnants. It provides habitat for 20 critically threatened species, 30 nationally threatened species, and 8 nationally vulnerable species. It is also highly valued by New Zealanders for recreation, including opportunities for cross-country skiing, mountaineering, tramping, historic appreciation, fresh water angling, mountain-biking and four-wheel driving.

CASE STUDY

Molesworth Station: A Multi-faceted Jewel

Conservation, farming, recreation, historic, and tourism values are all present in Molesworth Station, which will move to DoC management in 2005.

The Serpentine wetlands, Molesworth Station
Gerry McSweeney

A major development this year was the announcement that Molesworth Station will transfer to Department of Conservation management on 1 July 2005.

Molesworth Station is roughly the size of Stewart Island and lies between the Southern Alps and the Inland Kaikoura Range. It is a vast landscape of tussock grasslands, scree-scarred mountains, lakes and tarns, rivers, streams and wetlands, and high-country panoramas.

The objective is to retain a strong, profitable farming operation while at the same time providing major recreation and tourism opportunities, and protecting threatened native plant, lizard, and insect species. It also has important vestiges of New Zealand's history, recalling our high-country pastoral farming identity. It has a number of heritage buildings, including the cob-built 1862 Acheron Homestead.

The Molesworth area is one of New Zealand's five hotspots for rare native plant species, with 75 threatened plant species, as well as recently-discovered lizard and insect species. An extreme example is a native flowering plant – Sedgemere woollyhead – which lives in only one seasonal tarn in a corner of the Station. About 47,000 hectares will be recommended for priority protection of natural ecosystems and native species.

Protection for marine areas

A major development this year was the establishment of New Zealand's second largest marine reserve, giving legal protection to about 484,000 hectares around the Auckland Islands.

Statement of Service Performance – 2003/04 Output Class D1 Management of Natural Heritage

Projected Performance	Performance Achieved
Fire Control	
Thirteen approved fire plans in place.	Thirteen fire plans for the 2003/04 year were approved. They are externally audited and recognised by the National Rural Fire Authority as the primary measure of organisational fire response capability and readiness.
Possum Control	
1,031,249 ha under sustained management for possum control.	Sustained possum control was achieved for 1,014,308 ha.
307,153 ha to receive possum control treatment in current year.	The total area treated for possum control was 271,899 ha. Variances in the area treated were due to operational issues such as cooperation with the Animal Health Board, boundary neighbours and contract/consent negotiations.
Goat Control	
2,315,165 ha under sustained management for goat control.	The goat control programme achieved 2,422,804 ha under sustained management.
1,508,486 ha to receive goat control treatment in current year.	The total area treated was 1,413,612 ha.
Other Animal Pest Control	
862,804 ha under sustained management for thar.	The thar control programme has achieved 876,394 ha under sustained management. West Coast Conservancy located a new herd in the Northern Exclusion Zone which will be included in future operations.
530,155 ha to receive treatment for thar in current year.	The area treated for thar was 610,795 ha.
422,280 ha under sustained management for deer.	The deer control programme achieved 440,180 ha under sustained management.
314,980 ha to receive treatment for deer in current year.	Treatment for deer was carried out for 265,426 ha. Control projects were mostly completed with only one block in Fiordland not receiving treatment as preliminary work indicated deer numbers were sufficiently low.

Projected Performance	Performance Achieved
Invasive Weed Control	
110 weed control work plans completed using weed-led approach.	As advised to the Minister, the year end target was adjusted to 92 weed control plans and 96 were completed.
247,965 ha to receive treatment for weed control in current year using site-led approach.	Treatment for weed control was achieved for 302,020 ha.
679,812 ha under sustained management for weed control using site-led approach.	Sustained management of weed control was achieved for 765,553 ha, using a site-led approach.
Marine Protected Areas	
16 marine protected areas with marine biological monitoring programmes under action.	At the end of the year, 14 marine protected areas had monitoring programmes under action. Of these, nine programmes were in place at: • Cape Rodney (Leigh) • Tuhua • Te Angiangi • Te Tapuwae O Rongokako • Kapiti • Tonga Island • Te Awaatu Channel (the Gut) • Long Bay – Okura • Long Island – Kokomohua. Additionally, monitoring plans were advanced for: • Auckland Islands • Whanganui-a-Hei. Logistical difficulties affected monitoring at Piopiotahi. Ongoing monitoring was also undertaken at Mimiwhangata Marine Park and the Sugar Loaf Island's Marine Protected Area. Monitoring results are on the Department's website and show increased abundance and size of species within marine reserves.

Projected Performance	Performance Achieved
Species Conservation Programmes	
134 acutely threatened species have improved security as a result of active species conservation programmes.	As advised to the Minister, the year end target was adjusted to 129 due to changes in the classification of the conservation status of some species (with new or improved records). The New Zealand Threat Classification System lists 603 species as acutely threatened. Of the 129 targeted acutely threatened species, 113 had improved security in at least one population as a result of the active species conservation programmes. Additional work also resulted in improved security for populations of three plant species and one invertebrate species.
42 chronically threatened species have improved security as a result of active species conservation programmes. (Note: These measures report on whether at least one population of a threatened species had its overall security improved as a result of management).	As advised to the Minister, the year end target was adjusted to 43 due to changes in the classification of the conservation status of some species (with new or improved records). The New Zealand Threat Classification System lists 242 species as chronically threatened. Of the 43 chronically threatened species targeted, 34 had improved security in at least one population as a result of the active species conservation programmes. Additional work also resulted in improved security for populations of two plant species and one reptile species.
Survey monitoring and research will have resulted in improved understanding of the status and threats for 162 acutely threatened species.	Survey monitoring and research has resulted in improved understanding of the status and threats for 136 of 165 acutely threatened species receiving these programmes. Additional work also resulted in improved understanding for populations of five plant species and one reptile species.

Projected Performance	Performance Achieved
Survey monitoring and research will have resulted in improved understanding of the status and threats for 56 chronically threatened species.	The year end target was adjusted to 58 due to changes in the classification of the conservation status of some species (with new or improved records). Survey monitoring and research has resulted in improved understanding of the status and threats for 54 of 58 acutely threatened species receiving these programmes. Additional work also resulted in improved understanding for populations of one plant species and one reptile species.
Mainland Island Sites	
An annual report will be prepared for each of the six mainland islands.	The Department has produced annual reports for each of its six mainland islands. The summary reports are on the Department's website.
Island Management and Restoration	
90 islands will be kept rodent free through the effective implementation of quarantine and contingency procedures.	Effective implementation of quarantine and surveillance procedures has meant that all 90 islands have maintained a rodent-free status. No contingency procedures were required this year.
45 island management and restoration programmes will be progressed.	As agreed with the Minister in the Output Plan, the target was revised to 30 programmes. Programmes were progressed for 27 island restoration and management programmes. Work planned for 2003/04 was completed to standard and recorded in annual work plans.
The Hauturu rodent eradication operation will be completed by 30 June 2004.	The Hauturu rodent eradication operation was completed just after the end of the financial year. The first bait application occurred on 9 June 2004 and a second drop was completed on 15 July 2004.
The Raoul Island cat and rat eradication operation will be completed by 30 June 2004.	Initial indications are that rat eradication has been 100% successful and that cats have been effectively eliminated as a future threat to the island. Post operation monitoring is underway. Final conclusions will be available in 2004/05.
Convention on International Trade in Endangered Species (CITES)	
Trade applications for 330 CITES permits or certificates will be processed.	The number of trade applications processed this year was 185. This is due to the reduction of exotic bird exports from New Zealand, as a result of the bird flu epidemic, making transit through many countries impossible.

Projected Performance	Performance Achieved
36,730 specimens surrendered/seized at the border will be collected and processed within 10 working days.	The number of specimens surrendered/seized at the border this year was 29,185. All surrendered/seized specimens were collected and processed within 10 working days.
330 trade-related applications for CITES permits or certificates will be processed within 20 working days.	The number of trade-related applications processed within 20 working days was 185.
560 other related trade (non-commercial) applications will be processed within 10 working days.	The number of other related trade (non-commercial) applications received was 758 and all were processed within 10 working days.
Conservation Services Levy	
Full and timely reporting to the Minister and the fishing industry on progress in achieving the agreed Conservation Services Levy programme.	The full 2003/04 Conservation Services Levy programme was carried out in a timely manner. Work this year included: • Fishing interactions (e.g., observer monitoring, protected species mortality monitoring, and pilot electronic monitoring) • Population studies data collection (Gibson's wandering albatross, Antipodes Island wandering albatross, black petrel and New Zealand sea lion) • Mitigating the adverse effects of fishing (tuna and snapper industry advice; blue-dyed bait study). An agreed Conservation Services Annual Plan 2004/05 was developed with stakeholder input and approved by the Minister of Conservation.

Projected Performance	Performance Achieved

Legal Protection and Status Change

A – For each terrestrial Environment (at 20 group level): Its total area.

B – For each terrestrial Environment (at 20 group level): Area legally protected (as defined on the current spatial representation of the Department's land register).

C – For each terrestrial Environment (at 20 group level): Percentage area legally protected.

		A	B	C
	Name of Environment	Total Area (000 ha)	Area Protected July 2004 (000 ha)	% Legally Protected July 2004
A	Northern Lowlands	1,854	87	5
B	Central Dry Lowlands	691	6	1
C	Western and Southern North Island Lowlands	636	6	1
D	Northern Hill Country	2,100	401	19
E	Central Dry Foothills	1,324	195	15
F	Central Hill Country and Volcanic Plateau	5,241	980	19
G	Northern Recent Soils	339	24	7
H	Central Sandy Recent Soils	135	28	21
I	Central Poorly-drained Recent Soils	121	3	2
J	Central Well-drained Recent Soils	294	4	1
K	Central Upland Recent Soils	161	27	17
L	Southern Lowlands	801	57	7
M	Western South Island Recent Soils	220	109	50
N	Eastern South Island Plains	2,045	13	1
O	Western South Island Foothills and Stewart Island	1,414	1,164	82
P	Central Mountains	3,249	2,182	67
Q	Southeastern Hill Country and Mountains	3,272	556	17
R	Southern Alps	1,927	1,798	93
S	Ultramafic Soils	33	31	94
T	Permanent Snow and Ice	157	153	97
Other	Other	211	38	18
Total		**26,225**	**7,862**	**30**

Projected Performance	Performance Achieved
	The total area of New Zealand included in the LENZ system for classifying terrestrial Environments at 20 group level is 26,225,000 ha. The total area protected as at July 2004 at a LENZ 20 group level is estimated at 7,862,000 ha. Note that this is less than the approximately 8,000,000 ha in the Department's Land Register as the latter includes beds of lakes and some areas of foreshore not included in the LENZ system. The percentage area legally protected is approximately 30% of the land area of New Zealand as defined in the LENZ system.
For each terrestrial Environment (at 20 group level): Change in area legally protected during the year.	This measure cannot be accurately reported for the financial year for terrestrial Environments as the underlying database is still undergoing corrections. Future year comparisons should provide more accurate data as a consistent methodology and datasets will be in use.
Legal Protection - Marine Areas	
18 marine protected area proposals/ applications will be under action.	The Department has 18 marine proposals/applications under action. Work continued on: • Establishing further marine protection within the Akaroa Harbour • Formal gazetting of new marine reserves at Te Matuku Bay (Waiheke Island) and Paterson Inlet (Stewart Island). Applications relating to Whangarei harbour and Te Paepae Aotea–Volkner Rocks are currently before Ministers. An application has been proposed for the north east coast of Great Barrier Island - within the Hauraki Gulf Marine Park. A discussion document transforming the Mimiwhangata marine park into a marine reserve was released. The Department supports the Guardians of Fiordland process, which aims to establish a series of eight marine reserves within the Southland fiords. Three marine reserve applications previously approved by the Minister of Conservation are with the Minister of Fisheries. These are: • Parininihi (Taranaki) • Taputeranga (Wellington) and • Glenduan (North Nelson).

Projected Performance	Performance Achieved
Pastoral Leases	
26 pastoral leases/pastoral occupation licences resource reports will be provided to the Commissioner of Crown Lands.	As agreed with the Minister in the Output Plan, the target was revised to 17 reports. Sixteen pastoral leases/pastoral occupation licences resource reports were provided to the Commissioner of Crown Lands.
20 pastoral leases/pastoral occupation licences resources reports will be provided within the Commissioner's project plan timeframe.	A total of 16 resource reports were completed within the Commissioner's project plan timeframe.
The Department expects to be consulted on 25 substantive proposals for Crown pastoral lease reviews.	Only 11 consultations on substantive proposals were sought from the Department.
162 reports on discretionary consent applications under the Crown Pastoral Land Act 1998 will be provided.	A total of 161 reports were completed.
177 requests for reports from the Commission of Crown Lands will be completed in the agreed time.	A total of 172 reports were completed within the Commission of Crown Lands timeframe.

Output Class Operating Statement Output Class D1 - Management of Natural Heritage

	Actual 30/06/04	Main Estimates 30/06/04	Supp. Estimates 30/06/04	Actuals 30/06/03
Revenue				
Crown	99,186	98,875	99,186	94,644
Dept.	2,758	3,028	4,975	4,202
Total Revenue	**101,944**	**101,903**	**104,161**	**98,846**
Expenses	106,525	101,903	104,971	97,859
Surplus/(deficit)	**(4,581)**	**0**	**(810)**	**987**

Biosecurity:

Keeping harmful visitors from settling in

The outcomes we seek:

- Preventing, in conjunction with other agencies, the entry into New Zealand and establishment of new organisms that pose a threat to indigenous biodiversity.
- Eradicating or containing organisms that are newly established, or already established but not widespread, and pose a threat to indigenous biodiversity.

IN BRIEF

- Because of long isolation, New Zealand's native species are particularly vulnerable to aliens establishing here.
- There is increased pressure from the effects of globalisation, including more international visitors.
- This year we were part of successful efforts to stop several dangerous exotics from becoming established.

The southern saltmarsh mosquito, which carries a potentially dangerous virus. First spotted in the South Island by a DoC staffer, the Ministry of Health was fast alerted.
NZBiosecure

The Department of Conservation is critically concerned about biosecurity because of the vulnerability of the indigenous living things for which we have responsibility.

Biosecurity is especially important to New Zealand, as a series of isolated islands with a unique assemblage of native species and ecosystems. Nearly 90% of our native species are not found anywhere else in the world, having evolved for about 80 million years in geographical isolation, so they are not well adapted to cope with the influx of new species.

As a consequence, the Department spends many millions of dollars on pest management trying to minimise the effects on our native species and ecosystems of invasive newcomers which have been either deliberately or accidentally introduced and become established here.

Prevention, early detection, and rapid response are the best ways to safeguard New Zealand from further harmful exotic species establishing here. Pre-border and frontline biosecurity work, as well as most of the country's border and incursion activities, are undertaken by the Ministry of Agriculture and Forestry, the Environmental Risk Management Authority, the Ministry of Health, and the Ministry of Fisheries. The Department of Conservation works with them, providing specialist knowledge about our unique native ecosystems and species, policy advice, and technical advisory services.

This helps to ensure that organisms harmful to our indigenous flora and fauna are identified and, wherever possible, measures are put in place to prevent them from entering or establishing in New Zealand.

DoC also identifies introduced species which have the potential to be highly invasive and a threat to native biota. We can declare these to be "Unwanted Organisms" under the Biosecurity Act 1993, which means the powers of that Act can be used to control and/or eradicate them, as well as preventing their sale, propagation, or distribution.

This year our Biosecurity Unit carried out in-house training to equip staff to respond effectively to biosecurity issues. Staff need a thorough understanding of legislation and internal policies and procedures for when they are called on to deal with "unwanted organisms" such as koi carp and gambusia.

Rising pressures on biosecurity

Growth in trade, more overseas travellers, and shorter travel times are all greatly increasing the number and diversity of invasive alien species being moved around the world, and the rate at which they are moving. This increases the risk of alien species arriving here and puts increasing pressure on New Zealand's borders. Many of the new arrivals are highly invasive and would be extremely damaging if they were to establish here (for instance, the red imported fire ant and Asian gypsy moth).

Current climatic trends suggest that global temperatures will continue to increase and that the continuation of altered weather patterns are likely. Tropical and sub-tropical organisms (terrestrial, fresh water and marine) may therefore extend their natural ranges. This makes it more likely that they could establish in NZ should they breach our borders.

The year's significant events

This year, the Department's biosecurity and science staff worked closely with the Ministry of Agriculture and Forestry and the Ministry of Health in their efforts to respond to new organisms, particularly those invasive species that have conservation implications (including painted apple moth, gum-leaf skeletoniser, fall web worm, red imported fire and crazy ants, and Southern saltmarsh mosquito). Our task was to provide expertise about the risks those organisms pose to our indigenous flora and fauna.

Significant successes this year include the first South Island spotting of the Southern saltmarsh mosquito (which carries a potentially dangerous new virus). The Department alerted the Ministry of Health. Another was the programme to eradicate a highly-invasive aquatic weed (hornwort) in Motueka, which seems successful and will provide information for other parts of the country. A less satisfactory story is the scoliid wasp, where we have had to settle for pest management rather than eradication; we are now analysing the experience to see what can be learned.

Reorganising New Zealand's biosecurity system

There was a major initiative this year to reorganise the national biosecurity system. The aim is to produce a fully integrated biosecurity system, with clear accountabilities, the necessary resources, and stronger integration across the range of stakeholders.

The 2003 Biosecurity Strategy assigns the Ministry of Agriculture and Forestry leadership and oversight of the whole biosecurity system. This means that it will have overarching responsibility for biosecurity activities, from pre-border work through to the management of established pests. This should better integrate the efforts of the many agencies involved.

DoC's responsibility continues to be the delivery of a significant amount of site-led and regional weed-led pest management, as well as the provision of advice about biosecurity risks to our indigenous species and ecosystems.

CASE STUDY

Acting Fast to Safeguard Native Birds

The recent diagnosis of psitticine beak and feather disease in wild parrots here has prompted quick action from DoC. The disease was diagnosed in a wild eastern rosella (an introduced parrot native to Australia) in the Wellington region in August 2003. While the virus has long been present in captive exotic parrots in New Zealand, this was the first case of it being found in a wild bird.

Psitticine beak and feather disease is caused by a highly infectious virus and affects the skin, feathers, and immune system of parrots. There is potential for the disease to be transmitted to other wild parrots, in particular New Zealand's native species, including the acutely threatened kakapo and kaka. The effects of this disease on our parrots is unknown as it has had unpredictable impacts on parrot species in other countries.

In response to this potential threat, the Department produced and disseminated a fact sheet on the disease to all staff, and to aviary owners, captive breeders and veterinarians. It included a description of disease symptoms and how it is spread, preventative quarantine and general hygiene measures to be undertaken, and avenues for reporting any suspected incidence of this disease. The Department's wildlife health staff have also recently implemented new procedures to minimise the spread of the disease by staff handling wildlife.

Our goal is to act quickly enough so that we do not find out the hard way what would happen if it were to spread through New Zealand's native parrots.

A parrot suffering from psitticine beak and feather disease, a risk to our many native parrots.
Avianbiotech

Statement of Service Performance – 2003/04 Output Classes D7, D8, D9 & D10 Vote Biosecurity

Projected Performance	Performance Achieved
An annual survey of the satisfaction of the Minister for Biosecurity with the provision of policy, technical advice and co-ordination.	The satisfaction survey was completed by the Associate Minister for Biosecurity. The Associate Minister indicated that she has been happy with the input received from departmental staff.
An annual survey of the Ministry of Agriculture and Forestry (MAF) of its satisfaction with support provided by the Department for border control and response activities arising from newly-arrived unwanted organisms that pose a threat to indigenous biodiversity.	The annual satisfaction survey was completed by the Group Director - Biosecurity. The overall quality of service from the Department was rated as good, with an excellent rating for the Department's capacity to react to urgent issues. The interagency relationship was described as healthy, and useful comments were provided with regard to areas of possible improvements. These will be considered internally.
Trends in the number of unwanted organisms that pose a threat to indigenous biodiversity, for which risk assessment and management appraisals have been prepared, from 1 July 2003.	A total of 53 unwanted organisms were reported during 2003/04. Advice and technical input was provided for risk assessments undertaken by the Ministry of Agriculture and Forestry, for unwanted organism incursions. This involved providing input into response activities, contingency planning and the technical advisory groups. There was an increase in the total number of unwanted organisms detected during 2003/04 compared with 2002/03. This was due to more intensive border measures (e.g., container checking), targeted surveillance (e.g., National Ant Surveillance Programme) and to a greater public awareness of potentially new or unusual organisms. During 2003/2004, the Department provided input into a total of 37 MAF Import Health Standards and 47 ERMA applications. This is a substantial increase from the previous year.

Projected Performance	Performance Achieved
Trend in the number of unwanted organisms that pose a threat to indigenous biodiversity that become established or naturalised from 1 July 2003.	This measure relates to activities that are solely the responsibility of other biosecurity agencies. As this is the first year these measures have been in place, comparative data is limited and there is no data to establish multi-year trends. There was a total of 53 new organism incursions for the year, with 32 of these new unwanted organisms becoming established.
Trend in the number of newly established or naturalised, unwanted organisms that pose a threat to biodiversity that are contained or eradicated from 1 July 2003.	This measure relates to activities that are solely the responsibility of other biosecurity agencies. As this is the first year these measures have been in place, comparative data is limited and there is no data to establish multi-year trends. The number of organisms that were successfully contained or eradicated for this year was 21.
Annual survey of the public's awareness of new unwanted organisms that pose a threat to indigenous biodiversity.	The Ministry of Agriculture and Forestry (MAF) and the Ministry of Health have undertaken all of the major incursion responses in 2003/04. As part of these responses, MAF has surveyed the public. The surveys show there is a high level of public recognition of these new pests and their potential impacts on the New Zealand environment.

Output Class Operating Statement Output Classes D7, D8,D9,D10 – Vote Biosecurity

	Actual 30/06/04	Main Estimates 30/06/04	Supp. Estimates 30/06/04	Actual 30/06/03
Revenue				
Crown	2,492	2,423	2,492	2,434
Dept.	0	0	0	0
Total Revenue	**2,492**	**2,423**	**2,492**	**2,434**
Expenses	2,417	2,423	2,542	2,359
Surplus/(deficit)	**75**	**0**	**(50)**	**75**

Historic Heritage:

Conserving and celebrating our history

The outcomes we seek:

- Historic heritage is identified and, where appropriate, conserved and interpreted.
- The protection of a representative range of sites reflecting the themes of New Zealand's history.

IN BRIEF

- Of the 12,000 historic sites on conservation land, consultation has identified 545 as priority.
- This year, extra money for historic protection helped protect the Arrowtown Chinese miners' settlement, the Ruapekapeka battle site, and Christchurch and Auckland defence sites.

Master carver Te Warihi Hetaraka tutored this young man while he worked on the waharoa for Ruapekapeka.
Shaughan Anderson

New Zealand was the world's last major landmass to be settled by humans. This means we have a relatively young history, and one where our historic sites and artefacts are more fragile than, say, the Pyramids, but still important to our understanding of ourselves as a nation.

The tangible reminders of our history are scattered across the landscape; DoC is responsible for 12,000 historic sites on the land we manage. We also work alongside other agencies, to get legal protection for heritage values through the Reserves Act for instance.

The earliest of the human traces in public conservation land are mostly land features such as pa sites and food storage pits, while more recent sites frequently include materials such as wood or steel, susceptible to rapid deterioration when not maintained.

We are very conscious of the responsibility to the future which those 12,000 historic sites represent. Many do not need active management and can safely be left with legal protection.

There are, however, a number of sites that merit special attention, because of their importance to the story of New Zealand's human history and their vulnerability to deterioration.

Setting priorities with the community

Over the last 10 years the Department's conservancies have worked with their local communities to identify those sites on conservation land which are of greatest importance for New Zealand's history. From this work conservation strategies have been constructed, and a total of 545 sites identified for active management. Each of these sites has a real link to the communities, landscapes, and times which are the ground from which New Zealand has developed.

Decisions about spending priorities among those 545 sites are based on four factors: historical importance, condition and urgency of remedial action, accessibility to New Zealanders to learn about and enjoy their heritage, and the quality of the visitor experience. The Government provided an additional $4 million over four years, commencing in the 2003/04 year, to invest in the highest priority sites.

Our four goals for the 545 priority sites are that they are fully inventoried, restoration work is undertaken, an ongoing maintenance programme is begun, and tangata whenua are involved whenever appropriate. At many sites it is also important to provide facilities such as walking tracks and interpretive material so that people who visit can have a glimpse into the human history of the place.

Progress this year

Examples of significant progress this year include the upgrading of Ruapekapeka pa in Northland, site of the last significant land wars battle in Northland; upgrading the defence fortifications at North Head in Auckland and at Godley Head near Christchurch; and the restoration and rebuilding of the Arrowtown Chinese Settlement.

The costs of maintaining heritage sites vary considerably. Most archaeological sites are at the lower end, while buildings, such as Mansion House on Kawau Island in the Hauraki Gulf, are at the higher end. Depending on the mix of sites, each year the number of new sites where we can begin restoration and maintenance work is as few as 5 to 10. At this rate a number of priority sites that need active management will continue to deteriorate.

We have gained valuable experience about hidden costs of restoration work through recent projects such as Jacks Hut and North Head Historic Reserve. Deterioration of sites and structures is ongoing – which means that between assessment and actually starting restoration work costs can increase significantly. The costs can also be difficult to predict, as those who have been involved with renovations on an old house will understand.

Recent experiences have taught us to build these factors in when preparing project plans and budgets.

Working together on the waharoa for Ruapekapeka.
Shaughan Anderson

A gathering place in the Chinese camp, Ah Lum's store, now restored.
Fiona Colquhoun

CASE STUDY

Ruapekapeka Pa

A crucial site in New Zealand's history is now available to all New Zealanders in a good example of joint work with tangata whenua.

Ruapekapeka pa tells the story of the last battle of the wars fought between British Colonial forces and Northern Maori. Widely recognised as one of the most significant historic sites in New Zealand, it is being given new life and made available to a new generation with an upgraded track, some core site interpretation, and a new waharoa (carved entrance).

In December, tangata whenua led a dawn dedication ceremony for the newly restored and enriched pa site. Seeing this nationally significant site come to life was important for our nation's story.

The Department and local Maori began working together on this project in the early 1990s, developing a strong partnership. The Ruapekapeka Pa Management Trust was established by the local iwi to work with the Department in developing a plan for improved protection and interpretation of the pa.

As a first result, there are four new interpretation panels for visitors. The waharoa, or carved entrance, is a clear statement that the earthwork defences of the pa are a product of Maori culture, but also signifies a gateway to the sharing of stories from all who were affected by the battle.

CASE STUDY

Arrowtown Chinese Settlement

The story of an ethnic group's resilience in the face of discrimination is told in the Arrowtown Chinese Settlement Historic Reserve, newly restored to help us understand our past.

The restored Chinese camp on the outskirts of Arrowtown vividly conjures up the hardships and racism of the early goldfields days, as well as the stoicism of the community which lived there.

The camp is pushed out of sight on the edge of Arrowtown in a frosty hollow. The huts and shelters are cramped. Ah Lum's Store was a local gathering place, invoking both the sense of community developed among the camp's (all male) inhabitants and their cultural heritage.

This year's additional funding for historic sites has been used here to upgrade the reserve, remove earlier inappropriate modifications to the store, stabilise Ah Wak's toilet, and install new interpretation panels. The new panels tell the stories of those early Chinese gold miners who came to New Zealand to get rich enough to go back, but became trapped by poverty and eked out their last days, a dwindling group on the outskirts of society.

Recognition of New Zealand's early Chinese inhabitants and acknowledgement of the discrimination they suffered is an important part of the Government's policy of reconciliation with the Chinese. The Department is currently working with the Chinese community on a number of initiatives involving goldfields sites. The Arrowtown Chinese settlement attracted more than 180,000 visitors this year.

Statement of Service Performance – 2003/04 Output Class D2 Management of Historic Heritage

Projected Performance	Performance Achieved
Historic Heritage	
11 agreed inventory projects are completed to standard.	As advised to the Minister, the number of projects was reduced to nine. Nine projects were completed to the Department's standard.
Remedial work is completed to standard for 26 historic heritage assets.	As advised to the Minister, planned remedial work was reduced to 23 and work was completed on 21 assets to the standard including: • Ruapekapeka pa • North Head Barracks and Fortifications • Godley Head Fortifications • Arrowtown Chinese Settlement. One project was deferred because of unavailability of the specialist contractor; the other was redirected to a higher priority.
Annual maintenance programmes are completed to standard for 349 historic heritage assets.	As agreed with the Minister in the Output Plan, the target was revised to 281 assets. Annual maintenance programmes were completed for 299 assets. These were carried out to the Department's standard.

Projected Performance	Performance Achieved
Interpretation projects are completed to standard for 27 sites.	As advised to the Minister, the programme was reduced to 13 projects. These projects were completed to the standard set in the Department's interpretation guideline. They comprise: • Ruapekapeka pa (Northland) • North Head audiovisual (Auckland) • Tokaanu Wharf (Turangi/Taupo) • Old Waihohonu Hut (Turangi/Taupo) • Rahiri Lodge (Wanganui) • Bridge to Nowhere (Wanganui) • Mana Island Woolshed (Wellington) • Te Kahuoterangi whaling station (Wellington) • Murray Creek (West Coast) • Croesus Track (West Coast) • Ross Goldfields (West Coast) • Gabriel's Gully (Otago) • Arrowtown Chinese Settlement (Otago).
Legal protection is achieved or enhanced through two places becoming historic sites.	Three projects were completed to the Standard Operating Procedure for legal protection: the Chinese gold miners' settlement in Lawrence (Otago), Macetown (Otago), and Jack's Mill School (West Coast). The Lawrence and Jack's Mill School purchases were carried out with the Historic Places Trust and local community groups.

Output Class Operating Statement Output Class D2 - Management of Historic Heritage

	Actual 30/06/04	Main Estimates 30/06/04	Supp. Estimates 30/06/04	Actuals 30/06/03
Revenue				
Crown	5,608	4,964	5,608	4,091
Dept.	13	416	26	23
Total Revenue	**5,621**	**5,380**	**5,634**	**4,114**
Expenses	5,545	5,380	5,634	4,344
Surplus/(deficit)	**76**	**0**	**0**	**(230)**

Ice Tunnel

Climber ascends a Fox Glacier ice tunnel.

Photographer: *Bruce Postill*

ONE OF A KIND

Our Work for Conservation: Appreciation

Recreation:

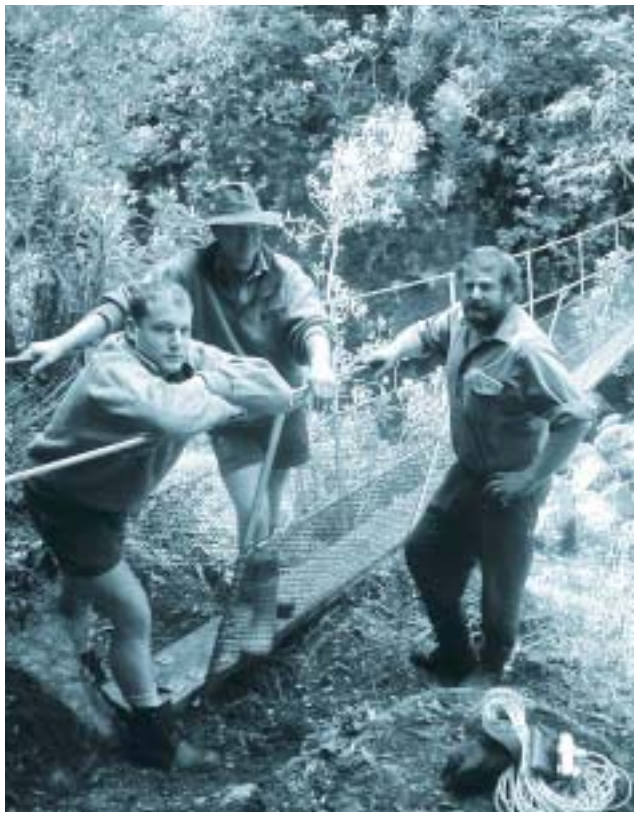
Chances to appreciate our extraordinary heritage

The outcomes we seek:

- A range of quality recreation opportunities, consistent with the protection of conservation values, is provided in areas managed by the Department, and promoted so that all New Zealanders have the opportunity to derive benefits from them.
- Visitor impacts on natural and historic heritage are minimised.

IN BRIEF

- Visitor numbers were up 18% this year, weighted toward international visitors.
- The tourism industry is NZ's biggest single foreign exchange earner and conservation work is vital to it.
- A major public consultation exercise considered the future of all recreational facilities.
- A significant upgrade and maintenance programme of facilities was begun with new funding.
- The concession system was reviewed and will be streamlined.



The land protected in the conservation estate is home for our indigenous plants and animals, but it is also important for many of the people who live on these islands. As a nation and individually, we have a sense of connection to our wild places.

The Department of Conservation provides opportunities, facilities, and information for quite a range of human activities, be it a short walk, mountain climbing, or family camping.

The benefits are many: for individuals there is pleasure, inspiration, challenge, better health, and for our society the experience of our protected areas helps bind us as a nation. For conservation, the more people who know our special places and creatures the more commitment there is to their protection.

Conservation's economic contribution

DoC manages facilities and provides information, but before considering those details it is worth noting that there are significant changes to the number of people visiting, who they are, and what they want to do.

This year's 33 million visits to the public conservation estate is an 18% increase since 2001. The number of overseas visitors is growing even faster than visits by New Zealanders.

Tourism earnings are now the country's largest foreign exchange earner, representing one in ten jobs and 9.6% of our gross domestic product. Nature-based tourism is a key growth area in New Zealand's economy and a significant portion of it is based on public conservation land. This means that the work of the nation's conservation agency is now critical in supporting the nation's economic growth.

In addition to increasing numbers, what people seek is changing. Recreation in parks and wild places used to conjure up mountain climbing and tramping. While these are still important activities, the large majority of visitors (about 90%) come for day walks or short camping trips. Facilities and information have to be adjusted to recognise this.

Challenges in providing a range of opportunities

Part of DoC's role is to provide opportunities for people to enjoy protected areas, and help them do it as safely as possible. This means that we manage a surprising number and type of facilities: more than 12,600 km of tracks, almost 1,000 huts; around 12,800 boardwalks, bridges, staircases, picnic tables, information panels and campsites; 1,680 toilets; and other facilities which include signs, visitor centres, shelters, car parks, seats, drains, handrails, viewing platforms, campground kitchens, roads, water and sewerage systems.

All have to be inspected, documented, and maintained to safe and consistent standards. An upgrade and programme of ongoing management of the Department's visitor facilities to meet increased and changing visitor demands, and to deal with deferred maintenance needs accumulated over the last 15 years, will cost $349 million over 10 years. So far the additional funds have enabled increased maintenance on tracks and associated facilities, and an acceleration of capital asset replacement, particularly of huts and toilets.

Load testing a new suspension bridge across Tangent Creek, Wangapeka Track, Buller...
Jon Calder

...and this is why the bridges are so carefully tested.

A new suspension bridge over Tangent Creek on the Wangapeka Track, Buller Area, is finished: Justin Beverage, Graeme Quinn, and Mal Hansen, all from the Karamea Field Centre.
Jon Calder

DoC probably maintains more toilets than anyone except the nation's schools. These are in Abel Tasman National Park.
Andy Dennis

Our response to growing numbers of domestic and international visitors to natural areas involves working with others to handle today's demand and prepare for tomorrow's, in ways that also respect conservation values. This year, the Department worked closely with industry partners to identify planning requirements for achieving sustainable growth and to ensure the planning outcomes will support a range of experiences from the front-country to back-country for future generations. We have increased our connections with tourism agencies, been involved in implementing the recommendations of the Ministry of Tourism's 2010 Strategy, and worked more closely with Tourism New Zealand, the Tourism Industry Association NZ, Regional Tourism Organisations New Zealand, and the Visitor Information Network Inc.

In some places, we are providing for larger numbers of visitors with upgraded tracks, bigger huts and improved facilities. In others we are introducing limits on growth through, for example, hut booking systems to ensure hut crowding is minimised.

Another approach is to promote destinations which are currently less well known and thus less heavily used. This can reduce the pressures on infrastructure and the sense of crowding as well as introducing visitors to some of New Zealand's less famous but still wonderful places, including the Banks Peninsula private walk and the Hump Ridge track in Southland.

This year, the Department carried out significant work on its sewerage systems, which have to comply with resource consent requirements, to minimise ongoing servicing costs and cater for the current visitor numbers and growth for the foreseeable future (up to ten years) in order to avoid future problems.

The public's views shape the system

New funding enables DoC to maintain most, but not all, of the current network of facilities. This means some hard choices, and in order to get a clear picture of the priorities of recreation groups and the wider public, a major consultation effort was launched by the Minister in late September 2003. The process has involved each conservancy working with local recreation groups and the wider public. A "recreation associates reference group" was formed to work with DoC at the national level, and the DoC website provided information to the wider community.

The process demonstrated a high level of public interest in the facilities DoC makes available for recreation. Surveys showed wide public awareness of the process, and participation was high, with 1,460 submissions.

Key themes from the submissions were:

- An enthusiasm for being involved in the decision-making process,
- A desire to see the majority of existing hut and track network retained,
- Potentially conflicting values between the "back-country adventurers" and those who focus on more developed areas, which receive relatively high levels of use by international tourists.

The consultation was very useful for the Department and resulted in significant changes to the original proposals. The Minister of Conservation expects to announce the outcomes of the process in October 2004.

Public satisfaction with DoC facilities is high. A survey the Department commissioned this year showed that 77% of those who visited a national park or conservation area during the six-month period were satisfied with the facilities provided.

The Department has its own research programme to provide a full picture of things such as changing use patterns, visitor impacts on the places they visit, and changing patterns of recreation demand. This is a new area for DoC; we have learnt the importance of collecting reliable data that can inform our planning for the future.

Meeting standards and managing risks

This year, as part of the Department's programme to ensure that the facilities meet visitors' safety and comfort needs, we reviewed our standards for tracks and structures. The Department worked with Standards New Zealand to develop the NZ Handbook for Tracks and Outdoor Visitor Structures, published this year. There was extensive consultation with the public and with a range of other organisations that manage such facilities, to agree on specifications for the design, construction, and maintenance of tracks and outdoor visitor structures. The result will be a consistent level of service delivery to the public.

Maintaining the number and range of facilities must take place in a fast-changing regulatory environment, with frequent alterations to building codes, water quality, fire safety, plus the revision of DoC's internal service standards for huts.

Over the past two years 93% of all structures have been assessed by engineers or by appropriately qualified staff. Where structures were found to pose a significant risk to visitors, they were either upgraded immediately or closed until the necessary work could be undertaken. As a consequence of the review of the standards, there are a large number of structures that require further upgrading, such as changes to handrail (barrier) standards.

Two-thirds of the nearly 1,000 huts met the Department 's service standards. Work is continuing on the others, including repairing exterior cladding, repiling, re-roofing, clearing vegetation around buildings, installing new wood-burners, replacing mattresses, adding skylights, and paintwork. We are confident we are addressing all significant safety issues. Work is expected to be completed in the next financial year. Public feedback on the upgrades, as noted in hut log books this year, has been very positive. To ensure we can maintain the standards, the Department has set up a comprehensive database.

The same review of facilities found that about half of the length of tracks (about 6,900 kilometres) did not meet departmental standards, mainly because of poor track markings, or because of excessively muddy, rough, or uneven sections of track. For now, track work is primarily basic maintenance activities to ensure that they remain open for use.

Providing information

The other main ingredient DoC provides to enable people to enjoy the large network of protected areas, and do it with good safety information, is information.

Providing information in Picton and Kaikoura.

To promote conservation awareness and understanding, and to engage the public with special places, we provide interpretation services such as guided talks, signage, publications, and website material. This year, many interpretation projects were undertaken in partnership with the community, business, and non-governmental organisations. This provides a good vehicle for engagement and learning for everyone involved.

This year a national series of recreation publications was distributed through our network of conservation information centres and the DoC website. Camping's popularity can be seen in the 40,000 "Conservation Campsites" publications which were distributed nationwide.

There is always a degree of risk inherent in outdoor activities, but planning, carrying recommended safety equipment, and having the right skills and equipment for the trip can make a big difference to risk levels. To help people have a safe and enjoyable time outdoors the "Play it safe in the backcountry" brochure was produced by DoC and the New Zealand Mountain Safety Council. It focuses on personal preparation and prevention, rather than search and rescue.

Our emphasis in the past eight years has been on ensuring our visitor assets are safe, and our recreation resources have been directed to this priority. An effect of this has been to defer work on other recreation management activities such as improving the production and dissemination of information. We are now working on a programme to catch up with contemporary standards for our public information, to provide adequate support to staff who provide information to the public, and to meet public expectations for easy to find, interesting, and up-to-date information via the Department's website, visitor centres and publications.

Reviewing the concessions system

A key economic interface with the community is the Department's concessions system, where private income can be earned from activities on public conservation land.

This financial year the Department managed about 4,600 concessions. We earned $9.5 million from them, a $600,000 (6%) increase on the previous year, driven almost entirely by increases in tourism guiding operations in the South Island.

As part of our work to ensure there is continuous improvement in our systems, this year the Department reviewed the concessions management system. The review's 33 recommendations have three key themes:

- Where the conditions we put on concessions need to be prescriptive, we should develop methods for concessionaires, DoC staff, and interest groups to be clear about the activity and the controls.
- Where applications clearly comply with planning guidelines, they should be processed more quickly and cheaply.
- We need improved monitoring of environmental and social outcomes, particularly tourism "hotspots".

The key changes will take place during 2004/05.

Living with the weather

One consequence of our facilities being mostly out of doors is that while we develop work plans to complete maintenance and upgrades, we have to stay light on our feet as our assets are always vulnerable to the weather. This year around the country our work priorities were affected by earthquake, avalanches, floods, fires, and extreme weather.

See the case study on the Milford Track for a good example this year.

Recreation means structures, and their safety requires constant attention and work.
Allan Dallas

This hut is being dismantled so that it can be moved – our safety audit showed it had a high risk of being hit by an avalanche.
Steve Ochsner

CASE STUDY

The Queen Charlotte Track

There is a mix of private and public benefits as the Queen Charlotte Track grows in popularity.

The Queen Charlotte Track in the Marlborough Sounds is an example of a DoC-managed visitor asset growing in popularity and benefiting the local economy as a result.

Around 30,000 people walked or mountain-biked the busiest section this year (in 1995 there were only about 5,000). That 30,000 figure can be compared with 6,000 a year on the Heaphy Track and 100,000 a year to Nelson Lakes National Park.

The 71 km-long track between Ship Cove and Anakiwa, half of which crosses private land, won a New Zealand Tourism award in 1998.

Today the track directly supports more than ten private accommodation businesses and three water taxi companies. Nearby Picton is benefiting indirectly from increased visitor numbers to the region, with two apartment blocks and shops under construction along the waterfront.

The Ship Cove-Punga Cove leg, which includes Endeavour Inlet and Furneaux Lodge, is popular for its sea views and native forest cover. Mountain-biking is permitted, except between 1 December and 28 February 28 on this section, making the Queen Charlotte one of the few dual-use tracks in the public conservation estate.

Walking the Queen Charlotte track.

CASE STUDY

Light-on-our-toes on the Milford Track

Earthquakes and historic snow storms just before "walking season" on the Milford Track illustrate the need for DoC to always be light-on-the-toes.

More than 30,000 walkers visit the Great Walks tracks in Fiordland and Aspiring national parks each summer. But just before the summer season opened this year, the tracks and visitor facilities suffered dramatic damage from a major earthquake and the heaviest snow loadings since 1983.

The Milford was the worst affected, with about two kilometres of track buried by debris and two bridges damaged, plus the track being blocked in many places by tree falls caused by wind and snow loads.

An avalanche roars down in Milford. More than 2 kms of track was buried under huge rock and tree slides last year; it may take 2 years to restore or rebuild. It's not a tidy workplace.
Works Infrastructure Ltd

It was in no shape to receive visitors in only eight weeks. Repairing it would require at least five times the resources of a "normal" year's preparation time, but the stakes were very high. The consequences of not bringing the track back up to scratch included the possibility of major losses for local businesses, as well as damaging the local and international perceptions of all New Zealand's Great Walks.

So work plans were immediately reorganised and local staff turned on a huge effort to get the tracks ready before the season opened.

The visitor season bore out the importance of this work: there was the highest number of walkers on record, with a total of 34,430 walkers on the Fiordland Great Walks, of which 14,185 walked the Milford.

The events were forcible reminders that it is not possible to plan for every situation in the sort of "workplace" we have. The Department has to be ready for the unexpected, be it flood, earthquake, or storm, and ready to quickly reprioritise work plans and target extra work where it's needed.

It also highlights that DoC's work is not just about the non-human. The Department and local communities and economies are often very heavily reliant on one another, and our decisions must reflect the risks to local economies and relationships.

Statement of Service Performance – 2003/04 Output Class D3 Management of Recreational Opportunities

Projected Performance	Performance Achieved
Visitor Accommodation	
Manage approximately 1,000 huts to the appropriate service standard (target 80% of huts meet the required standard).	At year end 987 huts were managed by the Department. 656 (66% of all huts) are now considered to be to standard. The other 331 huts (34%), while not to standard, have been assessed and where a significant risk was determined to exist, the huts have either been closed or the necessary work to make them safe has been completed.
Tracks and Walkways	
Manage approximately 12,500 km of track to the appropriate service standard (target 40% of tracks meet the required standard).	At year end, 12,633 km of track was managed by the Department. The 12,633 km of track managed comprises the following:

Track Type	Length of track (km)
Short Walk	150
Short Walk (for disabled)	18
Walking Track	2,306
Great Walk	383
Easy Tramping Track	549
Tramping Track	7,750
Route	1,477

Of the total length of track managed, 5,754 km met the required standard. This represents an additional 948km of track being regarded as to standard when compared to the start of the year.

The remaining 6,879 km is not to standard mainly due to insufficient/non conforming marking (2,607 km). The removal of wet/muddy or rough/uneven sections of track is the other issue that remains to be addressed.

<table>
<tr><th>Projected Performance</th><th>Performance Achieved</th></tr>
<tr><td colspan="2">Amenity Areas, Roads, Car parks and Other Structures</td></tr>
<tr><td>Manage the facilities and services at the Mount Cook, Whakapapa and Iwikau villages to the specified service standards.</td><td>Facilities and services at Mount Cook, Whakapapa, and Iwikau villages have been managed consistent with the specified service standards over the entire year, and in line with industry best practice.</td></tr>
<tr><td colspan="2">Visitor Services</td></tr>
<tr><td>Manage approximately 3,800 visitor sites to provide a range of recreation opportunities for the six key visitor groups.</td><td>The Department currently manages 3,882 visitor sites spread throughout the country. These sites are managed to meet the needs of the range of visitors represented by the six key visitor groups.
<table>
<tr><th>Primary Visitor Group</th><th>No of sites</th></tr>
<tr><td colspan="2">Front country (easily accessible, lower skill level)</td></tr>
<tr><td>Short Stop Traveller</td><td>515</td></tr>
<tr><td>Day Visitor</td><td>1,384</td></tr>
<tr><td>Overnighter</td><td>178</td></tr>
<tr><td colspan="2">Back country (less accessible, higher skill level)</td></tr>
<tr><td>Backcountry Comfort Seeker</td><td>146</td></tr>
<tr><td>Backcountry Adventurer</td><td>1,465</td></tr>
<tr><td>Remoteness Seeker</td><td>194</td></tr>
</table>
Forty-two additional visitor sites have been established this year, including:
• twenty-seven providing opportunities primarily for day visitors
• eleven for primarily backcountry adventurers.</td></tr>
</table>

Projected Performance	Performance Achieved
13,300 visitor structures meet safety standards for load capacity and correct barrier requirements (target 100% of structures meet the required standards).	The Department managed 12,816 visitor structures of which 87% met the required standard. This was a 9% improvement over the previous year. The Department follows a quality risk management approach to the management of all visitor structures. Key to this work is the programmed regular inspection of all structures by qualified Department staff every two years and, where required, every six years by engineers. Where it is considered to be a risk, the facility is immediately closed until the necessary work can be completed. In addition, the Department also put in place an 0800 number so any person is able to notify any potential safety concerns associated with a visitor facility.
Monitor visitor numbers at a number of key indicator sites	Visitor numbers were monitored at 239 indicator sites nationally representing the range of recreational opportunities provided. A total of 5.5 million visits were made to these indicator sites.
Visitor satisfaction	
Monitor visitor satisfaction with the range of recreation opportunities provided.	Results of the research showed that 77% of those who had visited a national park were satisfied with the facilities provided. This compares with 79% in 2003. There was also a drop from 6% to 3% of respondents who were dissatisfied. On average 38% of New Zealand residents visited a national park during the year which was a decrease of 3% on the June 2003 figures. NB: The term "National Park" was used as a general descriptor because respondents do not differentiate between "National Park" and other reserves.
Monitor visitor satisfaction at the visitor centres.	A satisfaction monitor was not undertaken in visitor centres this year. Satisfaction monitoring was combined as a measure in a broader survey.
Taupo Sports Fishery	
Monitor visitor satisfaction with the Taupo sport fishery with a target rating of not less than 3.5 out of 5 for success and not less than 4.5 out of 5 for enjoyment.	The average success rating achieved for the year was 3.38 out of 5. The weather was the most significant factor affecting the level of success. Average enjoyment rating was 4.69 out of 5.

Projected Performance	Performance Achieved
Visitor Centres	
Manage 14 icon and 11 regional visitor centres to the appropriate service standard.	The Department currently manages 14 icon visitor centres and seven regional visitor centres. As the Visitor and Information Centre Strategy is implemented, some centres are adjusting service standards to meet their new classifications. All visitor centres met the required service delivery standards, with the exception of Rakiura and Aniwaniwa (due to opening hours).
Visitor Services	
Monitor selected sites for the effects visitors have on the natural and historic heritage. Undertake the necessary remedial action to protect or restore the natural and/or historic heritage where it is significantly adversely affected.	The Department monitored 74 sites. Many of these sites are monitored as part of ongoing programmes looking at facility degradation, vandalism and issues associated with managing human waste. During the course of the year, impacts have been mitigated at nine sites. This included the construction of a visitor toilet for the Ballroom Overhang near the Fox River on the West Coast and the clean up of two hunter camps at Port Pegasus on Stewart Island. Additional and/or improved sewerage management has been completed at four campsites on the Abel Tasman Coast Track, one campsite at French Pass and at the Momorangi Campground.
Concession Management	
Monitor selected recreation concessions for significant effects on the natural and historic heritage.	This year, 102 concessions were monitored.

Output Class Operating Statement Output Class D3 - Management of Recreational Opportunities

	Actual 30/06/04	Main Estimates 30/06/04	Supp. Estimates 30/06/04	Actuals 30/06/03
Revenue				
Crown	86,972	82,350	87,621	76,647
Dept.	13,189	12,530	13,850	12,704
Total Revenue	**100,161**	**94,880**	**101,471**	**89,351**
Expenses	94,148	94,880	101,471	93,504
Surplus/(deficit)	**6,013**	**0**	**0**	**(4,153)**

Recreational Opportunities Review – This class of outputs records the cost of depreciation of surplus visitor assets and the write-offs that result from the review of recreational opportunities. The appropriation covers the period from 2003/04 to 2005/06. This class is unfunded.

Output Class Operating Statement Output Class D6 - Recreational Opportunities Review

	Actual 30/06/04	Main Estimates 30/06/04	Supp. Estimates 30/06/04	Actuals 30/06/03
Revenue				
Crown	0	0	0	0
Dept.	0	0	0	0
Total Revenue	**0**	**0**	**0**	**0**
Expenses	1,705	0	3,888	0
Surplus/(deficit)	**(1,705)**	**0**	**(3,888)**	**0**

Conservation with communities

The outcomes we seek:

- New Zealanders treasure their natural and historic heritage and are committed to its conservation.
- The Department is a national conservation leader that has effective working relationships at international, national, conservancy, and area levels for conservation.
- Community groups, agencies, and others participate in conservation and undertake their own conservation initiatives supported by the Department.
- Better protection of natural heritage (terrestrial, fresh water, and marine) and historic resources in environments for which the Department is not directly responsible.
- Sustainable management of the coastal marine area in conjunction with regional councils.

IN BRIEF

- NZ secured a seat on the UN World Heritage Committee: Tuwharetoa Paramount Chief Tumu te Heuheu is head of our delegation.
- A key to reaching young people is the website, and the number of people using it grew almost 50% this year.

Junior Kaitiaki at Spirits Bay, near Te Paki.
Mita Harris

Volunteers clean up beaches, do botanical surveys, even clean the rails of a long-buried log-hauler tramway.

Conservation is not simply about protecting the natural and historic environment, as if the results of that work sit in isolation from the reasons for doing it. The Department's guiding legislation defines conservation as "the preservation and protection of natural and historic resources *for the purpose of* maintaining their intrinsic values, providing for their appreciation and recreational enjoyment by the public, and safeguarding the options for future generations".

That statement says not simply what the Department does, but why it does it, and is reflected in next year's Statement of Intent where our work is described as falling into two key outcomes – protection and appreciation.

The relationship between protection and appreciation is a complex one. There is tension between encouraging increasing public use and providing for a wilderness experience, for instance; between competing recreational uses and philosophies.

Inevitably, there are compromises and restrictions. Greater understanding and appreciation of conservation and its place in our society is critical to building support as well as tolerance of compromises. The increasing number of individual, community and business conservation initiatives that are being undertaken is an indication that this is strengthening.

The Department's ability to engage other individuals and agencies in our work, and to support conservation initiatives outside our own work programme, is also critical to building support. But again, managing this is a complex business and we are grappling with finding a balance between supporting and encouraging this work while also managing realistic expectations.

Public appreciation of the natural and historic environment is the bedrock for conservation activity and for ensuring that future generations are able to enjoy the same opportunities.

Conservation with communities: Staff training

This year saw the development and delivery of a new training programme, Community Partnerships, aimed at improving the ability of our staff to work with individuals, community groups and iwi.

A review of the programme indicated that many staff found it helpful, but that there were areas for further training. For example, staff are asking for help in determining their health and safety obligations when working with people outside the Department.

It also led to an exploration of how we can better align aspects of this training and the follow-up to the Department's Pukenga Atawhai training programme (where staff are immersed in the Maori ethos about the environment), since they have a common objective of improving the Department's capability to work with the community. That broader community engagement, and greater appreciation of the intrinsic and tangible benefits that flow from that, should in turn lead towards greater public support for conservation.

www.doc.govt.nz

The website grows and will get a brush-up

A key to reaching young people is the website. The number of people using the Department's website grew almost 50% in 2003/04 to one and a half million visitors. The site content grew by 25% in that time, and a major part of that was putting all the Department's recent science publications on the web.

The Department recognised the inadequacy of its website to meet the fast-growing national and international demand. This led to an improvement programme, including new software, capacity, and capability, as well as research to underpin a redesign of the website. The programme is on track to provide improved services by the end of 2004/05.

The website development involves improving an existing tool. But if the Department is to build understanding and appreciation of conservation then it also needs to be exploring new and broader ways of engaging the public. The Wild Creations programme, in conjunction with Creative New Zealand, gives artists residency in conservation areas, where they create works inspired by the environment. For the 2003/04 year, three artists were awarded residencies to produce work in theatre, music and photography.

Research into economic impacts

In another developmental area, the Department recognised that researching the economic contribution of conservation has been a neglected area, and could contribute to a greater appreciation of the economic values of biodiversity, public access, and recreation. The Department commissioned a study of the economic value of public conservation lands to the West Coast region, which showed that $221 million a year is generated and 1,814 jobs are supported by conservation activity, and that two out of every three visitors to the West Coast are attracted there because of public conservation land.

Two similar studies testing the economic relationship between conservation and tourism are under way, and the Department is exploring ways of quantifying conservation benefits from "ecosystem services" such as flood prevention.

Tehezib Latiff and Jade Glastonbury from Palmerston North Intermediate School help with planting at Kahuterawa Bush, Linton, in July.
Ross Henderson

Advocating for conservation

The Department has a statutory function to advocate for natural and historic values. The principal means of carrying out this role is through the Resource Management Act.

Conservation gains this year from the Department's RMA work include:

- Resource consent applications and subsequent decisions which minimise adverse effects on the environment and which, if necessary, will better diminish or correct any negative effects. An example from this year is our submission on a resource consent application which led to protection of the Otauira wetland in the Bay of Plenty.
- Results of court-initiated mediations and consent orders which better protect the natural values on land and in fresh water areas. An example of this is legal action which led to changes in a Canterbury District Plan so that consent was required to disturb indigenous vegetation.
- Better local authority understanding of the environments they administer.
- Regional and district plans with more environmentally-friendly provisions.

Outcomes on the ground include protection or sustainable management of habitats for indigenous species and the maintenance of the quality and quantity of fresh water in riverine and wetland systems.

Tumu te Heuheu, Paramount Chief of Tuwharetoa and head of NZ's delegation on the UN World Heritage Committee
Dave Wakelin

Building our ability to work with Maori

The Department is continuing to improve its ability to work well with Maori, which is essential to doing the conservation job well, in addition to being part of our legislative mandate.

Work includes a Kaupapa Atawhai Strategy, designed to give consistency to our work with Maori. Progress on the strategy was delayed while changes were made to the Department's Statement of Intent, but is now under way again. Meanwhile, the Nga Akiakitanga policies which provide tools for staff to use, such as ways to involve tangata whenua in conservation management, remain as working drafts while "general policies" *(see the policy section)* are finalised; policy on the use of Te Reo in the Department is close to completion; and follow-up training to the Pukenga Atawhai programme is under way.

The Department has decided not to persevere with the establishment of Public Service Training Organisation unit standards related to training programmes in this area because there are a number of alternative NZ Qualifications Authority-approved courses available to staff. Many are free of charge and/or do not require the same investment of departmental time and resources to achieve the same results.

International recognition

The Conservation Act requires that the Department advocate for conservation internationally, a recognition that global natural and social systems are interwoven.

This year there was a successful campaign led by Conservation and Foreign Affairs to secure a seat on the UN World Heritage Committee: Tuwharetoa Paramount Chief Tumu te Heuheu has been appointed as head of delegation. New Zealand was later elected to the core oversight group of seven members (the Bureau).

New Zealand's case for membership was built around the potential in the Pacific for more recognition of World Heritage sites, as well as our performance in World Heritage management. Of New Zealand's three existing World Heritage sites, Tongariro was the first site in the world to be recognised for its cultural values in addition to its natural values. Tongariro and Te Wahipounamu, containing Milford Sound, add prestige and real benefit as major assets underpinning New Zealand's tourism industry. The Subantarctic islands are also World Heritage sites, in recognition of the pristine nature and importance to species of those isolated landscapes in the Southern Ocean.

A revised list of possible New Zealand natural and cultural sites is being developed. Membership of the committee will also extend New Zealand's activity in supporting Pacific countries to apply for new World Heritage sites. It will require a strategic focus, supported by other agencies in this area, for the four-year period of membership.

CASE STUDY

Junior Kaitiaki

Efforts to connect the enthusiasm and energy of young people with their natural environment are being supported by DoC in a Northland community project.

In Northland, the Department worked alongside local communities to develop the Junior Kaitiaki Rangers programme for young people to learn about their environment and cultural heritage, as well as the economic benefits that conservation brings to their futures.

Its aims are to increase conservation awareness, build a sense of environmental ownership, build life and career skills, as well as positive environmental attitudes.

DoC supports Junior Kaitiaki Rangers by providing advice on start-up administration, technical expertise and workshops, as well as creating a network between Junior Kaitiaki groups from different communities to share their knowledge and activities. The emphasis, however, is on the communities themselves. The programme is about making conservation fun, involving as many young people as possible, each contributing their own skills and knowledge. It is built around the environmental features specific to their own community.

To date, two pilot groups have been established in Mahinepua and Horeke. Now Junior Kaitiaki are looking forward to linking to all communities in Northland, as well as the rest of New Zealand, and eventually "Youth for Conservation" around the world.

Junior Kaitiaki study and learn - and have fun.
Mita Harris

CASE STUDY

Mana Island May Sing Again

Birds are going home to Mana Island with the help of community groups, tangata whenua, and the Department.

In January this year, 100 fairy prion chicks and 50 speckled skinks were moved from Takapourewa/ Stephens Island to Mana Island, a 217-hectare scientific reserve off the Wellington coast.

Part of a wider Mana Island restoration plan, the Friends of Mana Island Incorporated Society and the Department are attempting to re-establish a breeding colony of fairy prions on the island. It is also hoped the skinks will re-establish here and one day use the seabirds' burrows for shelter and to find insects.

The transfer was the third since 2002, and is the final phase in a three-year plan. The Friends of Mana Island funded the project and also organised more than 100 volunteer days to support the 2004 transfer.

Over a seven-day period volunteers collected, fed, and weighed the birds. They also braved storms and went without sleep to ensure the five-week-old chicks, in their cliff top burrows, were in top condition for the transfer.

The project was also supported by the local iwi Ngati Toa and Ngati Koata, the tangata whenua of Takapourewa. As well as contributing to the volunteer effort, the two iwi took care of all cultural considerations associated with the transfers.

The Department administers Mana Island, and worked with the community groups and volunteers by providing technical expertise and logistical support from the Kapiti and Sounds Area offices.

All 100 chicks fledged successfully 2-20 days after the transfer, and have flown away. It is hoped that they will return in 3-5 years time to establish a breeding colony.

DoC's Stacy Moore with a fairy prion chick bound for Mana Island.
Peter Moore

Anaru Paul, Manaaki Walker and Kaiapa Paul from Ngati Koata transfer kaitiaki (care) of a fairy prion chick to Derrick Lum from Ngati Toa at Takapourewa/ Stephens Island.
Clinton Purches

Statement of Service Performance – 2003/04 Output Class D4 Conservation With Communities

Projected Performance	Performance Achieved
Public Information	
A report on the number of visitors to the website per month will be produced.	The number of people using the Department's website continued to grow in 2003/04, with close to 1.5 million visitors visiting the site during the year – an average of 125,000 per month. Site visits peaked in March 2004 with 173,963 visits, an 88% increase on the same month in 2003. From July 2003 to June 2004, average repeat visitors to the site rose 52%.
382 new information items will be produced.	The number of information items produced in 2003/04 was 479. This included fact sheets, brochures, media releases, interpretation panels, posters, information packs, web pages, powerpoint presentations and newsletters.
A report providing an evaluation of how effective a sample of information items were at meeting their objectives will be produced.	Evaluations of information items via surveys, interviews, informal feedback and media monitoring showed that information was well targeted and well received by target audiences.
54 new education initiatives will be developed.	A total of 69 new education initiatives were developed in 2003/04. This included education kits for Egmont and Tongariro national parks and Rimutaka Forest Park, as well as a variety of hands-on projects with schools. In addition, teacher workshops were held in Northland, Tauranga, Bay of Plenty and Wellington.
A report providing an evaluation of how effective a sample of education initiatives were at meeting their objectives will be produced.	Evaluations of a sample of education initiatives showed that the projects undertaken were effective in meeting their objectives. This included: • Survey of 81 Auckland educators showing overwhelming support for Miranda and Marine Reserves resource kits and teacher workshops. • Positive evaluations for a hands-on joint venture with Ruapehu College. • Positive teacher responses to Wellington's Matiu/Somes Island education kit and teacher workshop.
A report providing an evaluation of how effective a sample of events were at meeting their objectives will be produced.	Evaluations of Seaweek, Arbor Day and Conservation Week showed that events have continued to meet their objectives, attracting widespread community involvement and media coverage.

Projected Performance	Performance Achieved
Community Relations	
A report outlining the effectiveness of actions taken to improve key relationships will be produced.	Feedback on actions to improve key relationships showed that relationships with key stakeholders and communities have continued to improve. Examples include: • Draft partnership plan with the Auckland Conservation Board and key community groups being well received by the board and community groups. • Work with the Northland Biodiversity Enhancement Group to benefit Northland kiwi conservation and advocacy. • Steps to improve key relationships in the Bay of Plenty following a July 2003 relationship survey. • Nelson/Marlborough Conservancy reported a significant increase in public appreciation of Departmental work, including 1080 programmes, as a result of proactive work.
A report on the contribution to international conservation agreements and conventions through international advocacy and co-operation, participation in international forums and meeting national reporting requirements.	The Department made a significant contribution to the international conservation arena in 2003/04. Key highlights were: • Working with the Ministry of Foreign Affairs and Trade, a seat was secured on the World Heritage Committee. • Support provided to a programme for World Heritage Areas in the South Pacific. • Development of closer relations with Pacific nations and Pacific peoples. • Support for the South Pacific Regional Environment Programme (SPREP). • Technical assistance to Niue following the cyclone in early 2004. • Ongoing work with the International Whaling Commission contributing to efforts to protect whales in the antarctic.
231 community conservation projects and private conservation initiatives will be supported by the Department.	The Department supported 369 community and private conservation initiatives in 2003/04. This work spanned a wide range of initiatives from coast and river care, pest monitoring and control, weed eradication, ecological restoration, and work with endangered species, to a variety of recreational initiatives.

Projected Performance	Performance Achieved
224 events/opportunities will be provided to build community capability, provide training and/or skill development.	The Department undertook 231 opportunities to build community capability and provide training or skill development. They included: • Governance courses for Auckland community trusts • Workshops on kiwi monitoring • Maori biodiversity, and understanding the forest • Weedbusters and fire training • Volunteer guide training • A workshop to identify training needs for conservation groups in the Waikato.
21,986 workday equivalents will be carried out by individuals or group members volunteering.	Volunteer contribution has exceeded the projected target, with 26,151 workday equivalents being carried out.
A summary of the significant adverse impacts and solutions arising from key concession activities with adverse impacts will be prepared.	Examples of adverse impacts and solutions include: • Key Summit track: physical impact on the landscape; monitoring was undertaken to identify the cause, conditions were implemented in concession contracts to ensure operators and clients stay on the formed track and that they do not exacerbate the informal tracking caused by recreationists. • Franz Josef: crowding and conflict of guiding operations; limiting the number and size of parties on the glacier; ensuring compliance with conditions. • Remarkables ski area: landscape and vegetation impact of a new ski trail; monitored and further revegetation restoration requested from ski area. • Water Resources Otago: undue clearing of vegetation; enforcement of special conditions led to requirement for revegetation to restore damage. • Waikato Conservancy: monitoring grazing concessions to ensure riparian zones are fenced off from stock. • Franz Josef: aircraft monitoring; ongoing work with the aircraft industry to identify mitigation measures such as changing flight paths, engine revolution settings, implementing landing limits, and implementation of codes of conduct.

Projected Performance	Performance Achieved
Concession Management	
1,438 concession applications will be processed.	The number of concession applications processed this year was 1,234.
1,084 concessions applications will be processed according to time/cost standards/estimates.	Of the 1,234 applications processed, 931 were processed according to time and cost standards.
Specific environmental monitoring programmes will be undertaken for 142 concessions.	As agreed with the Minister in the Output Plan, the target was revised to 115. Of these, 102 have been monitored for environmental effects this financial year. Examples of monitoring programmes include: monitoring of Te Paki transport concessions in Northland and Waitomo caves, water quality testing in Bay of Plenty, and grazing concession monitoring on the West Coast.
Terrestrial, Fresh water, Marine and Historic Advocacy	
86 submissions will be made on draft (proposed) plans/proposals.	As agreed with the Minister in the Output Plan, the target was reduced to 34. The number of submissions made on draft plans was 31. Plans submitted included regional water, regional air quality, and district plans.
2,005 consultative processes, including informal and pre-hearing meetings, will be attended.	The Department was involved with 2,059 consultative processes during 2003/04. Consultation was in regard to all types of Resource Management Act plans, as well as a number of resource consents, notably applications for water takes and subdivisions.
Submissions will be made on 401 applications for resource consent (i.e. s96 of the RMA).	As agreed with the Minister in the Output Plan, the target was revised to 221. The number of submissions made on applications for resource consent totalled 297 for the year. Applications for consent are actions by external parties.
75 court/legal actions will be taken.	The number of legal/court actions taken was 67. The actions included joining appeals lodged by other parties, or lodging appeals in order that natural and historic values are given adequate recognition in plans and consent applications.
1,276 s94 applications for resource consent (without public notice) will be agreed to.	A total of 972 applications were agreed on for 2003/04. Nationally the granting of affected person approvals by the Department has occurred 25% less often than predicted. Requests for the Department's approval as an affected person are actions by external parties.

Projected Performance	Performance Achieved
Comment on key natural heritage and historic outcomes, technical issues, relationship and staff resource gains and losses for each quantitative method used this year or previously.	Consultation with applicants prior to lodgement of applications for resource consent has: • Produced better conservation protection in a development on the Northland coast and in the Bay of Plenty. • Continued with regard to hydro power developments in Nelson/Marlborough. Granting of affected person approvals has: • Enabled better consent applications to be put forward in the Bay of Plenty and West Coast. • Led to protection of riverine habitat in Southland. Submissions on plans have resulted in positive outcomes for: • Roading issues in Kerikeri. • The Bay of Plenty regional water plan and district plan. • Regional air, land and water plan in Auckland. • A geothermal plan for Bay of Plenty /Waikato. Submissions on resource consent applications has resulted in: • Protection of Otauira wetland in Bay of Plenty. • Highlighting the effects of water extraction, wetland protection, water supply, and wastewater issues in Nelson/Marlborough. • Conditions on consents which better protect natural values on the West Coast, in fresh water systems and coastal works and developments at Wanganui. Court action has resulted in negotiated settlements or decisions with conservation benefits in regard to: • water and district plan provisions in Northland. • water extractions in Southland. • indigenous vegetation in Canterbury.
Coastal Responsibilities under RMA and other legislation	
Submissions will be made on 18 proposed regional coastal plans, variations and changes to regional coastal plans.	Submissions were made on all three regional coastal plans, variations and changes to regional coastal plans. The reason for the lower number is that the measure is demand-driven by external parties.

Projected Performance	Performance Achieved
Involvement in 346 consultative processes relating to regional coastal plans, restricted coastal activities, and coastal permit applications.	The Department was involved in 336 consultative processes. This was less then the target due to the measure being demand-driven by external parties.
Submissions will be made on 113 non-restricted coastal activity coastal permit applications.	The number of submissions made for the year was 54. The reason for low numbers is due to the measure being demand-driven by external parties.
Submissions will be made on 38 restricted coastal activity applications.	The Department was involved with 16 submissions on restricted coastal activity applications. The reason for the lower number of submissions is that this measure is determined by external parties and demand has been lower than expected.
Court/legal actions will be taken involving 23 regional coastal plans, restricted coastal activities and coastal permit applications.	The Department was involved in 19 court/legal actions relating to coastal plans, restricted coastal activities and coastal permit applications during 2003/04.
Comment on key RMA coastal outcomes, technical issues, relationship and staff resource gains and losses for each RMA coastal quantitative method used this year or previously.	Work is continuing on ensuring that the principles and policies of the New Zealand Coastal Policy Statement are considered in plans and consents. Key ongoing consent work included: • Marine farming applications in Canterbury, Marlborough Sounds and West Coast • Erosion works in Otago and Waikato • Boatsheds and jetties in Marlborough • Sewage applications in Wellington, Otago, and Nelson/Marlborough • Tairua marina in Waikato.
Treaty of Waitangi Settlement Implementation	
A report on the number of protocols and agreements with tangata whenua will be produced.	The Department has 39 protocols or agreements with tangata whenua.
Survey tangata whenua in a sample of conservancies to assess their involvement in the decision making process.	38% of Maori indicated that they were satisfied with the opportunities to be involved in decision making about conservation. 24% indicated a level of dissatisfaction. The remainder were either unsure (3%) or provided a neutral response (35%).

Projected Performance	Performance Achieved
25 staff assessed as competent in the relevant Public Sector Training Organisation unit standards.	The Department has decided not to persevere with the establishment of Public Sector Training Organisation (PSTO) standards. This is due to alternative training courses, endowed with NZQA unit standards, being readily available.
53 staff assessed by local kaumatua as competent in knowledge and application of tikanga.	Improvements to the training programme have meant that the Department has moved away from formal assessment. Conservancies report positive informal feedback from kaumatua.

Output Class Operating Statement Output Class D4 - Conservation With Communities

	Actual 30/06/04	Main Estimates 30/06/04	Supp. Estimates 30/06/04	Actual 30/06/03
Revenue				
Crown	23,730	19,705	23,730	22,749
Dept.	2,188	5,441	2,478	2,096
Total Revenue	**25,918**	**25,146**	**26,208**	**24,845**
Expenses	27,085	25,146	26,207	24,976
Surplus/(deficit)	**(1,167)**	**0**	**1**	**(131)**

Supporting Our Work for Conservation

Policy and Services

The outcome we seek:
The Department provides effective policy advice and servicing to Ministers and to a range of statutory bodies for which it is responsible.

IN BRIEF

- Marine issues were central this year, including the Marine Reserves Bill, a plan to protect seabirds, and the foreshore and seabed legislation.
- A longer-term direction for coordinated marine work was progressed in work with the Ministry of Fisheries.
- New "general policies" under the National Parks Act and Conservation Act were developed this year. As links between the law and specific issues, they have enduring significance.

DoC seabird fisheries advisory officers with the tori lines that they made for the NZ snapper and tuna fleet, designed to keep seabirds away from baited hooks.
Damian Seager

The Department's policy work supports the Minister of Conservation in the setting of government policy by providing him advice both at a strategic level and with detailed proposals and advice. This year, two areas of work dominated the Department's policy work: marine issues and statutory "general policies."

Policy work on marine issues

The Minister of Conservation has a central role in the Crown's responsibilities for foreshore and seabed, marine reserves, marine mammals, seabirds, and other protected marine species. Policy and legal developments in these areas were central to policy work this year.

Of particular importance was the Department's contribution to the Government's policy work on foreshore and seabed and aquaculture. This involved technical input, assisting in the preparation of Cabinet papers and draft legislation. The Department was able to make a particular contribution to this work because our involvement in the administration of these areas gives us strong practical experience.

There were three other significant policy projects in the marine area. There was progress with the Ministry of Fisheries on a strategy for marine protected areas to enable greater integration between protection work under the Department's legislation and under the Fisheries Act. The Department also provided advice to the Select Committee handling the Marine Reserves Bill.

Another major marine policy development was the independent review of the New Zealand Coastal Policy Statement by Dr Jo Rosier, appointed by the Minister of Conservation in November 2002. While the Department's role was limited to support for this legally independent function, the review was significant as an assessment of the effectiveness of one of the core tools for coastal protection: the NZ Coastal Policy Statement.

Dr Rosier's review concluded that, overall, the NZCPS has had a positive effect on coastal management in New Zealand. It has generated debate about our national priorities for coastal management, and been effectively implemented through regional policy statements and regional coastal plans. One challenging result is her finding that it has only been partially effective in influencing environmental outcomes in district plans and through resource consent applications.

Finally, seabirds continue to be a focus of attention, and a National Plan of Action on Seabirds was launched by the Ministers of Fisheries and Conservation to reduce the incidental catch of seabirds in New Zealand fisheries. The plan is now being implemented.

General policies

Another significant area of policy work for DoC was on "general policies" under the National Parks and Conservation Acts. These general policies are provided for in the legislation to give direction and guidance to conservation managers and communities. This links the general provisions of the legislation and their application to specific places and issues. They will ensure consistency in conservation work, to a standard based on world-leading concepts of integrated conservation management. The goals of the New Zealand biodiversity strategy are part of the baseline for this work.

Practically speaking, this is the most significant development in conservation policy since the passing of the Conservation Act.

Draft general policies were released for public comment in August 2003, and by December 1,440 submissions had been received. The submissions showed broad agreement on the direction in the draft, but also raised new issues and points which required more work to ensure the final text is as good as it can be.

The draft policies are being revised and will next go for final approval to the New Zealand Conservation Authority (National Parks Act) and Minister of Conservation (Conservation Act).

Nga Whenua Rahui

The purpose of the Nga Whenua Rahui Fund is to support the protection of habitat and native flora and fauna on Maori-owned land, and this year the Minister of Conservation approved 12 new projects totalling 31,751 hectares.

Significant among these was the 800 ha which were added to the 8,500 ha of native bush already protected in the Mangaroa/Ohotu Blocks at Omaio in the Eastern Bay of Plenty.

The block has exceptionally high ecological values, with small populations of kiwi and kakariki. Its river boundaries act as a barrier for the 1,300 ha that are under intensive pest control undertaken by the Maori owners and supported by the Nga Whenua Rahui Fund.

Treaty settlements

The Department of Conservation is part of the team which negotiates settlement of historical grievance claims under the Treaty of Waitangi where there are issues involving ownership or management of public conservation land, or management of marine and terrestrial species. Our role is to ensure that conservation values are taken into account in any redress which is offered, and to ensure the proper implementation of any parts of a settlement related to conservation land.

For example, in negotiations with Ngati Mutunga in northern Taranaki, the claimants were seeking ownership over large areas of public conservation land. The parties reached agreement to return a small proportion of the land claimed, subject to covenants protecting natural values and public access. They also agreed to a protocol for a partnership that allows the iwi to have more input into the Department's operation within their area.

In another claim, agreement was reached to return the beds of 13 lakes to Te Arawa, subject to securing public access and continuing Crown ownership of the water column. A joint strategy committee, with representatives from Te Arawa, Environment Bay of Plenty, and Rotorua District Council, will be established to support integrated management of the lakes. The Department will work closely with this committee and with Te Arawa to protect conservation values in the lakes.

This year the Department was involved with the Office of Treaty Settlements in negotiation of eleven claims. Key milestones during the year were the signing of a deed of settlement with Nga Rauru, passage of the Ngati Tama Settlement Bill, and reaching agreement in principle with the Te Arawa Lakes claimants.

There is a trend for claimants in each set of negotiations to seek redress beyond what has been reached in previous settlements.

Statutory bodies

The Department services the New Zealand Conservation Authority, whose members are appointed by the Minister of Conservation to provide independent advice to him and the Director-General. The Authority also has legislative powers to do with national parks and signs off the regional conservation management strategies. The Authority's major activity this year has been revision of the "general policies" for national parks.

DoC also services the 14 regional conservation boards, which in turn provide advice to the Authority and the Director-General. The Department provides servicing to the Guardians of Lakes Manapouri, Monowai and Te Anau; and the Guardians of Lake Wanaka, who report to ministers on the welfare of the lakes, which are used for power generation. DoC also services some boards established under the Reserves Act.

Nature Heritage Fund

The Department provides services to the government-funded independent Nature Heritage Fund. This work is described in the "Natural Heritage" section of this report.

Statement of Service Performance - 2003/04 Output Class D5 Policy Advice & Services

Projected Performance	Performance Achieved
Policy advice, servicing Ministers and statutory bodies, and statutory planning.	
Policy advice to Ministers will be reported on at the end of the year.	The Department provided a range of policy advice to Ministers. This included: • Marine issues • High Country land tenure • General Policy.
Actual numbers of Ministerial services provided will be reported on at year end, as they cannot be accurately forecast.	During the reporting period the Department provided the Minister with: • 1,358 draft replies to Ministerial correspondence • 300 draft answers to Parliamentary Questions • 300 responses to Ministerial Requests for Information • 73 draft replies to Ministerial OIA requests. In addition, 346 submissions were sent to the Minister.
The percentage of Ministerial services that meet standards of quality and timeliness, agreed with Ministers, will be reported.	During the year all ministerial performance standards were met, with one exception. The number of draft replies provided to the Minister within 20 working days, resulted in 74% meeting the deadline, instead of the 75% standard.
A report on the number of meetings held and appointments made to the statutory bodies will be made at the end of the year.	The statutory bodies have held a number of meetings which are detailed below: • The Nature Heritage Fund met three times this financial year to consider 38 new applications, a number of deferred applications and requests for additional funding. A total of 21 new and deferred applications were approved, adding a net total of over 45,000 ha to the New Zealand reserves network. • Nga Whenua Rahui met regularly with the Minister approving 12 new protection projects totalling 31,751 ha on Maori owned land. • The New Zealand Conservation Authority met twice and progressed the General Policy National Parks document. The Authority also referred the Aoraki Mount Cook National Park Management Plan to the Minister for his consideration. A session on the Authority's strategic priorities was held. • About 80 meetings of conservation boards were held. No appointments were made to boards during this reporting period.

Projected Performance	Performance Achieved
Actual progress in settlement negotiations will be reported on at the end of the year.	The Treaty Settlements Unit led the Department's contribution to the settlement process through: • Active negotiations continuing with Ngati Kahu, Te Rarawa, Te Roroa, Ngati Mutunga, and Whanganui River claimant groups. • Agreement in principle being signed with the Te Arawa Lakes claimants. • Formal negotiations commencing with Ngati Whatua o Orakei. The Department also provided input to the draft settlement legislation for Ngati Awa. The Ngati Tama Claims Settlement Act 2003 was prepared and enacted.

Output Class Operating Statement Output Class D5 - Policy Advice & Services

	Actual 30/06/04	Main Estimates 30/06/04	Supp. Estimates 30/06/04	Actual 30/06/03
Revenue				
Crown	4,858	3,494	4,858	5,789
Dept.	133	105	191	1
Total Revenue	**4,991**	**3,599**	**5,049**	**5,790**
Expenses	5,591	3,599	5,049	6,060
Surplus/(deficit)	**(600)**	**0**	**0**	**(270)**

Capability:

Building our ability to do the job well

IN BRIEF

- A strategy has now been developed to inventory and manage the full range of DoC's scattered and diverse assets.
- Facing pressure from internal and external trends in the labour force, this year we developed a strategy to ensure DoC has the people it needs.

Belinda Mellish tags a fence in North Canterbury, part of the work to build a solid database of all the Department's assets.
Mark Cudmore

While it is always tempting to "just get on with it," especially when we face challenges such as immediate threats of species extinctions, the Department recognises that the quality of our conservation work is dependent on our long-term capability. "Capability" covers a wide range. It's the capability of our staff to carry out what are extremely varied tasks, ranging from bird banding to track building to working with the public. It's also the capability of our assets to meet a range of needs, be those public facilities, our radio network, or the fences that border conservation land. Capability encompasses the ability of our culture to meet the range of demands we face in managing conservation, the ability of our managers to lead, and our ability to make the best use of the capital we are entrusted with.

The Department's emphasis on building our capability has increased over the past years and is now maturing. In 2002/03 we put in place a capability framework that defines what capability means in our organisation and what we need to do in order to assess and plan our future capability. In 2003/04 we built on that work by using the information generated and new processes to assess and monitor the Department's capability at business unit level. We continue to learn as we go, evaluating the success of our interventions and making adjustments.

Biodiversity ranger Bridget Evans with her puppy, whose training to be a kiwi dog will take about two years.

In addition, in 2003/04 we focused our efforts on three areas of immediate pressure for the Department: managing our assets, ensuring we have the right mix of skills and culture in our workforce, and embedding and improving managerial capability.

Asset management

The Department manages an extensive range of assets throughout the country. From visitor centres and huts to fences, these assets are vital to ensure the public's safety and enjoyment of the conservation estate. They are often isolated, scattered, and were built over many decades; all need regular upkeep and some need renovation or removal. A key challenge for the Department has been to establish detailed information about our scattered assets.

A generic asset management strategy has now been developed to cover all of the assets in the Department and we are developing systems to provide a full inventory, including condition. Over time, this will enable us to bring all our assets up to a specified standard. We are most advanced in this work with visitor, historic and fencing assets.

In the section of this report which describes our recreation work, there is information about the work which has been made possible by an injection of funding for visitor assets. As part of that effort, we are working to ensure that we have the workforce and infrastructure which is needed to make the best use of the extra capital.

Workforce capability

The Department is facing pressure from internal and external trends in the labour force. Internal issues such as an aging workforce, low turnover in senior positions, and reported skills shortages are compounded by demographic changes in the New Zealand population and changes to the nature of the labour force. In an increasingly competitive market, the Department will face real challenges developing and retaining a skilled workforce.

In 2003/04 we began work on a workforce capability strategy so we can ensure that in the future we have the people needed to deliver good conservation outcomes.

We are already beginning to see the fruits of the effort we have been putting into assessing our workforce capability. Through monitoring our human resources statistics, analysing the annual reports on capability issues which are produced in each office, as well as our 2002/03 culture survey and EEO initiatives, we are building a detailed picture of the state of the Department's workforce, which is a critical first step in developing a long-term workforce capability strategy. (See the case study "Helping Managers Manage Well.")

Banding endangered blue ducks, very carefully: Nick Peet, Petra Specht, and Rufus Bristol.
Ross Henderson

Managerial capability

People management is crucial to the Department's performance, so we are putting energy into identifying and developing leadership now and for the future.

The focus over the past year has been to introduce third-tier managers to the new individual performance management system, and to introduce the career development and succession planning processes and tools which will be progressively introduced to all staff. This is complemented by an investment in a leadership training programme for senior managers.

DoC staffer Carol Nanning in a still-earthbound possum control helicopter.
Justine Cannon

Culture

In 2002/03 the Department ran a staff survey about our culture and published the results along with a promise to carry out another survey the following year. When we looked more carefully at the results and what was needed to make positive change, however, two things became clear.

First, culture change takes a long time, so annual surveys are not very useful in measuring change.

Second, we have more than 90 offices and field centres, located in places as remote as Pitt Island as well as in downtown Auckland. The workplace environments are as different as their locations, so the national approach needs to be complemented by local actions.

So instead of repeating the survey this year, we decided that our first follow-up should be to give local managers and staff help to work through the results and develop local plans. That work is going on now. The second survey will be conducted in 2004/05.

People diversity

A range of initiatives were implemented this year to help develop a positive workplace environment for DoC staff from under-represented groups (notably women, Maori, Pacific peoples, and those with disabilities).

One highlight was the establishment of a Women's Network throughout the Department. The local meetings were well attended, supported by managers, and are becoming a useful point of contact for women who work in the Department. Another was the first awarding of the Director-General's award for Excellence in People Management; one criterion for this award is a management style that is supportive of under-represented groups.

This year we also established a pilot mentoring programme. The aim of the programme is to support staff in their personal and professional development. The pilot will test the processes and support tools in the programme and its cost-effectiveness. The pilot programme involves a wide range of staff representing EEO groups. The long-term future of the mentoring programme will be assessed at the end of the 2004/05 year, with decisions on the shape of a sustainable programme being made in 2005/06.

The People Diversity Strategy was due for review this year, since most of its original actions have been completed. As the Workforce Capability Strategy progressed, we realised that for diversity to become "business as usual" it was important to link it into the broader context of capability, so the two strands of work have been combined.

The Department is working to achieve EEO targets set in 2001:

Permanent Staff

	30 June 2001	30 June 2002	30 June 2003	30 June 2004	Milestones to 2005	Targets to 2010
Women	30.9%	31.9%	33.1%	33.0%	35.0%	40.0%
Maori	10.2%	10.1%	10.7%	10.6%	13.0%	18.0%
Pacific People	0.5%	0.6%	0.6%	0.4%	0.6%	1.0%
People with Disabilities	5.7%	6.0%	5.5%	5.0%	7.5%	10.0%

CASE STUDY

Helping Managers Manage Well

Building a detailed picture can help managers know where they need to focus their attention.

To support our managers, DoC is developing a wide range of detailed information for them, including:

- Staff make-up: Gender, age, and ethnic makeup, and their relation to the composition of the local community.
- Workplace environment: Statistics on personal grievance and harassment claims, turnover, completion rates for training courses, and sick leave and annual leave both taken and not taken.
- Workplace culture: A comparison of their local results with the DoC average figures, taken from our 2002/03 culture survey.

This data provides managers with a more in-depth picture of their workplace, a picture richer than just staff numbers or EEO information. This, in turn, can point them to the areas they need to investigate, areas where they may need to focus their attention.

Tuatara

New Zealand's tuatara, the last member of a family which became extinct 60 million years ago, is now protected on offshore island sanctuaries.

Photographer: *Peter Morrison*

ONE OF A KIND

Financial Statements

Statement of Responsibility

In terms of sections 35 and 37 of the Public Finance Act 1989, I am responsible, as Director-General of the Department of Conservation, for the preparation of the Department's financial statements and the judgements made in the process of producing those statements.

I have the responsibility for establishing and maintaining, and I have established and maintained a system of internal control procedures that provide reasonable assurances as to the integrity and reliability of financial reporting.

In my opinion, these financial statements fairly reflect the financial position and operations of the Department of Conservation for the year ended 30 June 2004.

Hugh Logan
Director-General of Conservation

Grant Baker
Countersigned by
General Manager, Business Management

Audit Report

To the readers of the Department of Conservation's financial statements for the year ended 30 June 2004.

The Auditor-General is the auditor of Department of Conservation (the Department). The Auditor-General has appointed me, Andrew Dinsdale, using the staff and resources of KPMG, to carry out the audit of the financial statements of the Department, on his behalf, for the year ended 30 June 2004. The financial statements are presented on pages 105 to 140 and, in respect of the Statement of Service Performance, (which is presented in tables throughout the "Our Work for Conservation" section of the Annual Report) on pages 38 to 45, 50, 51, 56, 57, 68 to 72, 80 to 86, 92 and 93.

Unqualified opinion

In our opinion the financial statements of the Department on the pages noted above:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
  - the Department's financial position as at 30 June 2004;
  - the results of its operations and cash flows for the year ended on that date;
  - its service performance achievements measured against the performance targets adopted for the year ended on that date; and
  - the assets, liabilities, revenues, expenses, contingencies, commitments and trust monies managed by the Department on behalf of the Crown for the year ended 30 June 2004.

The audit was completed on 17 September 2004, and is the date at which our opinion is expressed.

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

Basis of opinion

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

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

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

Our audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

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

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

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

Responsibilities of the Director-General and the Auditor

The Director-General is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the Department as at 30 June 2004. They must also fairly reflect the results of its operations and cash flows and service performance achievements for the year ended on that date. In addition, they must fairly reflect the assets, liabilities, revenues, expenses, contingencies, commitments and trust monies managed by the Department on behalf of the Crown for the year ended 30 June 2004. The Director-General's responsibilities arise from the Public Finance Act 1989.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 38(1) of the Public Finance Act 1989.

Independence

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

We may deal with the Department on normal terms within the ordinary course of its activities. This matter has not impaired our independence as auditor of the Department. We have no other relationship with or interests in the Department.

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

Statement of Accounting Polices For the Year Ended 30 June 2004

Reporting Entity

The Department of Conservation is a Government Department as defined by section 2 of the Public Finance Act 1989. These are the financial statements of the Department of Conservation prepared pursuant to section 35 of the Public Finance Act 1989.

In addition, the Department has reported the trust monies which it administers.

Measurement System

The general accounting systems recognised as appropriate for the measurement and reporting of results and financial position on an historical cost basis, modified by the revaluation of certain fixed assets, have been followed.

Accounting Policies

The following particular accounting policies which materially affect the measurement of financial results and financial position have been applied.

Budget figures

The Budget figures are those presented in the Budget Night Estimates (Main Estimates) and those amended by the Supplementary Estimates (Supp. Estimates) and any transfer made by Order in Council under section 5 of the Public Finance Act 1989.

Revenue

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

Cost allocation

The Department has determined the cost of outputs using a cost allocation system which is outlined below.

Cost allocation policy

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities based on cost drivers and related activity/usage information.

Criteria for direct and indirect costs

"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. Property and other premises costs, such as maintenance, are charged on the basis of floor area occupied for the production of each output.

For the year ended 30 June 2004, direct costs accounted for 64% of the Department's costs (2003: 60%).

Basis of assigning indirect and corporate costs to outputs

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

For the year ended 30 June 2004, indirect costs accounted for 36% of the Department's costs (2003: 40%).

Receivables and advances

Receivables and advances are recorded at estimated realisable value, after providing for doubtful debts.

Inventories

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

Leases

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.

Fixed Assets

1 Freehold land and administrative buildings are stated at fair value as determined by an independent registered valuer. Fair value is determined using market - based evidence where available, or depreciated replacement cost. Land and buildings are revalued on a five yearly cyclical basis.
2 Visitor assets are stated at fair value using optimised depreciated replacement cost as valued by an independent registered valuer on an annual basis.
3 When a visitor asset is under construction the actual cost is accumulated in a work in progress account. On completion of the project, assets are recorded at fair value and any difference between the actual cost and the fair value is transferred to the revaluation reserve.
4 The cost of developing, purchasing and upgrading software is capitalised. Where the software is an integral part of the hardware (i.e., computer cannot operate without that specific software) it is treated as part of the equipment.
5 Infrastructure assets are valued by independent valuers and are stated at fair value on a five yearly cyclical basis.
6 Vessels are recognised at fair value. Fair value is determined using market-based evidence where available, or depreciated replacement cost. Vessels are revalued on a five year cyclical basis.
7 Cultural assets are shown at estimated replacement cost.

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

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

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

Depreciation

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

The useful lives of assets have been estimated as follows:

Asset	Estimated useful life
Buildings	20-40 years
Furniture, computers and other office equipment	5 years
Infrastructure	
Industrial fire equipment	45 years
Landscape	44 years
Roads	10-100 years
Sewerage	64 years
Solid waste	38 years
Stream control	98 years
Water supply	60 years
Vehicles, Plant and Equipment	
Motor vehicles	6 years and 8 months
Plant and field equipment	10 years
Radio equipment	5-10 years
Software	3-5 years
Vessels	
Electronics	4 years and 2 months
Engines	10 years
Hulls	15 years
Visitor Assets	
Amenity areas	10-25 years
Signs	5-10 years
Tracks	6-25 years
Roads (surface only)	10-22.5 years
Campsites	10-20 years
Toilets	20-50 years
Structures	25-50 years
Other buildings	35-50 years

Community assets

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

Statement of cash flows

Cash means cash balances on hand, held in bank accounts and in short term deposits.

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

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

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

Goods and Services Tax (GST)

The Statement of Unappropriated Expenditure and the Statement of Departmental Expenditure and Appropriations are inclusive of GST. The Statement of Financial Position is GST exclusive except for payables and receivables. All other statements are GST exclusive.

The net amount of GST payable to the Inland Revenue Department at balance date, being the difference between Output GST and Input GST is shown as a current asset or current liability as appropriate in the Statement of Financial Position.

Taxation

Government Departments are exempt from the payment of income tax in terms of the Income Tax Act 1994.

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

Donation receipts

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

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

Taxpayers' funds

This is the Crown's net investment in the Department.

Employee entitlements

Provision is made in respect of the Department's liability for annual, long service and retirement leave and time off in lieu. Annual leave and time off in lieu are recognised as they accrue to the employee while the retirement and long service leave have been calculated on an actuarial basis based on the present value of expected future entitlements.

Financial instruments

The Department is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, accounts payable and receivables.

All revenues and expenses in relation to financial instruments are recognised in the Statement of Financial Performance.

All financial instruments are recognised in the Statement of Financial Position at their estimated fair value.

Commitments

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

Contingent liabilities

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

Comparatives

Certain comparative information has been reclassified in order to conform with the current year's presentation.

Changes in accounting policies

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

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

Statement of Financial Performance for the year ended 30 June 2004

	Notes	30/06/04 Actual $000	30/06/04 Main Estimates $000	30/06/04 Supp. Estimates $000	30/06/03 Actual $000
Revenue					
Crown	2	222,846	211,811	223,495	206,354
Other	3	18,281	21,520	21,520	19,026
Total Revenue		**241,127**	**233,331**	**245,015**	**225,380**
Expenses					
Personnel	4	99,450	89,978	92,298	90,604
Operating	5	87,148	87,430	91,500	86,274
Depreciation	6	25,792	29,470	34,483	26,272
Capital charge	7	30,600	26,453	31,481	25,844
Loss on sale of fixed assets		26	0	0	110
Total Expenses		**243,016**	**233,331**	**249,762**	**229,104**
Net surplus/ (deficit) for the year		**(1,889)**	**0**	**(4,747)**	**(3,724)**

Statement of Movements in Taxpayers' Funds for the year ended 30 June 2004

	Note	30/06/04 Actual $000	30/06/04 Main Estimates $000	30/06/04 Supp. Estimates $000	30/06/03 Actual $000
Total taxpayers' funds at beginning of year		**365,299**	**311,206**	**365,299**	**304,052**
Net surplus/ (deficit)		(1,889)	0	(4,747)	(3,724)
Revaluation of assets		3,194	0	0	58,973
Total recognised revenues and expenses for the year		**1,305**	**0**	**(4,747)**	**55,249**
Repayment to Crown		(203)	0	0	0
Capital contributions	8	0	5,388	0	7,154
Asset transfers to Crown		**(191)**	**0**	**0**	**(1,156)**
Total taxpayers' funds at end of year		**366,210**	**316,594**	**360,552**	**365,299**

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 2004

	Notes	30/06/04 Actual $000	30/06/04 Main Estimates $000	30/06/04 Supp. Estimates $000	30/06/03 Actual $000
Current assets					
Cash and bank balances	9	4,308	21,251	23,107	24,047
Prepayments		158	583	446	278
Inventories	10	1,231	360	509	929
GST receivable		0	937	0	0
Receivables	11	3,633	3,210	3,309	3,853
Debtor Crown	22	35,728	35,456	35,456	19,352
Total current assets		**45,058**	**61,797**	**62,827**	**48,459**
Non-current assets					
Fixed assets					
Visitor Assets	12	257,572	214,783	249,856	269,852
Other Fixed Assets	13	87,888	73,125	78,842	80,792
Total non-current assets		**345,460**	**287,908**	**328,698**	**350,644**
Total assets		**390,518**	**349,705**	**391,525**	**399,103**
Current liabilities					
Creditors and payables	14	4,685	16,117	13,537	16,537
GST payable		1,617	0	785	785
Provision for employee entitlements	15	7,240	7,047	7,497	7,497
Other Provisions	16	779	421	476	476
Revenue in advance		857	940	656	487
Loan		0	32	16	16
Total current liabilities		**15,178**	**24,557**	**22,967**	**25,798**
Non-current liabilities					
Provision for employee entitlements	17	9,130	8,554	8,006	8,006
Total non-current liabilities		**9,130**	**8,554**	**8,006**	**8,006**
Total liabilities		**24,308**	**33,111**	**30,973**	**33,804**
Taxpayers' funds					
General funds		287,005	300,071	291,053	288,817
Revaluation reserve	18	79,205	16,523	69,499	76,482
Total taxpayers' funds		**366,210**	**316,594**	**360,552**	**365,299**
Total liabilities and taxpayers' funds		**390,518**	**349,705**	**391,525**	**399,103**

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 2004

	30/06/04 Actual $000	30/06/04 Main Estimates $000	30/06/04 Supp. Estimates $000	30/06/03 Actual $000
Cash flows - Operating activities				
Cash was provided from:				
Supply of outputs to				
- Crown	206,470	195,708	207,392	185,999
- Customers	18,925	21,520	21,520	18,081
	225,395	**217,228**	**228,912**	**204,080**
Cash disbursed to:				
Produce outputs				
- personnel	98,583	89,978	92,298	90,265
- operating	96,283	87,430	92,575	86,299
- capital charge	30,600	26,453	31,481	25,844
	225,466	**203,861**	**216,354**	**202,408**
Net cash inflow/(outflow) from operating activities	**(71)**	**13,367**	**12,558**	**1,672**
Cash flows - Investing activities				
Cash provided from:				
Sale of fixed assets	807	0	0	6,647
Cash disbursed to:				
Purchase of fixed assets	**20,256**	**18,886**	**13,498**	**14,240**
Net cash outflow from investing activities	**(19,449)**	**(18,886)**	**(13,498)**	**(7,593)**
Cash flows - Financing activities				
Cash provided from:				
Capital contributions	0	5,388	0	7,154
Cash disbursed to:				
Capital withdrawal	203	0	0	0
Repayment of loan	16	0	0	16
	219	**0**	**0**	**16**
Net cash inflow/(outflow) from financing activities	**(219)**	**5,388**	**0**	**7,138**
Net increase/(decrease) in cash held	**(19,739)**	**(131)**	**(940)**	**1,217**
Add opening cash balance	24,047	21,382	24,047	22,830
Closing cash and bank balances	**4,308**	**21,251**	**23,107**	**24,047**

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

Reconciliation of Net Surplus/(Deficit) and Net Cash Flows From Operating Activities

for the year ended 30 June 2004

	30/06/04 Actual $000	30/06/04 Main Estimates $000	30/06/04 Supp. Estimates $000	30/06/03 Actual $000
Net surplus/(deficit)	(1,889)	0	(4,747)	(3,724)
Add / (Less) non-cash items:				
Depreciation	25,792	29,470	34,483	26,272
Bad debts	21	0	0	51
Asset and other Write-offs	1,797	0	0	0
Total non-cash items	**27,610**	**29,470**	**34,483**	**26,323**
Movements in working Capital				
Prepayment (increase)/decrease	120	0	0	144
Inventories decrease/(increase)	(302)	370	420	179
Receivables and advances (increase)/decrease	220	543	543	(2,103)
Debtor Crown (increase)/decrease	(16,376)	(16,103)	(16,103)	(19,353)
Payables increase/(decrease)	(11,852)	(3,000)	(3,000)	(1,402)
GST payable increase/(decrease)	832	0	0	1,714
Prov. for employee entitlements increase/(decrease)	867	0	0	29
Other provisions increase/(decrease)	303	0	0	(468)
Other liabilities increase/(decrease)	370	2,087	962	223
Net movement in working capital	**(25,818)**	**(16,103)**	**(17,178)**	**(21,037)**
Add/(less) investing activity items				
Net loss on sale of fixed assets	26	0	0	110
Total investing activities	**26**	**0**	**0**	**110**
Net cash inflow / (outflow) from operating activities	**(71)**	**13,367**	**12,558**	**1,672**

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 2004

	30/06/04 Actual $000	30/06/03 Actual $000
Capital commitments		
Land and buildings	0	0
Infrastructural assets	817	126
Other Plant and Equipment	169	210
Total capital commitments	**986**	**336**
Operating commitments		
Non-cancellable accommodation leases		
less than one year	4,387	4,079
one to two years	3,746	3,573
two to five years	5,818	7,010
greater than five years	1,752	1,634
Other non-cancellable leases		
less than one year	183	2,286
one to two years	157	1,517
two to five years	269	567
greater than five years	286	290
Other commitments		
less than one year	1,830	466
one to two years	653	168
two to five years	273	71
greater than five years	0	0
Total operating commitments	**19,354**	**21,661**
Total commitments	**20,340**	**21,997**

In addition to the above, the Department has on-going science contracts with universities, research institutions and individuals. These contracts are cancellable and extend up to 5 years. The sum involved for science contracts as at 30 June 2004 is $5.1m (2003: $4.4m).

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

Statement of Contingent Liabilities as at 30 June 2004

	30/06/04 Actual $000	30/06/03 Actual $000
Public liability claims	23,064	27,220
Designations	0	0
Total contingent liabilities	**23,064**	**27,220**

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

1 26 Court and Tribunal proceedings. These claims cannot be quantified. The contingent liability for the quantifiable claims is approximately $3m. Two claims account for much of that total.

The largest quantifiable claim of $1.8m involves a dispute over access to berthage facilities. The other large claim is $1.1m involving a dispute over weed control and farm improvement expenses.

2 56 potential claims, 36 of which are not quantifiable at present. The combined contingent liability for the quantifiable potential claims is approximately $20m.

Another contingent liability (estimated $10m) relates to the risk of lahar damage at Mount Ruapehu. At present it makes up over half of the contingent liability for potential claims. This contingent liability is expected to reduce as further planned mitigation measures are implemented.

Another potential set of claims, involving the handling of certain licence applications, has a maximum exposure of $8m.

With regard to potential claims it is not possible to say what the possibility of reimbursement is because the circumstances are too remote. There may be other unquantifiable claims or contingent liabilities not recognised at this stage by the Department.

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

Statement of Departmental Expenditure and Appropriations for the year ended 30 June 2004

(GST inclusive where applicable)	30/06/04 Expenditure Actual $000	30/06/04 Final Appropriation $000	30/06/04 Under/(Over) expenditure $000	30/06/03 Expenditure Actual $000
Output Classes				
Vote: Biosecurity				
Policy advice	220	279	59	277
Crown pest/weeds exacerbator costs	2,249	2,303	54	2,121
Indigenous forest biosecurity protection	36	28	(8)	39
Specific pest and disease response	224	243	19	226
Sub - total Biosecurity	**2,729**	**2,853**	**124**	**2,663**
Vote: Conservation				
Management of Natural Heritage	119,268	117,992	(1,276)	110,215
Management Historic Heritage	6,248	6,338	90	4,858
Management Recreational Opportunity	106,667	114,155	7,488	104,673
Conservation with the Community	30,325	29,483	(842)	28,082
Policy Advice and Service	6,215	5,680	(535)	6,784
Recreational Opportunity Review	1,705	3,888	2,183	-
Sub-total Conservation	**270,428**	**277,536**	**7,108**	**254,612**
Total Output Appropriations	**273,157**	**280,389**	**7,232**	**257,275**
Capital contributions to the Department				
Capital investment	0	0	0	7,154

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

Statement of Unappropriated Expenditure for the year ended 30 June 2004

(GST inclusive where applicable) Departmental Output Classes	30/06/04 Expenditure Actual $000	30/06/04 Supp Estimates $000	30/06/04 Unappropriated Expenditure $000	30/06/03 Unappropriated Expenditure $000
Vote: Conservation				
Management of Natural Heritage	119,268	117,992	1,276	1,031
Management Recreational Opportunity	0	0	0	1,570
Conservation with the Community	30,325	29,483	842	0
Policy Advice and Service	6,215	5,680	535	0
Vote: Biosecurity				
Indigenous forest biosecurity protection	36	28	8	0

Management of Natural Heritage

The unappropriated expenditure related to the write-off of Bioweb systems development costs and higher than expected costs of advice by scientists on threatened species. It has been approved under section 12 of the Public Finance Act 1989.

Conservation with the Community

The unappropriated expenditure related to demand-driven Resource Management Act activity and additional resources being targeted to clear a backlog in relation to Nga Whenua Rahui. It has been approved under section 12 of the Public Finance Act 1989.

Policy Advice and Service

The unappropriated expenditure was due to a larger allocation of overheads than anticipated. Overhead costs are allocated to outputs on the basis of direct hours spent on the output. This output class appropriation is very small in relation to the other departmental output classes and is consequently very sensitive to small changes in time spent on outputs. The unappropriated expenditure has been approved under section 12 of the Public Finance Act 1989.

Indigenous Forest Biosecurity Protection

The unappropriated expenditure was due to the appropriation being reduced in Supplementary Estimates when it was required. The unappropriated expenditure has been approved under Section 12 of the Public Finance Act 1989.

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 2004

	As at 01/07/03 $000	Contributions $000	Distributions $000	Net Revenue $000	As at 30/06/04 $000
Conservation Project Trust	1,091	769	680	38	1,218
Reserve Trust	696	0	261	23	458
NZ Walkway Trust	6	0	0	0	6
National Park Trust	71	60	97	2	36
Bonds/Deposits Trust	931	182	270	24	867
Total	**2,795**	**1,011**	**1,308**	**87**	**2,585**

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

There are three sources of receipts:

1 Donations, grants and gifts received for specific purposes under s.33 of the Conservation Act 1987, s.18 of the Walkways Act 1990 or s.78(3) of the Reserves Act 1977, and specific trust money under the National Parks Act 1980.

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

3 Monies received from the sales of reserves are deposited to the Reserves Trust. The funds are applied for the purpose set out under s.82 of the Reserves Act 1977.

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

Notes to the Financial Statements for the year ended 30 June 2004

Note 1: Major budget variations

Statement of Financial Performance

1 **Revenue other:** Revenue was lower than expectations due mainly to lower prices for exotic trees and the lower number of trees being harvested.

2 **Personnel expenses:** Increase in personnel expenses over budget is due to the budget not being adjusted to reflect current personnel costs.

3 **Operating expenses:** The decrease in operating expenses from budget is in part the contra of personnel (as noted above) and in part for work that was funded but yet to be completed by year end.

4 **Capital charge and depreciation:** There were significant variances from the budgets. The actual expenses were impacted by a major revaluation of visitor assets at the end of 2002/03 that was not expected at the time the Main Estimates were prepared.

Statement of Financial Position

Both cash and payables were lower than budgeted. As part of the conversion to a new financial system, all creditors at the end of June were paid on the last day, instead of the usual practice of paying on the 20th of the following month.

Note 2: Revenue Crown

This is revenue earned for the supply of outputs to the Crown.

Note 3: Revenue other

	30/06/04 Actual $000	30/06/03 Actual $000
Recreational charges	7,790	7,698
Leases and rents	315	346
Retail sales	3,310	3,297
Resource sales	645	744
Donations - sponsorships	2,191	2,436
Other	4,030	4,505
Total other revenue	**18,281**	**19,026**

There have been no significant changes to existing user charges during the year.

Note 4: Personnel expenses

	30/06/04 Actual $000	30/06/03 Actual $000
Salaries and wages	93,862	86,305
Long service and retiring leave	1,825	547
Superannuation subsidies	769	915
Recruitment	529	566
Uniforms	656	532
ACC levies	488	657
Other	1,321	1,082
Total personnel expenses	**99,450**	**90,604**

Note 5: Operating expenses

	30/06/04 Actual $000	30/06/03 Actual $000
Professional fees & contractors	30,981	29,652
Audit fees to the auditors for audit of the financial statements	209	190
Grants	2,894	765
Bad Debts write-off	21	51
Asset and other write offs	1,797	2,296
Movement in other provisions	303	(468)
Movement in provision for doubtful debts	(54)	13
Communications and computer expenses	8,149	8,317
Travel	4,918	5,160
Motor vehicle & boat expenses	3,374	3,195
Accommodation	2,596	2,738
Office supplies	5,417	5,382
Field supplies	12,121	12,366
Lease expense	8,945	9,927
Printing	2,109	1,367
Other	3,368	5,323
Total operating expenses	**87,148**	**86,274**

Note 6: Depreciation

	30/06/04 Actual $000	30/06/03 Actual $000
Administrative buildings	1,408	1,204
Visitor assets	17,559	19,218
Infrastructure	511	953
Plant, field and radio equipment	1,255	1,259
Furniture, computers, other office equipment and software	2,796	2,045
Motor vehicles	1,399	1,354
Vessels	864	239
Total depreciation	**25,792**	**26,272**

Note 7: Capital charge

The Department pays a capital charge to the Crown twice yearly on the opening balance of taxpayers' funds including revaluation reserve, as at 1 July and 1 January.

The capital charge rate for the year ended 30 June 2004 was 8.5 % (2003: 8.5%).

Note 8: Capital contribution

	30/06/04 Actual $000	30/06/03 Actual $000
Visitor Assets	0	6,530
Terrestrial and fresh water biodiversity information system	0	624
Total Capital Contribution	**0**	**7,154**

Note 9: Cash and bank balances

	30/06/04 Actual $000	30/06/03 Actual $000
Cash at bank	4,232	23,971
Petty cash floats	76	76
Total cash and bank balances	**4,308**	**24,047**

The Department's bankers are Westpac Banking Corporation under an arrangement between Westpac Banking Corporation and the Crown.

Note 10: Inventories

	30/06/04 Actual $000	30/06/03 Actual $000
Retail	836	478
Nursery	109	90
Fire control supplies	18	11
Wild animal control supplies	268	350
Total inventories	**1,231**	**929**

Note 11: Receivables

	30/06/04 Actual $000	30/06/03 Actual $000
Accounts receivable	3,105	1,291
Less: provision for doubtful debts	(93)	(147)
Net accounts receivable	3,012	1,144
Other receivables	621	2,709
Total receivables	**3,633**	**3,853**

Note 12: Visitor assets

	30/06/04 Actual $000	30/06/03 Actual $000
Replacement cost at valuation at year end	532,443	525,325
Accumulated depreciation at year end	(278,560)	(258,096)
Net carrying value at year end	253,883	267,229
Items under construction - visitor assets	3,689	2,623
Total carrying amount of visitor assets	**257,572**	**269,852**

Cabinet approved funding adequate to provide the existing mix of recreation opportunities more effectively. This means some assets will be either removed or the service level standard will be reduced, or a combination of both. Stakeholders are being consulted on which recreation facilities are to be retained and the process of optimisation could take several years.

Visitor assets have been valued at fair value as at 30 June 2004 by valuersnet.nz Limited, an independent registered valuer.

Note 13: Other fixed assets

	30/06/04 Actual $000	30/06/03 Actual $000
Freehold land		
At valuation	6,081	6,081
Land - net book value	**6,081**	**6,081**
Administrative buildings		
At valuation	81,704	79,693
Accumulated depreciation	(44,317)	(42,676)
Buildings - net book value	**37,387**	**37,017**
Other assets		
Plant, field and radio equipment		
At cost	16,665	14,570
Accumulated depreciation	(8,022)	(7,516)
Plant, field and radio equipment - net book value	**8,643**	**7,054**
Furniture, computers, other office equipment and software		
At cost	14,642	14,648
Accumulated depreciation	(9,836)	(9,008)
Furniture, computers, other office equipment and software - net book value	**4,806**	**5,640**
Motor vehicles		
At cost	15,987	15,861
Accumulated depreciation	(6,437)	(6,485)
Vehicles - net book value	**9,550**	**9,376**
Vessels		
At valuation	5,587	7,445
Accumulated depreciation	(3,900)	(5,798)
Vessels - net book value	**1,687**	**1,647**
Cultural Assets		
At cost	30	30
Accumulated depreciation	0	0
Cultural assets - net book value	**30**	**30**

...continued

	30/06/04 Actual $000	30/06/03 Actual $000
Infrastructural assets		
At valuation	21,250	22,742
Accumulated depreciation	(10,966)	(11,998)
Infrastructure assets - net book value	**10,284**	**10,744**
Items under construction		
Buildings	643	466
Plant, Field and Radio Equipment	2,233	2,430
Infrastructure	4,017	-
Furniture, computers, other office equipment and software	470	261
Motor Vehicles	26	36
Vessels	2,031	10
Items under Construction - net book value	**9,420**	**3,203**
Total other fixed assets		
At cost and valuation	171,366	164,273
Accumulated depreciation	(83,478)	(83,481)
Total carrying amount of other fixed assets	**87,888**	**80,792**

Freehold land, Administration buildings and vessels have been valued at fair value as at 30 April 2003 by valuersnet.nz Limited (registered independent valuers).

Mt Cook Infrastructural Assets were valued by Crighton of Crighton Seed and Associates (registered independent valuers) as at October 2002 and this valuation was incorporated into the financial statements as at 30 June 2002.

Infrastructural assets at Whakapapa were valued as at 31 July 2003 and the valuation was included in the financial statements for the period ended 30 June 2003. These assets were valued by Becca Valuations Ltd (registered independent valuers).

Other Infrastructural assets and Marine Vessels were valued by valuersnet.nz Limited (independent valuers) as at 30 June 2003.

Note 14: Creditors and Payables

	30/06/04 Actual $000	30/06/03 Actual $000
Trade creditors	85	10,467
Other	4,600	6,070
Total Creditors and Payables	**4,685**	**16,537**

Note 15: Employee entitlements (current)

	30/06/04 Actual $000	30/06/03 Actual $000
Accrued salaries and wages	0	2,034
Current portion of retiring & long service leave (as per note 17)	720	548
Accrued annual leave, time off in lieu, and vested long service leave	6,520	4,915
Total employee entitlements (current)	**7,240**	**7,497**

Note 16: Provisions

	Environmental	Legal	30/06/04 Actual $000	30/06/03 Actual $000
Opening Balance	440	36	476	944
Provision utilised during the year	0	36	36	0
	440	0	440	944
Provision made during the year	339	0	339	(468)
Closing Balance	**779**	**0**	**779**	**476**

The environmental provision is the estimated cost of rectifying the environmental damage in a number of affected/ contaminated sites which the Department has an obligation to remedy.

1 The Department is responsible for the restoration of an area of land after logging operations. The cost of completing this restoration over a 20 year period is estimated at $45,000.
2 There are several rubbish dump sites that have been contaminated by domestic and asbestos waste. The cost for the environmental clean up of these dump sites is estimated at $350,000.
3 Restoration work is required on land where mining operations have occurred utilising significant bulldozing and heavy machinery. The Department is expected to incur costs in restoring the surrounding area that are greater than the values allowed for in the mining bond with the outgoing licence owner. The cost of the restoration is estimated at $20,000.
4 The water supply intake in Pureora floods and silts up during heavy rain and in Papatowai requires sullage treatment. The cost of these remedial works is estimated at $160,000.
5 Payments have been made against the legal provision.
6 There are currently five former sheep dip sites that are contaminated and require clean up. The cost for the environmental clean up of these five sites is estimated at $101,000.
7 An historic bridge in the Karangahake Gorge is unsafe and must be refurbished and protected from corrosion. The cost of closure and removal is estimated at $103,000.

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

Note 17: Employee entitlements (non-current)

	30/06/04 Actual $000	30/06/03 Actual $000
Retiring leave	8,950	7,745
Long service leave	900	809
	9,850	8,554
Less: Current portion of retiring leave	720	548
Total employee entitlements (non-current)	**9,130**	**8,006**

Note 18: Revaluation reserve

	30/06/04 Actual $000	30/06/03 Actual $000
Freehold land		
Balance brought forward	4,930	2,843
Unrealised gains	0	2,087
Revaluation (loss) realised on disposal	0	0
Closing balance	**4,930**	**4,930**
Administrative buildings		
Balance brought forward	17,764	14,642
Unrealised gains/(losses)	1,206	3,526
Revaluation gain/(loss) realised on disposal	(71)	(404)
Closing balance	**18,899**	**17,764**
Visitor assets		
Balance brought forward	51,593	0
Unrealised gains/(losses)	1,468	51,335
Revaluation gain realised on disposal	(95)	258
Closing balance	**52,966**	**51,593**
Vessels		
Balance brought forward	82	0
Unrealised gains/(losses)	457	82
Revaluation gain realised on disposal	(17)	0
Closing balance	**522**	**82**
Office Equipment		
Balance brought forward	321	0
Unrealised gains/(losses)	0	321
Revaluation gain realised on disposal	(144)	0
Closing balance	**177**	**321**

...continued

	30/06/04 Actual $000	30/06/03 Actual $000
Infrastructure		
Balance brought forward	1,199	0
Unrealised gains/(losses)	63	1,199
Revaluation gain realised on disposal	(134)	0
Closing balance	**1,128**	**1,199**
Radio equipment		
Balance brought forward	565	0
Unrealised gains/(losses)	0	566
Revaluation gain realised on disposal	(9)	0
Closing balance	**556**	**566**
Field equipment		
Balance brought forward	27	24
Unrealised gains/(losses)	0	3
Closing balance	**27**	**27**
Total revaluation reserve	**79,205**	**76,482**

Increase in unrealised gain/(loss) for the year is:

	30/06/04 Actual $000	30/06/03 Actual $000
Land	0	2,087
Buildings	1,206	3,526
Visitor assets	1,468	51,335
Boats	457	82
Office equipment	0	321
Infrastructure	63	1,199
Radio equipment	0	566
Field equipment	0	3
Total increase in unrealised gain/(loss)	**3,194**	**59,119**

Realised gains and losses on revaluation reflect the amount transferred from the revaluation reserve to general funds upon sale or disposal of an asset.

Note 19: Financial instruments

The Department is party to financial instrument arrangements as part of its everyday operations. These include instruments such as bank balances, accounts payable, and accounts receivable.

Credit risk

In the normal course of its business, the Department incurs credit risk from trade debtors, transactions with Westpac Banking Corporation and the New Zealand Debt Management Office (NZDMO).

The Department does not require any collateral or security to support financial instruments with financial institutions that the Department deals with, or with NZDMO, as these entities have high credit ratings. For its other financial instruments, the Department does not have significant concentrations of risk.

Fair value

The fair value of the Department's financial assets and liabilities is equivalent to the net carrying value shown on the Statement of Financial Position.

Currency and interest rate risk

The Department has no exposure to currency or interest rate risk.

Note 20: Related party information

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 numerous transactions with other government departments, Crown agencies and state-owned enterprises on an arm's length basis. These transactions are not considered to be related party transactions.

Apart from those transactions described above, the Department has not entered into any related party transactions.

Note 21: Visitor assets

Track forms 25% of the visitor assets. The base formation costs of tracks ($73 million replacement cost as at 30 June 2002) have been included in the financial statements. Base formation costs for amenity areas and campsites are currently excluded from our financial statements. These vary over different terrain and conditions (flat and hard, flat and swampy, moderate slopes and rocky, moderate slopes and clay etc.). Work is being undertaken to establish the base formation costs for these assets with a view to including them in the financial statements.

Note 22: Visitor assets Crown debtor

A Although Cabinet agreed in 2002 to fund the Department adequately for visitor assets operating expenditure, the cash flow to the Department would not initially match the revenue flow. As a result, the Department is recognising the Crown as a debtor.

   The Crown debtor balance is expected to reach $58.3 million in 2006/07and then be progressively reduced until 2021/22 when the balance will be completely cleared to zero.

B When assets are revalued, any movement in accumulated depreciation is not funded by the Crown. These unfunded depreciation balances are captured in the revaluation reserve.

   The unfunded depreciation for visitor assets this financial year is $7.8 million (2003: $3.2 million). Since 1 July 2002, the cumulative unfunded depreciation amounts to $11.0 million.

Note 23: Recreational opportunity review

Since September 2003, the Department has been consulting with individuals and recreation user groups on what should make up a 'core facility network' to be managed by the Department into the future. This network is being decided on the basis of the strategic importance that facilities fulfil within the local and national setting, and what can be afforded within the Department's funding. The decisions based on this consultation will be made in 2004-05.

Community groups are being encouraged to assist in managing facilities if they want more than that funded by the Department. A number of little-used facilities considered to be of lesser importance will be phased out over time, with the first of these occurring over the next two years. The financial impact will be either an immediate write off where facilities are closed, or accelerated depreciation as the remaining useful lives are reduced to reflect lesser or no maintenance.

Note 24: Post balance date events

No significant events which may impact on the actual results have occurred between year-end and the signing of these financial statements.

Non-Departmental Schedules

Statement Of Accounting Policies

Measurement system

Measurement and recognition rules applied in the preparation of these non-departmental financial statements and schedules are consistent with generally accepted accounting practice and Crown accounting policies.

These non-departmental balances are consolidated into the Crown Financial Statements and therefore readers of these statements and schedules should also refer to the Crown Financial Statements for the year ended 30 June 2004.

Accounting policies

The following particular accounting policies, which materially affect the measurement of financial results and financial position, have been applied.

Budget figures

The Budget figures are those presented in the Budget Night Estimates (Main Estimates) and those amended by the Supplementary Estimates and any transfer made by Order in Council under Section 5 of the Public Finance Act 1989.

Revenue

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

Goods and Services Tax (GST)

The schedules of non-departmental revenue and expenses and the Statement of Expenditure and Appropriations are inclusive of GST (where applicable). The Schedules of Assets and Liabilities are exclusive of GST, except for receivables and payables which are GST inclusive.

Debtors and receivables

Receivables are recorded at estimated realisable value after providing where necessary for doubtful and uncollectible debts.

Fixed assets

The rateable value of land was supplied by Quotable Value. These values were reviewed by valuersnet.nz Limited (registered independent valuers) as at 30 June 2004 to ensure that these values comply with Financial Reporting Standard (FRS-3). Land is revalued on at least a three yearly cyclical basis.

Historic buildings used for rental activities were valued by valuersnet.nz Limited (registered independent valuers) as at 30 June 2003. These buildings were valued at market value based on the highest and best use. Historical buildings are revalued on a five yearly cyclical basis.

Infrastructural assets were valued by valuersnet.nz Limited (registered independent valuers) as at 30 June 2004. These assets are stated at fair value using optimised replacement cost. Infrastructural assets are revalued on a five yearly cyclical basis.

Cultural assets over $100,000 were valued by valuersnet.nz Limited (registered independent valuers) as at 30 June 2003 at fair value. These assets are valued on a five yearly cyclical basis.

Commitments

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

Contingent Liabilities

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

Schedule of Non-Departmental Revenue for the year ended 30 June 2004

Non - Departmental Revenues are administered by the Department of Conservation on behalf of the Crown. As these revenues are not established by the Department nor earned in the production of the Department's outputs, they are not reported in the Departmental financial statements. Figures are GST inclusive where applicable.

	Note	30/06/04 Revenue Actual $000	30/06/04 Main. Estimates $000	30/06/04 Supp. Estimates $000	30/06/03 Revenue Actual $000
Revenue Type					
Concessions, Leases and Licences	1	9,964	5,900	7,900	8,960
Other Operational Revenue		1,535	2,018	2,905	2,024
Recognition of Assets	2	0	0	0	96,775
Total Non-Departmental		**11,499**	**7,918**	**10,805**	**107,759**
Revenue					
Capital Receipts					
Reserve board loans - Repayment of Principal		0	20	20	60
Total Capital Receipts		**0**	**20**	**20**	**60**
Total Non-Departmental Revenue and Receipts		**11,499**	**7,938**	**10,825**	**107,819**

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

Schedule of Non-Departmental Expenses for the year ended 30 June 2004

The Schedule of Expenses summarises non-departmental expenses that the department administers on behalf of the Crown. Further details are provided in the Schedule of Non-Departmental Expenditure and Appropriations.

(GST inclusive)	30/06/04 Expenditure Actual $000	30/06/04 Main Estimates $000	30/06/04 Supp. Estimates $000	30/06/03 Expenditure Actual $000
Vote: Conservation				
Non - Departmental Output Classes	29,901	22,372	41,273	18,888
Other expenses incurred by the Crown	2,590	2,790	8,918	3,200
Depreciation - Buildings	4,225	0	0	710
Bad & doubtful debts	77	0	0	0
Impairment of fences	21,509	0	0	0
Rental and Leasing costs	0	0	0	167
(Gain) / loss on sale of Fixed Assets	(320)	0	0	(198)
Total Non-Departmental expenses	**57,982**	**25,162**	**50,191**	**22,767**

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

Schedule of Non-Departmental Expenditure and Appropriations for the year ended 30 June 2004

The Schedule of Expenditure and Appropriations details expenditure and capital payments incurred against appropriations. The Department administers these appropriations on behalf of the Crown. Figures are GST inclusive where applicable.

(GST inclusive)	30/06/04 Expenditure Actual $000	30/06/04 Main. Estimates $000	30/06/04 Supp. Estimates $000	30/06/04 Under/(Over) expenditure $000	30/06/03 Expenditure Actual $000
Vote: Conservation Appropriation for non-departmental output classes					
O1 Identification and implementation of protection for natural and historic resources	26,258	18,010	34,481	8,223	17,181
O2 Management services for natural and historic places	1,561	1,487	1,487	(74)	1,261
O3 Moutoa Gardens	25	25	25	0	25
O4 NZ Biodiversity Advice & Condition Funds	2,057	2,850	5,280	3,223	421
Sub - total output classes	**29,901**	**22,372**	**41,273**	**11,372**	**18,888**
Appropriation for other expenses to be incurred by the Crown					
Esplanade Reserve Compensation	126	30	260	134	0
Lake Taupo access fee	758	860	860	102	782
Matauranga Maori Fund	424	665	1,115	691	215
Subscriptions to International Organisations	223	295	295	72	253
To Reserves Trust	309	800	5,281	4,972	1,689
Payment of rates on properties for concessionaire	611	0	967	356	0
Waikaremoana lakebed lease	139	140	140	1	139
Sub - total other expenses	**2,590**	**2,790**	**8,918**	**6,328**	**3,078**
Other Expenses not requiring appropriation	25,491	0	0		801
Total Non- Departmental Expenditure and Appropriations	**57,982**	**25,162**	**50,191**		**22,767**
Appropriation for purchase or development of capital assets by the Crown					
Moutoa Gardens - capital	0	0	0	0	150
Crown Land Acquisitions	9,000	0	9,000	0	1,733
Vested coastal marine areas	0	30	30	30	30
Total capital assets	**9,000**	**30**	**9,030**	**30**	**1,913**

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

Schedule of Non-Departmental Unappropriated Expenditure for the year ended 30 June 2004

(GST inclusive)	30/06/04 Expenditure Actual $000	30/06/04 Supp Estimates $000	30/06/04 Unappropriated Expenditure $000	30/06/03 Unappropriated Expenditure $000
Vote: Conservation Appropriation for non-departmental output classes				
O2 Management services for natural and historic places	**1,561**	**1,487**	**74**	**0**

The unappropriated expenditure related to the Queen Elizabeth II National Trust. Although the total payments to the National Trust were as per budget, the allocation of the total cost between output classes per the memorandum of understanding with the National Trust was inconsistent with the Estimates.

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

Schedule of Non-Departmental Assets as at 30 June 2004

	Note	30/06/04 Actual $000	30/06/04 Main Estimates $000	30/06/04 Supp. Estimates $000	30/06/03 Actual $000
Current assets					
Cash and bank balance		15,251	30,761	25,998	27,106
Receivables and advances	3	3,763	981	1,800	1,926
Total current assets		**19,014**	**31,742**	**27,798**	**29,032**
Non current assets					
Receivables and advances		0	14	13	79
Physical assets	6	1,947,208	1,870,447	1,763,478	1,762,365
Total non current assets		**1,947,208**	**1,870,461**	**1,763,491**	**1,762,444**
Total non-departmental assets		**1,966,222**	**1,902,203**	**1,791,289**	**1,791,476**

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

Schedule of Non-Departmental Liabilities as at 30 June 2004

	Note	30/06/04 Actual $000	30/06/04 Main Estimates $000	30/06/04 Supp. Estimates $000	30/06/03 Actual $000
Current liabilities					
Payables	4	763	1,116	1,169	799
Provisions	5	2,845	2,348	2,348	2,845
Total current liabilities		**3,608**	**3,464**	**3,517**	**3,644**
Total non-departmental liabilities		**3,608**	**3,464**	**3,517**	**3,644**

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

Schedule of Non-Departmental Commitments as at 30 June 2004

	Note	30/06/04 Actual $000	30/06/03 Actual $000
Capital commitments			
Land & Buildings		0	0
Other Capital Commitments	7	9,369	9,353
Total Commitments		9,369	9,353
Term classification of commitments			
Capital: less than one year		9,369	9,353
Total Commitments		9,369	9,353

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

Statement of Non-Departmental Contingent Liabilities as at 30 June 2004

	30/06/04 Actual $000	30/06/03 Actual $000
Quantifiable Guarantees	0	0
Total contingent liabilities	**0**	**0**

There were also more than 65 Treaty-related claims for ownership of land, rivers, seabed or foreshore. These Treaty-related claims against the Crown are not currently quantifiable.

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

Notes to the Schedules

Note 1: Concessions, Leases and Licences

	30/06/04 Actual $000	30/06/03 Actual $000
Guiding	2,655	2,268
Telecommunications	1,424	1,419
Grazing	1,058	989
Tourism occupations	1,022	843
Ski areas	764	673
Aircraft landings	628	610
Residential/Recreational	674	596
Recovery of rates	392	0
Other occupations	440	395
Vehicle transport	165	227
Boating	187	189
Filming	101	184
Easements	221	108
Miscellaneous	233	459
Total Concessions, leases and licences	**9,964**	**8,960**

Note 2: Recognition of Assets

This is for the initial recognition of the following non-departmental fixed assets at net book value:

	30/06/04 Actual $000	30/06/03 Actual $000
Infrastructural Assets	0	91,675
Cultural Assets	0	5,100
	0	**96,775**

Note 3: Receivables and Advances

	30/06/04 Actual $000	30/06/03 Actual $000
Receivables	1,564	1,487
Less: provision for doubtful debts	(466)	(392)
Net accounts receivable	1,098	1,095
Accrued Revenue	2,658	320
Other receivables	7	511
Total Receivables and Advances	**3,763**	**1,926**

Note 4: Payables

	30/06/04 Actual $000	30/06/03 Actual $000
Payables	374	535
Revenue in Advance	389	264
Total Payables	**763**	**799**

Note 5: Provisions

	Environmental	Legal Designation	30/06/04 Actual $000	30/06/03 Actual $000
Opening Balance	2,295	550	2,845	2,545
Provision reversed during the year	0	0	0	0
	2,295	550	2,845	2,545
Provision made during the year	0	0	0	300
Closing Balance	2,295	550	2,845	2,845

The environmental provision is the estimated cost of rectifying the environmental damage in a number of affected/contaminated sites which the Crown has an obligation to remedy.

Detail of the environmental provision made by the Crown is given below:

1 The Crown is responsible to ensure the buildings on Matiu/Somes Island are safe from asbestos contamination. The cost of completing this clean up is estimated to be $100,000.

2 There is a requirement by the Crown to repair damage to waterways and surrounding environment from toxic discharge in the Kaimai Range area. The repair is expected to take 5 years at an estimated cost of $15,500.

3 The roofing structures on the old Controlled Mine base on Rangitoto Island contains amounts of white asbestos and needs to be removed. The estimated cost of removal is $100,000.

4 There are a number of abandoned coalmines both underground and open cast within Benneydale/ Mahoenui/ Piraongia/ Waitewhenua/ Ohura coalfields. The risks of contamination are associated with the treatment ponds, trailing dams and underground drives. The estimated cost to rectify this is $800,000.

5 There is danger of contaminated water around the Kauaeranga Army Firing Range. The estimated cost of cleanup is $80,000.

6 The tailings and tunnels in the Maratoto Mine may excrete contaminants in the water. The estimated cost to rectify this is $900,000.

7 There is contamination relating to chemicals used for timber treatment in the old timber mill site in the Ongaonga Field Centre. The estimated cost for the clean up $150,000.

8 There is a requirement to clean up dumped refuse in the Waikanae Conservation area. The estimated cost of this is $150,000.

There is also a provision made for a potential liability relating to two Designations placed on private land to protect the two properties from commercial development. There is a potential liability that the Crown may need to purchase the properties in future from the current owners. The total estimated value of the two properties is $550,000.

There are various other affected /contaminated sites for which the Crown has not provided, due to the nature of the issues, their uncertainty of the outcome, and/or the extend to which the Crown has a responsibility to a claimant. There may also be other affected/contaminated sites of which the Crown is unaware.

Note 6: Physical Assets

	30/06/04 Actual $000	30/06/03 Actual $000
Land		
At valuation	1,855,423	1,644,981
Land - net current value	1,855,423	1,644,981
Historic buildings		
At valuation	40,075	40,075
Accumulated depreciation	(19,817)	(19,466)
Buildings - net current value	20,258	20,609
Infrastructure assets		
At valuation	150,379	200,300
Accumulated depreciation	(83,952)	(108,625)
Infrastructure assets - net current value	66,427	91,675
Cultural assets		
At valuation	5,100	5,100
Cultural assets - net current value	5,100	5,100
Total physical assets		
At valuation	2,050,977	1,890,456
Accumulated depreciation	(103,769)	(128,091)
Total carrying amount of physical assets	**1,947,208**	**1,762,365**

The Department manages a significant portfolio of fencing assets (infrastructural assets) on behalf of the Crown. The vast majority of the fencing is for boundary purposes. Fencing on land managed by 43 out of 49 Area Offices was sampled and valued by Department of Conservation staff, with the valuation methodology reviewed by an independent valuer. This was extrapolated by Department of Conservation staff to provide a national value. This sampling will be completed before the end of next financial year.

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 nor are they subject to conditions regarding Treaty of Waitangi claims. Specific areas may however be included in the Treaty settlements if the Crown decides to offer those area to claimants.

Note 7: Other Capital Commitments

	30/06/04 Actual $000	30/06/03 Actual $000
Nature Heritage Fund	3,669	9,207
Nga Whenua Rahui	5,700	146
Total Other Capital Commitments	**9,369**	**9,353**

Note 8: Post balance date events

No significant events which may impact on the actual results have occurred between year-end and the signing of these financial statements.

Additional Financial Information

Summary of Output Class Expenditure by Output for the year ended 30 June 2004 (excluding GST)

	30/06/04 Actual $000	30/06/03 Actual $000
Vote Biosecurity		
D7 Policy advice	194	239
D8 Crown pest/weeds exacerbator costs	1,993	1,885
D9 Indigenous forest biosecurity protection	33	34
D10 Specific pest and disease response	197	201
Total Vote Biosecurity	**2,417**	**2,359**
Vote: Conservation		
D1 Management Natural Heritage		
Legal Protection and Status Changes	2,064	2,155
Legal Protection Marine	2,083	1,131
Tenure Review	2,122	1,952
Fire Control	9,111	7,655
Possum Control	12,501	13,855
Goat control	6,480	6,130
Other animal pest control	13,550	9,803
Invasive Weed Control	12,101	10,961
Genaralist Inventory and Monitoring	2,254	1,636
Marine Protected Area Management	1,773	1,958
Restoration	1,375	1,207
Species Conservation Programmes	27,456	26,121
Mainland Island Sites	2,631	2,335
Island Management and Restoration	3,544	4,014
Marine Mammals	1,910	1,552
Cites	974	928
CSL -Conservation Services Levy	2,468	2,536
Pastoral Leases	102	102
Statutory Land Management	2,026	1,828
Total Management Natural Heritage	**106,525**	**97,859**

D2 Management of Historic Heritage		
Historic Heritage	5,545	4,344
Total Management of Historic Heritage	**5,545**	**4,344**
D3 Management of Recreational Opportunities		
Visitor Accommodation	18,750	20,749
Tracks and Walkways	39,430	35,388
Other Recreational Areas	16,946	19,556
Visitor Services	7,063	5,931
Taupo Sports Fisheries	2,740	2,556
Visitor Centres	9,219	9,324
Total Management of Recreational Opportunities	**94,148**	**93,504**
D4 Conservation with the Community		
Statutory Advocacy	3,994	3,957
Coastal Responsibilities	1,250	895
Concession Management	7,473	6,648
Tow Settlement Implementation	926	741
Public Information	3,284	2,519
Community Relations	6,592	7,051
Conservation Awareness	3,566	3,165
Total Conservation with the Community	**27,085**	**24,976**
D5 Policy advice and Ministerial servicing		
Policy Review	2,095	1,657
Treaty Issues	196	650
Ministerial Servicing	13	437
CMS	908	823
Servicing of Statutory Bodies	2,379	2,493
Total Policy advice and Ministerial servicing	**5,591**	**6,060**
D6 Recreational Opportunities Review		
Recreational Opportunities Review	1,705	-
Total Recreational Opportunities Review	**1,705**	**-**
Total Vote Conservation	**240,599**	**226,743**
Total Output Appropriations	**243,016**	**229,102**

Expenditure by Conservancy for the year ended 30 June 2004 (excluding gst)

Conservancy	30/06/04 Actual $000	30/06/03 Actual $000
Northland	14,198	13,480
Auckland	13,234	12,568
Waikato	11,370	11,213
Bay of Plenty	7,472	7,429
Tongario/Taupo	11,256	10,713
Wanganui	10,906	10,746
East Coast/Hawkes Bay	11,569	11,542
Wellington	10,670	9,825
Nelson/Malborough	15,495	14,894
West Coast	16,469	15,828
Canterbury	16,953	16,491
Otago	12,712	11,503
Southland	15,388	14,654
Northern Regional Office	2,276	1,787
Central Regional Office	6,129	3,594
Southern Regional Office	815	663
Head Office	66,104	62,172
Total expenses per Statement of Financial Performance	**243,016**	**229,102**

Performance of Reserve Boards as at 30 June 2003

Reserve Boards	Type	Revenue	Expenditure	Net Assets
Northland				
Oakura Recreation Reserve	Recreation	10,144	7,165	1,046,721
Tamaterau Recreation Reserve	Recreation	1,346	8,327	189,843
Waikiekie Recreation Reserve	Recreation	9,814	5,519	127,686
Ruakaka Central Hall	Hall	14,250	10,330	180,000
Waipu Cove Recreation Reserve	Recreation	403,847	334,311	1,302,472
Ruakaka Recreation Reserve	Recreation	266,299	242,763	412,230
Whatitiri Recreation Reserve	Recreation	770	1,789	110,000
Taurikura Hall	Hall	2,145	1,215	74,000
Coates Mem. Church LP Reserve	Local purpose	500	400	135,000
Ngunguru Recreation Reserve	Recreation	10,457	9,820	289,961
Auckland				
Glorit Hall	Hall	12,066	7,021	7,910
Bay of Plenty				
Awakaponga Hall	Hall	1,826	6,758	172,915
Matata Recreation Reserve	Recreation	30,022	27,986	41,933
Lake Rotoiti Scenic Reserve	Scenic	4,000	8,232	14,764
Wanganui				
Papanui Hall	Hall	606	1,464	13,281
Poukiore Recreation Reserve	Recreation	6,462	4,892	58,916
Tiriraukawa Hall	Hall	1,008	1,400	35,927
Moutoa Gardens Historic Reserve	Historic	226,942	21,034	205,960
Wellington				
Ruawhata Hall	Hall	818	659	3,451
Horowhenua L Recreation Reserve	Recreation	1,078	988	36,114
Whitireia Pk Recreation Reserve	Recreation	22,368	38,375	36,114
Nelson/Marlborough				
Homewood Memorial Hall	Hall	757	2,899	84,072
Kaiteriteri Recreation Reserve	Recreation	2,645,667	2,248,303	2,984,603

Reserve Boards	Type	Revenue	Expenditure	Net Assets
West Coast				
Bruce Bay Hall	Hall	6,328	3,581	64,303
Charleston Hall	Hall	4,062	3,671	87,409
Haast Hall	Hall	3,805	434	80,483
Kokatahi Hall	Hall	7,059	9,953	423,211
Millerton Hall	Hall	8,581	4,446	24,836
Okuru Hall	Hall	450	900	25,000
Waitaha Hall	Hall	911	362	29,549
Granity	Recreation	1,355	4,139	47,699
Nelson Creek Recreation Reserve	Recreation	4,247	864	30,037

Notes

The details above are as at 30 June 2003 because they are based on reports submitted for audit and the present year's figures are often not available until after the deadline for the preparation of the annual report. The figures for Ruakaka and Ngunguru Reserve Boards are unaudited and the figures for the Charleston, Taurikura and Coates Memorial Church Reserve Boards are estimates.

Visitor assets cashflow and Crown as debtor

Although Cabinet agreed to fund the Department adequately for visitors assets operating expenditure, the cash flow to the Department would not initially match the revenue flow. As a result, the Department will be recognising the Crown as a debtor. The Crown debtor balance is expected to reach $58.3 million in 2006/07and then be progressively reduced until 2021/22 when the balance will be completed cleared to zero. The following table shows the effects of the Cabinet decision on the Department's cash flows and the Crown debtor: All figures are in $ million.

Year	Operating cash inflow incl GST	Operating cash outflow incl GST	Net GST (Payable)/ Receivable	Capital expenditure incl GST	Cash injections from Crown	Net Cash inflow/ (outflow)	Revenue less cash from Crown	Debtor Crown closing balance
2002/03	27.412	22.912	1.650	9.000	4.000	(2.150)	19.353	19.353
2003/04	30.881	23.131	1.502	10.332	2.295	(1.789)	16.103	35.456
2004/05	35.351	23.351	1.030	14.582	2.295	(1.317)	11.853	47.309
2005/06	42.820	26.570	0.558	18.832	2.295	(0.845)	7.603	54.912
2006/07	50.290	29.790	0.086	23.082	2.295	(0.373)	3.353	58.265
2007/08	62.235	34.389	(2.534)	46.663	16.726	0.444	(3.993)	54.272
2008/09	66.835	38.988	(2.534)	46.663	16.726	0.444	(3.993)	50.279
2009/10	71.434	43.588	(2.534)	46.663	16.726	0.444	(3.993)	46.286
2010/11	76.034	48.187	(2.534)	46.663	16.726	0.444	(3.993)	42.292
2011/12	80.633	52.787	(2.534)	46.663	16.726	0.444	(3.993)	38.299
2012/13	85.013	57.167	(2.248)	44.082	14.432	0.444	(3.993)	34.306
2013/14	86.393	58.547	(2.248)	44.082	14.432	0.444	(3.993)	30.313
2014/15	87.773	59.927	(2.248)	44.082	14.432	0.444	(3.993)	26.320
2015/16	89.153	61.307	(2.248)	44.082	14.432	0.444	(3.993)	22.327
2016/17	90.533	62.687	(2.248)	44.082	14.432	0.444	(3.993)	18.333
2017/18	91.587	64.067	(2.211)	43.755	14.432	0.407	(3.667)	14.667
2018/19	92.967	65.447	(2.211)	43.755	14.432	0.407	(3.667)	11.000
2019/20	94.347	66.827	(2.211)	43.755	14.432	0.407	(3.667)	7.333
2020/21	95.727	68.207	(2.211)	43.755	14.432	0.407	(3.667)	3.667
2021/22	97.107	69.587	(2.211)	43.755	14.432	0.407	(3.667)	0.000
2022/23	93.440	69.587	0.000	23.853	0.000	0.000	0.000	0.000
and outyears								

When assets are revalued, any movement in accumulated depreciation is not funded by the Crown. These unfunded depreciation balances are captured in the revaluation reserve.

The unfunded depreciation for visitor assets since 1 July 2002 is as follows:

Year	$ million
2002/03	3.239
2003/04	7.751
Total	**10.990**

The Department's cash available for replacement is effectively reduced unless there is an equivalent capital injection by the Crown.

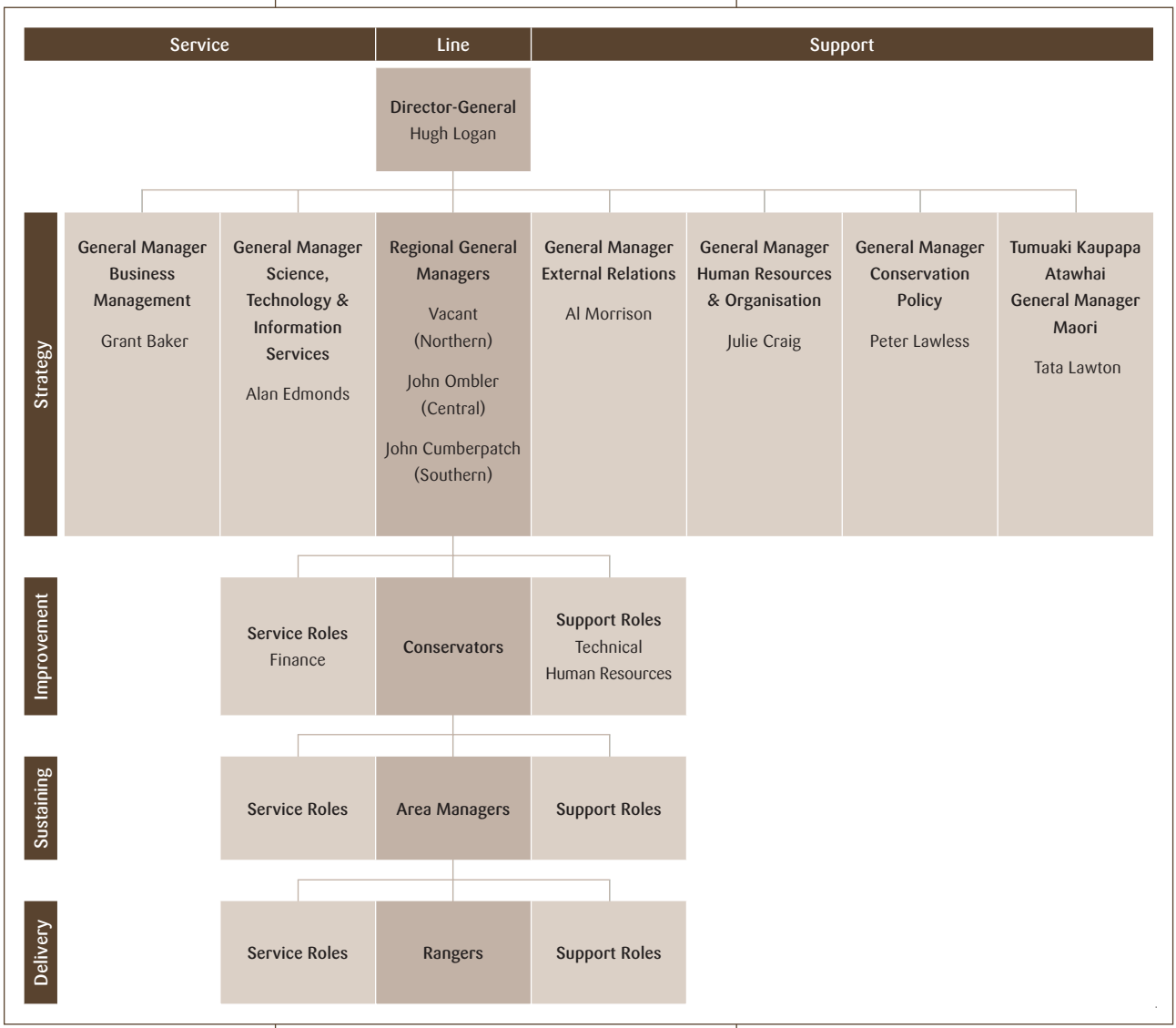
Appendices

How the Department of Conservation is organised

The Department of Conservation has a decentralised organisational structure, reflecting the importance of conservation in the field.

Thirteen conservancies are located throughout New Zealand. Each conservancy has several "area offices", which deliver conservation on the ground. The thirteen conservancies are supported by three regional offices, which have responsibility for continuous quality improvement.

DoC's head office in Wellington develops national policies, and provides leadership as well as national service and support functions.



Head Office

P O Box 10 420,
Wellington
Ph: 04 471 0726

Regional Offices

Northern Regional Office

P O Box 112
Hamilton

Central Regional Office

P O Box 12 416
Wellington

Southern Regional Office

P O Box 13-049
Christchurch

Conservancy Offices

Northland Conservancy

Department of Conservation
P O Box 842
Whangarei

Auckland Conservancy

Department of Conservation
Private Bag 68908, Newton
Auckland

Waikato Conservancy

Department of Conservation
Private Bag 3072
Hamilton

Bay of Plenty Conservancy

Department of Conservation
P O Box 1146
Rotorua

Tongariro/Taupo Conservancy

Department of Conservation
Private Bag
Turangi

East Coast/Hawke's Bay Conservancy

Department of Conservation
P O Box 668
Gisborne

Wanganui Conservancy

Department of Conservation
Private Bag 3016
Wanganui

Wellington Conservancy

Department of Conservation
P O Box 5086
Wellington

Nelson/Marlborough Conservancy

Department of Conservation
Private Bag 5
Nelson

West Coast/Tau Poutini Conservancy

Department of Conservation
Private Bag 701
Hokitika

Canterbury Conservancy

Department of Conservation
Private Bag 4715
Christchurch

Otago Conservancy

Department of Conservation
P O Box 5244, Moray Place
Dunedin

Website: www.doc.govt.nz

Regions, Conservancies, and Areas

Legislation administered by the Department of Conservation

- Conservation Act 1987
- Canterbury Provincial Buildings Vesting Act 1928
- Foreshore and Seabed Endowment Revesting Act 1991
- Harbour Boards Dry Land Endowment Revesting Act 1991
- Hauraki Gulf Marine Park Act 2000
- Kapiti Island Public Reserve Act 1897
- Lake Wanaka Preservation Act 1973
- Marine Mammals Protection Act 1978
- Marine Reserves Act 1971
- Mount Egmont Vesting Act 1978
- National Parks Act 1980
- Native Plants Protection Act 1934
- New Zealand Walkways Act 1990
- Queen Elizabeth The Second National Trust Act 1977
- Queenstown Reserves Vesting and Empowering Act 1971
- Reserves Act 1977
- Stewart Island Reserves Empowering Act 1976
- Sugar Loaf Islands Marine Protected Area Act 1991
- Trade In Endangered Species Act 1989
- Tutae-Ka-Wetoweto Forest Act 2001
- Waitangi Endowment Act 1932
- Waitangi National Trust Board Act 1932
- Waitutu Block Settlement Act 1997
- Wild Animal Control Act 1977
- Wildlife Act 1953.

Regulations and Bylaws administered by the Department of Conservation:

- Abel Tasman National Park Bylaws 1981
- Abel Tasman National Park Waters Control Bylaws 1990
- Anaura Bay Recreation Reserve Bylaws 1999
- Arthur's Pass National Park Bylaws 1981
- Buller River Mouth Wildlife Refuge Order 1993
- Cape Rodney-Okakari Point Marine Reserve Order 1975
- Cape Rodney-Okakari Point Marine Reserve Bylaws 1989
- Chatham Islands Wildlife Notice 1997
- Christchurch City (Reserves) Empowering Act (Ministerial Responsibility) Order 1989
- Egmont National Park Bylaws 1981
- Fiordland National Park Bylaws 1981
- Grey-Faced Petrel (Northern Muttonbird) Notice 1979
- Fish and Game Council Elections Regulations 1990
- Freshwater Fisheries Regulations 1983
- Game Licences, Fees, and Forms Notice 2003
- Hart's Creek Wildlife Refuge Order 1973
- Huka Falls Scenic Reserve Bylaws 1995
- Kaiteriteri Bay Grant of Control Bylaws 1977
- Lake Grasmere Wildlife Refuge Order 1968
- Lake Rotomahana Wildlife Refuge Order 1967
- Lake Orakai, Tutira, and Waikopiro Wildlife Refuge Order 1973
- Lake Rotorua (Motutara) Wildlife Refuge Order 1993
- Little Shag Notice 1955
- Marine Mammals Protection Regulations 1992
- Marine Mammals Protection (Auckland Islands Sanctuary) Notice 1993
- Marine Mammals Protection (Banks Peninsula Sanctuary) Notice 1988
- Marine Reserve (Auckland Islands-Motu Maha) Order 2003
- Marine Reserve (Kapiti) Order 1992
- Marine Reserve (Kermadec Islands) Order 1990
- Marine Reserve (Long Bay-Okura) Order 1995
- Marine Reserve (Long Island-Kokomohua) Order 1993
- Marine Reserve (Piopiotahi (Milford Sound)) Order 1993
- Marine Reserve (Motu Manawa-Pollen Island) Order 1995

- Marine Reserve (Pohatu) Order 1999
- Marine Reserve (Poor Knights Islands) Order 1981
- Marine Reserve (Te Angiangi) Order 1997
- Marine Reserve (Te Awaatu Channel (The Gut)) Order 1993
- Marine Reserve (Te Tapuwae o Rongokako) Order 1999
- Marine Reserve (Tonga Island) Order 1993
- Marine Reserve (Tuhua (Mayor Island)) Order 1992
- Marine Reserve (Westhaven (Te Tai Tapu)) Order 1994
- Marine Reserve (Whanganui A Hei (Cathedral Cove)) Order 1992
- Marine Reserves Regulations 1993
- Mount Aspiring National Park Bylaws 1981
- Mount Cook National Park Bylaws 1981
- New Zealand Walkways Bylaws 1979
- New Zealand Game Bird Habitat Stamp Regulations 1993
- Noxious Animals in Captivity Regulations 1969
- Onekaka Inlet Scenic Reserve Bylaws 1995
- Opossum Regulations 1953
- Palmerston North Showgrounds Order 1991
- Paynes Ford Scenic Reserve Bylaws 1995
- Poor Knights Islands Marine Reserve Bylaws 1989
- Rakiura National Park Order 2002
- Revocation of Resource Management (Marlborough Sounds Coastal Tendering – Marine Farming) Order 1999
- Rimutaka State Forest Park Traffic Bylaws 1981
- State Forest Parks and Forest Recreation Regulations 1979
- South East Otago Reserves Foreshore and Waters Control Bylaws 1984
- Sports Fish Licences, Fees, and Forms Notice 2002
- Taupo Fishers Regulations 2004
- Taupo Landing Reserve Regulations 1938
- Taupo District Trout Fishery Licences, Fees, and Forms Notice 2004
- Titi (Muttonbird) Islands Regulations 1978
- Tongariro Hatchery Anglers' Camping Ground Regulations 1954
- Tongariro National Park Bylaws 1981
- Trade in Endangered Species Order 2003
- Trade in Endangered Species Regulations 1991
- Tuhua (Mayor Island) Marine Reserve Notice 1993
- Urewera National Park Bylaws 1981
- Waitangi National Trust Board Bylaws 1981
- Whitebait Fishing Regulations 1994
- Whitebait Fishing (West Coast) Regulations 1994
- Wellington City Exhibition Grounds Act (Consent to Borrow) Order 1989
- Westland National Parks Bylaws 1981
- Wildlife (Farming of Unprotected Wildlife) Regulations 1985
- Wildlife Management Reserve (Westhaven (Whanganui Inlet)) Order 1994
- Wildlife (Peafowl) Notice 1961
- Wildlife Regulations 1955
- Whanganui National Park Bylaws 1995

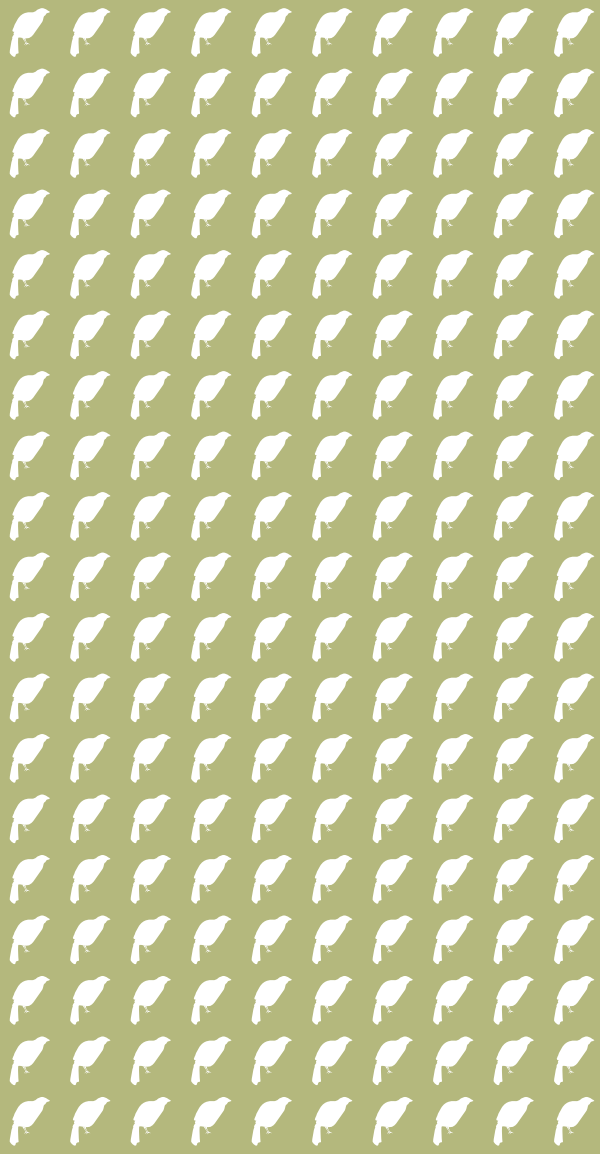
International environmental agreements

- Apia Convention on the Conservation of Nature in the South Pacific
- CITES: Convention on International Trade in Endangered Species of Wild Flora and Fauna
- Convention on Biological Diversity
- International Convention for the Regulation of Whaling
- Ramsar Convention on Wetlands of International Importance
- The Convention on the Conservation of Migratory Species of Wild Animals
- World Heritage Convention

At Otamatuna, a core area within the Northern Te Urewera "mainland island"

In 1994 we had 8 pairs of kokako

Now we have at least 95 pairs



Treasuring our extraordinary heritage

Many think that the kokako is New Zealand's finest song bird. The northern part of Te Urewera National Park is home to its largest population, but numbers of kokako were in sharp decline in the early 1990s, as predators took their toll.

The Northern Te Urewera mainland island was established in 1996, and within it Otamatuna was the first and largest "core area" of intensive multi-pest control. Here the decline of the kokako has been turned around, and the population is expanding again. There are several other places on mainland North Island where kokako are getting similar protection, and where responses are also good.

With continued help from its (human) friends, the future of the kokako can be secured.