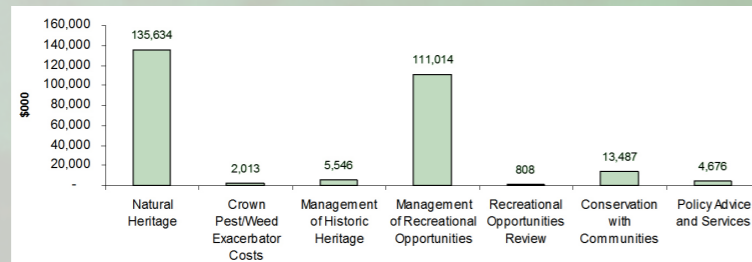


## FINANCIAL INFORMATION

The Department is a large and complex organisation. In the year to 30th June 2007, \$273m was spent to produce the Department's outputs. Of this amount, \$122m (45%) was spent on personnel costs, \$101m (37%) on operating costs, and the balance of \$50m (18%) on asset related costs (e.g. depreciation and capital charge).

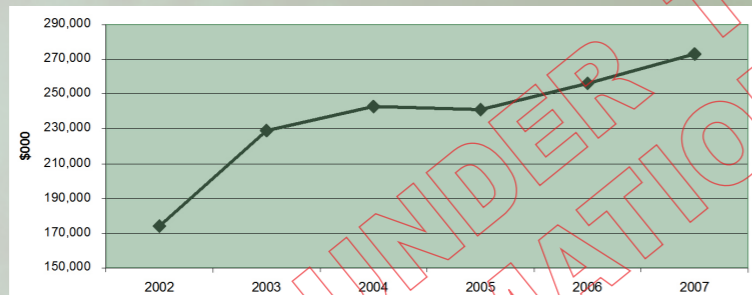
The Department has two major output classes. Management of Natural Heritage accounted for \$136m (50%) of the expenditure, and Management of Recreational Opportunities accounted for a further \$111m (41%):

06/07 OUTPUT CLASS EXPENDITURE



The Department's baseline funding has increased significantly since the 2001/02 financial year. This has been largely due to the recognition of visitor assets on the Department's balance sheet - with related depreciation and capital charge funding. Natural Heritage funding has also increased to reflect the New Zealand Biodiversity Strategy:

TOTAL DEPARTMENTAL EXPENDITURE



In addition to the Department's output class expenditure, a further \$25m is spent for Non-Departmental purposes.

The Department is also responsible for managing a substantial asset base. This includes Crown land (i.e. the conservation estate) and associated visitor assets (e.g. tracks, huts and structures):

Assets	Department 30-Jun-07 \$'000	Non Department 30-Jun-07 \$'000
Current Assets	83,441	60,113
Visitor Assets	265,665	0
Crown Land	0	4,667,304
Other Non Current Assets	120,604	123,458
<b>Total Assets</b>	<b>469,710</b>	<b>4,850,875</b>

A number of Non-Departmental capital funds are also managed including the Nature Heritage Fund (NHF), Nga Whenua Rahui (NWR) and South Island Landless Natives Act (SILNA).

There are a number of financial issues currently being addressed with Ministers:

- [REDACTED]
- Visitor asset funding increases have resulted in capital under-expenditure and depreciation deferrals. The Department has been directed by Cabinet to provide an updated and accurate schedule of funding requirements to reflect changed planning assumptions and priorities.
- Fencing assets located on the conservation estate are currently reflected on the Crown balance sheet. This means that the Department does not have access to depreciation funding required to effectively manage their replacement. [REDACTED]
- Major flood risks have been highlighted in respect of Milford. The Department has been working with stakeholders to assess the risk and remedial action required. [REDACTED] This will enable project planning and resource consent processes to be undertaken with confidence, and the risk to be mitigated at the earliest opportunity.
- The Non-Departmental capital funds involve land negotiations that span across years. Significant delays are often experienced when undertaking negotiations and settling commitments entered into. The Department is working with Treasury over the timing and method of appropriations for these Funds. A Cabinet Paper will be required to seek an extension of the current timeframe available for finalising these commitments.

## A Briefing to the New Minister of Conservation

OCTOBER 2007

### BACKGROUND

The Department of Conservation was formed in 1987, when the Conservation Act was passed, to integrate conservation management functions.

### LEGISLATION

The Conservation Act 1987 sets out the majority of the Department's responsibilities and roles.

In addition, the Department administers 24 other Acts and has functions under several others. The other main Acts it administers are the:

- Marine Mammals Protection Act, 1978
- Marine Reserves Act, 1971
- National Parks Act, 1980
- Reserves Act, 1977
- Wildlife Act, 1953

The main Acts under which the Minister of Conservation and Department have powers or duties are the:

- Biosecurity Act, 1993
- Crown Minerals Act, 1991
- Fisheries Act, 1983 and 1996
- Resource Management Act, 1991

### DEPARTMENT FUNCTIONS

The functions of the Department are to administer the Conservation Act and associated Acts (interpreting and administering the Act to give effect to the principles of the Treaty of Waitangi).

The key functions are:

- manage, for conservation purposes, all land and other natural and historic resources held under the Conservation Act;
- preserve, so far as practicable, all indigenous freshwater fisheries;
- protect recreational freshwater fisheries and freshwater fish habitats;
- advocate the conservation of natural and historic resources generally
- promote the benefits to present and future generations of conservation of natural and historic resources;
- prepare, provide, distribute, promote and publicise conservation information
- foster recreation and allow tourism, to the extent that the use of any natural and historic resource is not inconsistent with its conservation; and
- advise the Minister of Conservation on matters relating to any of the above functions or to conservation generally.



Department of Conservation  
*Te Papa Atawhai*



The overarching purpose of the Department is to increase the value of conservation to New Zealanders. To do this the Department will:

- seek to entrench conservation as an essential part of the sustainable social and economic future of New Zealand;
- be recognised as an effective manager of the lands, waters, species, historic places, and roles entrusted to it;
- lead, guide, and facilitate conservation gains throughout New Zealand, wherever conservation is most needed;
- weigh society's values, nature's inherent qualities, and scientific criteria in its decision-making; and
- actively promote outdoor recreation for New Zealanders, especially through fostering recreation, use, and enjoyment on conservation land.

ORGANISATIONAL STRUCTURE AND MANAGEMENT RESPONSIBILITIES

The Department of Conservation has a decentralised organisational structure, reflecting the nature of its work. It employs around 1600 permanent staff as well as seasonal workers.

It manages approximately 8 million ha of land which includes approximately 12,900km of walking tracks, 990 backcountry huts and 306 campsites.

In the coastal and marine environment there are approximately 1.3 million ha of marine reserves and the Crown's ownership of the foreshore and seabed is represented by the Minister of Conservation.

CURRENT WORK AND KEY ISSUES

**High Country - Tenure Review & Parks Creation**

Under Tenure review the Crown's pastoral leases are reviewed, with the more productive areas free-holded and the areas of high public access/recreation and biodiversity values added to the public conservation estate. Six new Conservation parks have been established with another six planned over the next 2 years.

- The Government has signalled that it wants tenure review to provide increased protection for lowland biodiversity as well as landscape values.

KEY ISSUE

**Resource Management Act**

The Conservation Act requires that the Department advocates for conservation of natural and historic resources generally. The Department submits on plans and resource consent applications where significant natural areas and biodiversity are at risk from development proposals and to support the New Zealand Coastal Policy Statement.

- Taharoa C wind farm application

KEY ISSUES

**Whole of Government Submission**

The New Zealand Energy Strategy has a target of 90% of energy being generated from renewable sources by 2025. This is a challenging target and energy companies are currently in a development and construction phase. The Department consults with all energy project applicants to resolve issues and set agreed conditions prior to resource consent applications being lodged and is also submitting on applications to ensure adverse effects identified are addressed in council decisions.

KEY ISSUE

- Some of these energy projects may be called in or be the subject of whole of government submissions. The conservation issues are regarded by other central government departments as local environmental effects. There can be tension around how those local effects impact on the renewable energy projects.

**New Zealand Coastal Policy Statement**

Under the Resource Management Act the Minister of Conservation has responsibility for the New Zealand Coastal Policy Statement (NZCPS). A Board of Inquiry is about to be formed to review the NZCPS.

KEY ISSUE

- Ensuring that the Board of Inquiry complete the review of the NZCPS in the agreed timeframe.

**Marine**

The Government has set a target of 10% of the Territorial Sea to be protected. There are different forms of protection possible including marine reserves, marine parks and marine mammal sanctuaries. While 7% is now protected, most of this is achieved with large reserves around the Kermadec and Auckland Islands and very little associated with the mainland marine coastal environment. There are no current protection mechanisms in the EEZ.

KEY ISSUES

- Aquaculture reforms, in particular the Department is leading the establishment of new Aquaculture Marine Areas in Northland with the Northland Regional Council;
- Marine Reserves Bill; and
- Marine protection areas planning initiatives.

**Threat Management**

New Zealand has about 14 million hectares or around half of its original native vegetation left, of which about 8.2 million hectares are legally protected. Many native species survive only because of extensive pest control undertaken by the Department through bait stations, trapping and 1080 aerial drops. While the most common pests are possums, stoats and rats New Zealand is at threat from introduced weeds and other exotic species.

KEY ISSUES

- 1080 reassessment by ERMA is complete and requires users of 1080 to produce detailed reports for the Authority on each aerial drop carried out after 1 January 2008, including comments on any incidents and public complaints; and
- As part of the confidence and supply agreement with United Future, a Ministerial consultation panel has been set up to establish options to manage the numbers of deer, chamois, thar and pigs and is due to report back in February 2008.

**Recreation, Concessions and Access**

Public conservation land provides recreation opportunities and supports economic opportunities through tourism, renewable energy projects, mineral resources and carbon credit potential through reforestation projects. These opportunities are managed through concessions and access agreements.

KEY ISSUES

- Decisions will need to be made on several major concession applications in the near future;
- Identifying land suitable for reforestation projects to support the Government's carbon neutral public service initiative and for tender; and
- The development of a national recreation strategy by SPARC; a key recommendation from the Outdoor Recreation Summit held last year.

**Treaty Settlement Negotiations**

The Department works with the Office of Treaty Settlements in settlement negotiations with iwi as cultural redress inevitably involves conservation land. All conservation aspects of redress offers are submitted to the Minister for consideration and approval.

KEY ISSUE

- [Redacted]