The Treasury

Budget 2013 Information Release

Release Document

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[1] 6(a) - to prevent prejudice to the security or defence of New Zealand or the international relations of the government

[2] 6(c) - to prevent prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial

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[13] 7(b) - to prevent prejudice to relations between any of the Governments of New Zealand, the Cook Islands or Niue

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In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.

BUDGET 2013

Department of Conservation

covering

Vote Conservation

Four-year Plan

20 December 2012

Forwarded by:

Minister of Conservation

2013 FOUR-YEAR PLAN FRAMEWORK

1.0   Strategic Direction

The Department's purpose is to provide: **'Conservation leadership for a prosperous New Zealand'.**

This reflects the Government's commitment to sound management of our natural environment and its focus on ensuring the state of the environment is such that it underpins the economic opportunities that help build a stronger economy and creates jobs.

It supports the Government's objectives to better protect our native species; strengthen conservation; and support outdoor recreation.

Our economy, health and well-being, lifestyles and national identity depend on our natural environment. This is because our economy generally, and manufacturing and primary industries in particular, depend on natural resources like clean water, fertile soils and sustainable ocean fisheries for their survival.   This natural capital is comprised of the quantity and quality of water, the regeneration and stability of soil, the functioning of nutrient cycles, climate regulation, fibre and fuel, pollination and the other services that nature provides and on which we rely to survive and prosper.

Tourism also depends on the natural environment. Tourism New Zealand regularly links to our iconic scenery, outdoor adventure, quality food, wine and lifestyle. In the year ending 2012 international tourism generated $9.6 billion in export earnings, or more than 15% of total exports of goods and services and the Government is seeking growth from this and other sectors. Given its importance to this sector's export earnings, the natural environment cannot be taken for granted and the services it provides such as protection from flooding and erosion would have severe implications for the economy if not kept in a healthy state.

Supporting this natural capital on which the economy depends is the area of focus for the department over the next 4 years. Conservation is not simply about the protection and preservation of iconic species and special places. The state of our native species and the health of New Zealand's land and waters is the Department's core work but the economic and environmental context in which this occurs has shifted – the health of ecosystems determines the quality and quantity of ecosystem services, the stocks of natural capital that nature can provide. The quality and quantity of that natural capital is critical to the countries ability to prosper. This growing understanding takes the Department in to a new space that involves challenges to capability, skills, systems, and tools, and the country towards a new understanding of the role of natural capital in supporting economic growth.

Current knowledge the department has indicates that the cost of core work – saving all the species and restoring the health of the places the department has a stewardship role over is well beyond the resources the Department could realistically expect from the public purse. That is driving the development of our strategic direction – to partner and engage on a much wider front with others – whanau, hapu, and iwi, private landowners, local government, community groups and business – to achieve more for conservation than we can achieve on our own.

When operating in this whole-of-system context our work is integral to New Zealand's growth path; conservation outcomes become important over all of New Zealand, not just the one third that is public conservation land. It makes limited sense to put public money into restoring the health of part of a river catchment that is on public land when downstream a town is depositing raw sewage into it, or a farmer is taking no measures to avoid nutrient and animal effluent runoff, or a business is discharging toxic waste. Needing to work across the whole system, and with others, is a challenge to the approach that has prevailed in conservation. It means we need to learn when to lead and when to give up control, when to assert priorities, and when to work with others. In short, the challenge for the department is to become an enabling agency so that everyone can be involved in conservation.

Better Public Services

The Department is contributing to better public service results by:

- Working with businesses to achieve conservation gains in ways that deliver environmental, social and economic benefits to New Zealanders. These benefits include the employment and revenue that flow into communities, and the revenue and branding benefits that businesses receive. As a result, net revenue to the Crown and the Department will be increased, and the Department will contribute to the increased prosperity of New Zealand through wise use of conservation assets.

- Making changes to where the Department works and what it focuses on to improve both efficiency and effectiveness of its work programmes. This is being achieved through the Natural Heritage Management System (for biodiversity management), and the Destination Management Framework (for recreation management). The development of a revised set of Conservation Management Strategies is providing public forums for discussions about these priorities, building around the results of telephone and online surveys.

- Putting more emphasis on partnerships, relationship building, sharing skills and knowledge, and involving others. While conservation delivery continues to be undertaken under Vote Conservation and DOC sustains and grows its own efforts in conservation, eventually more conservation outcomes are achieved through the efforts of others than by the Department itself.

- Working with all Natural Resources Sector agencies to implement medium term priorities agreed by Government for the sector and described in the Building Growth from Natural Resources Progress Report.

- Bringing more services online to customers, with a specific focus on the Government's Result 10 "New Zealander's can complete their transactions with government easily in a digital environment".

- Improving the Department's ability to deliver commercial outcomes from its own business, for example, visitor centre retail sales.

- Enabling conservation gains from more business partnerships, where these are consistent with conservation, in order to raise New Zealand's prosperity.

- Working with other agencies to progress joint outcomes. For example, increasing awareness and participation in recreation on public conservation land over time supports health outcomes, as well as fostering use of public conservation areas.

- Improving both efficiency and effectiveness, for example, by consolidating technical advice functions into support and service centres.

Future state

The Government and the public will see the following from their investment in the Department of Conservation over the next four years[1]:

- Better value for money through optimised species and ecosystem management resulting in an increase in the number of species and ecosystems actively managed within existing budget.

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[1] Success measures for each initiative are set out under Section 6

- Management of visitor destinations and recreation opportunities refocused to improve efficiency and reflect the higher demand for destinations close to population centres and main tourism routes.

- An increase in the number of New Zealanders and international visitors participating in outdoor recreation, in areas managed by the Department.

- An increase in collaborative conservation programmes with councils, whanau, hapu, and iwi, business and communities. This engagement will also focus on pooling resources to maximise conservation outcomes and better coordinate conservation planning.

- Conservation gains through increased business opportunities in areas managed by the Department and the establishment of more public-private business conservation partnerships.

- An increase in revenue generation opportunities that are consistent with conservation values.

- The Department will have contributed to the Government's objective of achieving just and durable settlements of all historical Treaty of Waitangi claims.

- The number of partnerships with whanau, hapu, and iwi will increase (for example in tourism projects), both in support of, and as a response to, the economic base whanau, hapu, and iwi have established from settlements, and in line with settlement protocols.

- Working across Government on all-of-government initiatives, for example Result 10 enabling New Zealanders to complete more transactions on-line.

The Department's main functions are:

- Managing land, fresh and coastal waters, and historic sites that have been protected for conservation purposes—about 8.5 million hectares of land, 34 marine reserves (covering almost 1.28 million hectares), and 6 marine mammal sanctuaries (covering approximately 2.4 million hectares). A considerable proportion of the land is, however, covered by snow and ice, and much of DOC's work is focused on relatively small areas of land or water where conservation values are high, whether that is for natural or historic heritage reasons or in support of visitor experiences or community engagement.

- Encouraging recreation on these public conservation lands and waters by providing visitor facilities, including tracks for walking, biking and four wheel driving, huts, campsites, visitor centres and access to historic sites.

- Enabling tourism operators and other third party activities such as grazing, electricity generation and transmission, mining and the use of sites for telecommunication purposes on public conservation lands and waters.

- Protecting marine mammals, preserving native freshwater fisheries, and protecting recreational freshwater fisheries and freshwater fish habitats, and conserving protected native wildlife.

- Advocating generally for the conservation of natural and historic resources, providing conservation information, and supporting international agreements designed to improve environmental management in New Zealand and internationally.

- Supporting the Minister of Conservation in exercising her responsibilities under other legislation, for example, the Resource Management Act 1991 for the coastal and marine environment, including in relation to councils' policies and plans, and consent applications regarding the coastal and marine environment.

- Providing policy and legal advice to the Minister of Conservation, contributing to whole-of government policy processes, and servicing ministerial advisory committees and the New Zealand Conservation Authority.

- Meeting international obligations, such as completing a refresh of the New Zealand Biodiversity Strategy.

Outcome Framework

The model below provides a high level outline of the Department's key outcomes and links these outcomes and intermediate outcomes to the Department's vision.

Figure 1: The Department of Conservation Outcomes Model

The Department's management for outcomes involves generic steps built around these outcomes, objectives and logic flow:

- Developing fundamental information about the results to be achieved and resources being managed.

- Preparing fully costed, long-term work plans for the projects required to achieve each intermediate outcome.

- Developing portfolios of work, including targets to optimise the achievement of each intermediate outcome.

- Implementing each portfolio of work, monitoring their effectiveness and using the results to improve management.

1.1   Operating or Business Model

The Department's goal is to grow the amount of conservation work underway in New Zealand. This means engaging, influencing and collaborating with national partners across a broad spectrum in the critical role conservation plays in New Zealand's prosperity and getting more people involved in conservation work on the ground. This will result in an increased amount of conservation through enrolling partners in the work the Department has traditionally done.

Over time, success will mean the work others do for conservation eclipses our own conservation efforts. That is our aspiration – that one day, something like 40 percent of the conservation achieved in New Zealand will be through Departmental efforts and 60 percent will be the work of others. This in no way diminishes our own efforts. Our desire is that the responsibility for maintaining New Zealand's unique biodiversity, and recognising its value to our nation's prosperity, is shared by all New Zealanders not just the Department of Conservation.

Its business model has two key drivers:

- An external focus toward stakeholders; and
- An internal focus on integrating the organisation to deliver consistent, aligned outcomes.

It is designed to support local delivery work in a way that is consistent nationally, and that supports better cooperation and collaboration between all business groups.
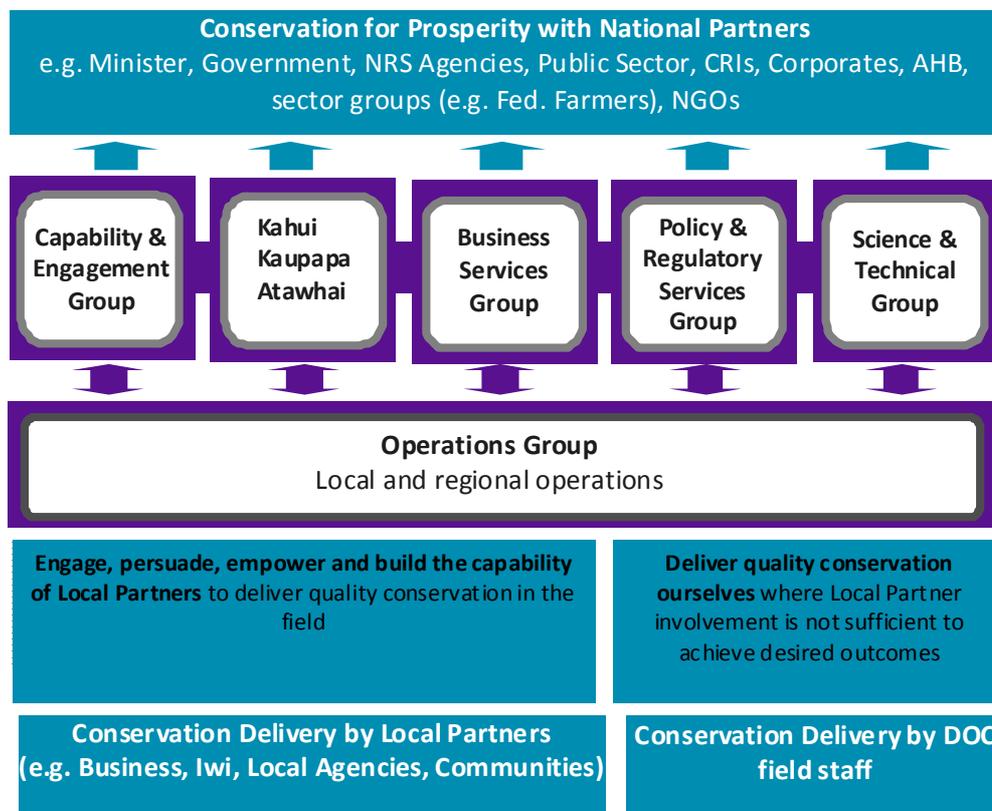
The model is set out below:

Conservation for Prosperity with National Partners
e.g. Minister, Government, NRS Agencies, Public Sector, CRIs, Corporates, AHB, sector groups (e.g. Fed. Farmers), NGOs

Capability & Engagement Group	Kahui Kaupapa Atawhai	Business Services Group	Policy & Regulatory Services Group	Science & Technical Group

Operations Group
Local and regional operations

Engage, persuade, empower and build the capability of Local Partners to deliver quality conservation in the field

Deliver quality conservation ourselves where Local Partner involvement is not sufficient to achieve desired outcomes

Conservation Delivery by Local Partners
(e.g. Business, Iwi, Local Agencies, Communities)

Conservation Delivery by DOC field staff

Figure 2: The Department of Conservation Business Model

In this model, the DOC 'Operations' business group works to get more people involved in conservation work on the ground – by inspiring and enrolling local partners in the work we have traditionally done.

These partners represent a much broader spectrum than previously, for example they include business, whanau, hapu, and iwi, community groups and individuals. The other DOC business groups provide support and service to these operational efforts, and help bring a more integrated, national perspective to this work.

The other DOC business groups also have a key role to inspire and engage national groups and agencies around conservation – helping them see conservation as vital to New Zealand's prosperity, and partnering with them in achieving more conservation (and working with 'Operations' to do this). National partners include whanau, hapu, and iwi, business, other public sector agencies, Crown Research Institutes, educational institutions, sector groups (e.g. Federated Farmers, tourism and recreation sectors) and NGOs.

Future changes to the business model

The Department completed an Organisational Review in 2012 that:

- Described a new business approach involving Operations increasing its focus on working with others to deliver quality conservation in the field;

- Made changes to the structure of Conservancy Offices to support increased engagement with communities, businesses and whanau, hapu, and iwi to do more conservation;

- Streamlined support and service functions, moving from a decentralised to a shared services model to achieve better allocation of resources and cost savings; and

- Articulated our focus on consistency (for example in concessions management).

Phase Two of the review, the 'Delivery Project', is currently underway and has the aim of developing an effective and efficient future-focused operating model for conservation delivery.

There are six primary objectives for the project:

(i)   To develop a new future-proofed model for operational delivery at a significantly lower cost;

(ii)   To identify a discrete number of target areas where it is hypothesised that significant improvements can be made in both efficiency and effectiveness. Target areas might include specific opportunities within:

- Work methods and practices

- Tools and equipment

- Administrative systems and processes

- Resourcing models

- Infrastructure;

(iii)   To assess and measure the effectiveness and efficiency of current practices within each target area and determine the optimum practice for the future, recognising that the optimum practice may be completely new for the organisation;

(iv)   To explore alternative practices and innovations in conservation delivery nationally and internationally and identify where significant improvements can be made in both efficiency and effectiveness with the adoption of these practices;

(v)   To ensure the new model of operating developed for Delivery encourages, supports and enables working in partnership with community, business, local/regional agencies and whanau, hapu, and iwi and delivers the culture change required;

(vi)   To plan and manage implementation of the new delivery model so that new ways of operating are progressively introduced, with minimal risk and sustained momentum, while at the same time achieving the required savings.

It is expected that this work will be completed by 1July 2013.

The design process for the Delivery Project began with the development of four possible future scenarios for conservation against which designers can test alternatives to refine operating models. The project is presently developing a new operations business model which will be confirmed in late December 2012.

The next step for the project is to design an organisational structure (due in March) and then undertake the union-partnered management of change process to place employees in new roles by July 2013.

The Project has also focused on identifying efficiency opportunities for operational delivery to be undertaken at lower cost. These will be enabled through the organisational design process and fulfils an intention of developing a new operating model and structure for operations whilst minimising the impact of operational delivery.

The Delivery Project has the potential to transform how the Department delivers its work. At this point in the organisational design process, however, the specific impacts on capability and capacity are not known. The content in this Four Year plan represents the current assumptions of the department's direction for Operations.

The capabilities within the department's managers and staff are critical to the success of the organisation. The department has a number of areas of focus, which will be consolidated within the Workforce Strategy which builds further on our 2020 People Strategy. These initiatives include support for leadership within the organisation, tracking and responding to 'engagement' of employees, building capability to deliver the more partnership and community-focussed approach to conservation management, increasing collaboration across the Natural Resources Sector, continuing sound health and safety management, and building the diversity of the workforce.

Information and communications technology (ICT) enhancement is a key focus for the department, guided by an overall systems plan. The services provided are being aligned to support the delivery of the department's outcomes, through better data management, and enabling greater access of information and services to partners and the public – for example Result 10 which aims to provide New Zealander's greater access to on-line services. Systems are in place to ensure ICT support remains robust. The new systems and training will support staff to work more effectively.

The Department has a high level of Capital commitment, notably in visitor infrastructure. An Asset Management Plan has now been commenced to link the management of these assets more clearly with the department's outcome responsibilities and in order to ensure the future plan is affordable within the existing baseline. While DOC manages more than $5 billion in capital assets, more than 90% are Crown-owned - predominantly public conservation lands and waters.

1.2   Operating Environment and Strategic Challenges

Operating Environment

Ongoing decline of native plants, animals and ecosystems

As part of the Annual Report to 30 June 2012 the Department completed the first stage of a systematic national sampling programme initially focused on indigenous forests on public conservation land. While initial data show that key components of the health of our forests are surprisingly good, the number and condition of many native plants, animals and ecosystems continues to decline. The Department has a major role, often in conjunction with communities, business and whanau, hapu, and iwi partners, in preventing individual species from heading towards extinction, and ensuring

ecosystems are conserved to a healthy functioning state. Climate change and associated impacts present a significant risk to conservation values.

Unpredictable and extreme events

Unpredictable events (such as fires, floods, marine mammal strandings, the Pike River Coal Mine tragedy, February 2011 Christchurch Earthquake, the grounding of the Rena, and the Tongariro eruptions) need an immediate response and can incur significant unavoidable costs. The frequency and severity of extreme weather events is predicted to increase. The unavoidable costs associated with these are not simply financial, but can impact significantly on the ability to achieve programmed work. They also can have a considerable impact on the security of species and ecosystems.

Tight fiscal environment and inflationary pressures

The resources available for conservation work are constrained by an ongoing tight fiscal environment and the inevitable effects of inflation. However, the value of conservation's contribution to 'brand New Zealand' is increasingly recognised. There is potential to draw on the increasing environmental awareness of consumers, businesses and communities to sustain and grow their contribution to conservation work and our strategy supports this approach.

Deliver better public services

The Government's driving goal is to build a more competitive and internationally focused economy with less debt, more jobs and higher incomes. The Government also has a clear focus on ensuring the state sector provides better public services more efficiently and with more innovation—creating high quality public services that are focused on the results that matter most to New Zealanders. The Department is responding to this challenge as it pursues its conservation outcomes.

In common with all government agencies, the Department engages in all-of-government initiatives and policy processes, including those relating to emergency and incident management, biosecurity, and science management. In particular, the Department works increasingly as part of the Natural Resources Sector (NRS) Network, providing advice to support government decision making[2]. This sector was developed in response to the complex nature of some natural resource issues and the constraints—ecological, fiscal, political and other knowledge gaps—that are increasingly evident. A broad view is needed in order to understand these issues and to develop effective responses. DOC is working with all NRS agencies to implement medium term priorities agreed by Government for the sector. These have just been published in the Building Growth from Natural Resources Progress Report[3]. DOC will continue to work with other NRS agencies to ensure the report's objectives and actions are delivered. Actions specific to the Department within the '*Maintaining and advancing biodiversity'* are:

- Develop guidance on biodiversity offsetting to assist businesses to achieve economic and environmental objectives,
- Grow the number of new business opportunities on public conservation land, such as species tourism, in order to deliver increased economic prosperity and conservation gain, and

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[2] See The Natural Resources Sector Briefing to Incoming Ministers http://www.mfe.govt.nz/publications/about/briefing-incoming-minister-2011/nrs-bim-2011.pdf

[3] http://www.mbie.govt.nz/what-we-do/business-growth-agenda/pdf-folder/BGA-Natural-Resources-report-December-2012.pdf

- Engage with local councils to improve coordination and more effectively manage biodiversity and ecosystem services.

DOC also has a lead role for initiatives under *Realising greater value from our marine and aquaculture resources*;

- pass new marine reserves legislation, and
- 'Investigate ways to get best use from our resources including reducing structural and statutory impediments to governing our marine space' (shared lead responsibility with Ministry of Primary Industries, Ministry for the Environment, Ministry of Business, Industry, and Employment).

There are also specific initiatives under the NRS umbrella around info sharing and capacity building.

In terms of environmental economics, this aligns with the now operational Economy and Environment Principles (EEPs) approved by NRS CEs in 2010 as principles to drive sector policy analysis.

Following this, DOC is also working to up-skill its policy personnel in the areas of high quality policy analysis and resource economics. Specific training for policy personnel has included resource economics seminars and Economic Evaluation of Policy Options by the Government Economics Network.

Delivering better public services includes work on joint outcomes with other agencies. For example, there has been a rise in obesity in New Zealand adults and children in recent decades, and one in three adults is now considered overweight. Encouraging people to engage in physical activity is a key platform for the Outdoor Recreation Strategy 2009–2015 (Sport NZ), and the Department has aligned with this through its intention to help grow participation in recreation at conservation destinations.

Treaty of Waitangi Claim settlement

The Department continues to engage with whanau, hapu, and iwi in meeting its responsibility under section 4 of the Conservation Act 1987, to give effect to the principles of the Treaty of Waitangi. As more Treaty of Waitangi settlements are achieved, the dialogue and relationship with hapu and iwi is moving into a post-settlement environment. Treaty settlements also contain specific obligations on the Department, including formal relationship documents. The Department will incur increasing implementation costs as settlements are completed. Cabinet has approved a funding mechanism for these costs, estimated in the range of $15 million to $20 million p.a. when all settlements are complete.

The Department's responsibilities for stewardship of many aspects of biodiversity and many historic sites make it essential that it operates in ways that assist tangata whenua to exercise their cultural relationship with their natural and historic heritage. This means engaging in partnership with tangata whenua to protect Māori cultural values. It includes supporting Māori communities as kaitiaki and encouraging their participation in conservation delivery.

Managing Public expectations – biodiversity and visitor assets

The Department seeks to better understand what people value and why, and then balance community aspirations and perceptions of value with professional knowledge and experience. This will help ensure that what is managed is what people want managed and it is managed well. In terms of the

international community, the Department will be refreshing the New Zealand Biodiversity Strategy to meet its obligations within the Aichi Biodiversity Targets[4] under the Convention on Biological Diversity.

Strategic Challenges

Business Partnerships

Substantially increasing the role of the commercial sector in generating conservation gains relies on the department being able to demonstrate the connection between conservation and economic prosperity and for this connection to be commonly understood across the commercial sector.

Currently the pervading attitude by those operating on public conservation land is that they do so by "right" rather than a privilege in which they are prepared to invest. Changing this attitude will require DOC to demonstrate and deliver real value in any established partnerships.

A continued or increased economic down-turn will impact on the availability of funds within commercial entities for conservation partnerships. There is a significant challenge for these funds in these difficult economic times.

Many of the businesses operating on public conservation land are tourism based and many are subject to changes within the international markets. Indications are that the composition of visitors is changing which has implications for the type of service they may demand. This could have a significant impact for DOC and those who operate on public conservation land.

Collaboration with others

Extensive resources are needed to achieve desired conservation outcomes. This means building on the increasing public interest in conservation and willingness to do conservation work. Underlying all of the Department's work is the understanding that conservation is not done by the Department alone, indeed many species that are threatened occur on private land and local landowners are often best placed to take appropriate action to ensure their survival.

The Department has a core dependency on the Ministry for Primary Industries for biosecurity and effective incursion management of organisms that can have a major impact on native biodiversity. The Ministry for Primary Industries is responsible for ensuring the welfare of our environment, flora and fauna and marine life in respect to biosecurity risks. The Department works in partnership with the Ministry on many biosecurity issues and is conscious that a timely, appropriately targeted response to incursions can avoid future costs. Other major collaboration initiatives are also in train for example working with Regional and Territorial Authorities on joint outcomes as well as reducing costs by sharing scarce resources.

Individuals, communities, tangata whenua, businesses, non-government organisations, landowners and councils all work for conservation outcomes, sometimes jointly, including sometimes with the Department. While working together is essential, there are strategic challenges in this approach. The Department needs to take care stakeholders do not confuse the Department's support for work undertaken by others as an approach to replacing resources eroded by inflation.

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[4] See http://www.cbd.int/sp/targets/

Understanding the full value of conservation

Engagement, collaboration and business partnerships are predicated on the ability to show the full environmental, social and economic value of conservation. The Department has been working at this and is becoming increasingly successful in linking conservation to the prosperity and wellbeing of New Zealand and New Zealanders. However, as the engagement broadens and more collaborators and partners look to invest time, effort and resources in the conservation of our biodiversity, so the requirement to support that message with more specific evidence and data increases.

The challenge is to grow the systematic knowledge, evidence and data linking conservation to the interests of our collaborators and partners in a way that is meaningful and useful for them. If, for example, an industry indentifies native biodiversity as part of their supply chain, then the ability to identify and value the specific services and benefits they receive from it becomes central to any investment decision they may make. Issues common to central agencies and local authorities are access to useful data, and the ability to interpret that data. Such knowledge must be built in such a way that it can be accessible by all and used in day-to-day decision making, not just applied to large one-off cases.

In short, until we know all the benefits that we are gaining or losing when making decisions associated with native biodiversity, and who the winners and losers are, then we can not be at all sure we are making the best decisions for our prosperity and wellbeing. The broader challenge of building this understanding and capability in relation to all biodiversity, both native and introduced, is one that is being faced nationally and internationally and spans the Natural Resources Sector.

Performance of physical assets

Capital Asset Management:
Conservation assets include both the land holdings of the Department, and the built visitor assets. Our natural heritage work to ensure that "*the diversity of our natural heritage is maintained and restored*", maintains and enhances the value of these public land holdings.

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

The condition and functionality is currently assessed as 'average' and 'moderate' respectively, but both are predicted to decline to 'poor' and 'partial' over the next 5 years. Acutely threatened, chronically threatened and critically under-protected classes are fragile in nature and are therefore in 'very poor' or 'poor condition', with unfit or partial functionality. Active pest management focused in these areas will improve standards over time. The balance of classes have average condition and moderate functionality. Where the threats such as pests are not being actively managed, this functionality deteriorates over time.

The condition and functionality of the visitor asset groups are considered to be 'average' and 'moderate', respectively, by CAM standards. Both are predicted to decline to 'poor' and 'partial' over the next 5 years if maintenance and replacement programmes are not fully implemented. For the majority of the assets, their availability and utilisation is currently considered to be 80% and 70%, but this will slowly decline to 70% and 50% if visitation reduces or remains at very low levels, which is the case for parts of the backcountry network and for some of the road-accessible destinations.

One key risk in this area of management is that increasing operating costs is making retention of the entire current visitor asset network unsustainable. Prioritisation work has identified parts of the existing network that have low benefit to cost ratio because of low visitation levels, and/or high cost of facilities.

Until we can fully implement our strategy to engage others in delivering increased conservation outcomes (such as community or business getting more involved in managing facilities), it is likely that reductions in visitor assets management by the Department will be needed across the country to manage remaining facilities to the required standard within the expected resources available.

Associated with this risk of not managing the existing network within available resources, is the risk of likely adverse public reaction to proposals to disestablish tracks, huts and other facilities, resulting in a loss of access and perception of there being a poorer set of opportunities available to the public.

To enable DOC managed destinations to appeal to a wider potential audience, the quality of facilities and services at some locations may have to increase, such as those forming part of the tourism network, and destinations intended to attract families and people new to the outdoors. There is continued pressure from tourism and recreation user groups to maintain the entire existing portfolio of facilities and to develop new or enhanced opportunities. These pressures require the department to prioritise its investment in visitor assets, and to plan ahead for the development of new opportunities, balanced by phasing out assets no longer needed due to limited public demand for the opportunities these assets support.

Workforce issues

The Department has a comparatively high turnover of staff up to 35 years of age (18% versus 7% for staff aged over 35 years).

It is expected that about 30% of the current workforce will retire over the next ten years and it has been difficult to retain skilled younger people with the impetus to take on managerial roles. Some research has been done to understand the needs and perspectives of young people in the Department and actions developed to meet these changing needs. This issue is present in other similar agencies overseas.

Baseline profile – OBU 2012	2012/13 ($0.000m)	2013/14 ($0.000m)	2014/15 ($0.000m)	2015/16 ($0.000m)	2016/17 ($0.000m)
Operating expenditure – departmental	349.501	324.561	325.555	326.111	327.133
Operating expenditure – non-departmental	54.182	19.166	22.278	22.278	22.278

1.3 Decision Points and Trade-offs

The Department has a set of programmes critical to delivering on its Strategic Direction. These programmes focus on being more effective in performing the Department's functional responsibilities, contributing to Government priorities, and increasing the opportunities to work with others to grow the benefits that arise from delivering conservation outcomes.

Table 1: The Department of Conservation Priorities and Result Areas

Strategic drivers	DOC priorities	Results for 2012–2017
Economic growth through supporting business and innovation. Inflationary pressures and tight fiscal environment. Increasing environmental awareness of businesses.	**Conservation gains from more business partnerships:** Increase business opportunities on public conservation land, and revenue generation opportunities that are consistent with conservation values.	Improve the Visitor Centre network performance and increase participation and revenue from Great Walks, camping, hut and other user fees. Establish more public-private business conservation partnerships.
Ongoing decline of native plants, animals and ecosystems. Inflationary pressures and tight fiscal environment. Deliver better public services.	**The diversity of our natural heritage is maintained and restored:** Optimise species and ecosystems management to achieve better value for money.	Increase the number of species actively managed through nationally prioritised prescriptions from 50 in 2011/12 to 300 over the next 4 years. Reset goals in 2016/17. Implement nationally prioritised ecosystem management for 400 ecosystem management units over the next 4 years. Reset goals in 2016/17.
Deliver better public services. New Zealanders becoming increasingly ethnically diverse and urban. Inflationary pressures and tight fiscal environment. Economic growth through supporting business and innovation. Sport NZ Outdoor Recreation Strategy 2009-15	**More people participate in recreation:** Use a demand-driven approach to providing visitor destinations and recreation opportunities.	Change to a more demand-driven site-based approach to recreation management to increase the participation of New Zealanders and visitors in outdoor activities on public conservation lands and waters. Baseline data have been established but detailed work on targets has not yet been completed.

Strategic drivers	DOC priorities	Results for 2012–2017
Increasing environmental awareness of consumers, businesses and communities. Relationships with New Zealanders ever more critical to conservation. DOC's relationships with central and local government agencies critical to conservation. Economic growth through supporting business and innovation.	**More people engage with conservation and value its benefits:** Increase engagement with councils, whanau, hapu, and iwi, business and communities to achieve collaborative delivery of priority conservation programmes.	Currently the Department manages 370 community partnerships, with an additional 140 whanau, hapu, and iwi partnerships. The Department is targeting an increase in conservation work of 15% from these groups over the next 4 years and will reset this goal in 2016/17. To explore all opportunities for the Department and regional government to work more efficiently and effectively in partnership.
Achieving settlements of all historical Treaty of Waitangi claims by 2014. Significance of post-settlement whanau, hapu, and iwi entities in regions. Economic growth through supporting business and innovation. Ongoing decline of native plants, animals and ecosystems.	Continue to work with whanau, hapu, and iwi to build and maintain productive ongoing conservation partnerships, and to support the economic base derived from settlements, particularly around natural heritage and tourism markets.	Increase the number of whanau, hapu, and iwi partnerships by 15% (from a baseline of 150 whanau, hapu, and iwi partnerships) over the next 4 years. Reset goals in 2016/17. Actively contribute to the government's priority of achieving just and durable settlements of all historical Treaty of Waitangi claims by 2014. Achieved by working alongside the Office of Treaty Settlements, and other government agencies as appropriate, in negotiations with mandated whanau, hapu, and iwi groups to facilitate settlements.

Key decision Points:

Recreation and Historic Heritage

The Destination Management Framework approach seeks to base decisions on visitor opportunity provision using a demand-driven approach. This is likely to mean changes in the available network in response to changing visitor preferences and population shifts, and managing within available resources. The ability to reduce investment while maintaining a minimum standard through to end of asset life (eg managing the optimal portfolio) will require constant trade-offs.

There is a key set of trade-offs between the number of facilities, the service levels of those facilities and the cost of provision. While reducing the service level and number of facilities will reduce costs, this also risks reducing demand for the whole network further, and failing to achieve the intermediate outcome.

There is a further set of trade-offs around the rate of change, because the faster the change occurs the higher the cost will be (for instance, write-offs of existing assets if they are removed).

Increasing participation will require the Department to move to a demand-driven approach. While the demand model requires an immediate investment in more accessible facilities in the 'front country', some of these people will be the future users of the 'back country'. This means that the focus on front country is not entirely at the expense of the back country and a certain level of asset provision will need to continue to service the growth in users as their experience matures and demand for more testing experiences in the back country also increase.

This will require the Department to more closely manage any shift in resources from the geographically widespread, backcountry-focused legacy provision in order to match current and future demand, which may mean a geographic shift in provision, and / or a change in the type of opportunity provided.

The trade-offs will be managed by clear communications with stakeholders, the Department being responsive to the needs of local communities and stakeholder groups and a willingness to learn by doing and adjusting focus if we are not increasing participation.

Key trade-offs that affect Departmental decisions in the management of cultural and historic heritage are as follows:

- The choice between level of intervention/costs in individual sites and the overall number of sites that can be conserved, along with the extent to which it is possible to extend the life of a place in relation to the cost of conservation.

- Ensuring a regional distribution of conserved places rather than focussing solely upon places that receive the highest frequency of visitation, and finding an appropriate balance between managing what is accessible and what is important from a cultural heritage perspective (where these values do not coincide).

- Understanding what people value and why, and then balancing community aspirations and perceptions of value with professional knowledge and experience to ensure what is managed is what people want managed and it is managed well.

Commercial Business trade-offs

Delivering conservation outcomes in partnership with commercial entities will require DOC to place focus on areas of interest to partners and not only to those areas determined as important by DOC. Gaining increased external funding as a result of these partnerships means DOC will need to work with partners to determine where that investment is placed and thus some of our funding decisions will be influenced by external interests and priorities.

Working with commercial entities will require DOC to work within commercial time-frames and move to take advantage of current opportunities, as commercial funds move quickly between opportunities. This is at odds with the Department's current processes, for example 10 year management plans.

[9]

2.0   Medium-term Intentions

2.1   Summary of Medium-term Intentions – Intended Changes

Intention *(Name and brief description)*	Type of Action *(New/stop/change)*	Success measures *(Text)*
A	All progress is via continuous improvement to core business		

2.1.1   Summary of financial implications from medium-term intentions – intended changes

Financial implications arising from changes to outputs, services or deliveries	2012/13 ($0.000m)	2013/14 ($0.000m)	2014/15 ($0.000m)	2015/16 ($0.000m)	2016/17 ($0.000m)
Operating impact – departmental	-	-4.450	-10.471	-13.140	-15.332
Operating impact – non-departmental	-	-	-	-	-
Capital impact – departmental	-	-	-	-	-
Capital impact – non-departmental	-	-	-	-	-

2.1.2   Summary of new funding sought from the centre

Value of new funding sought	2012/13 ($0.000m)	2013/14 ($0.000m)	2014/15 ($0.000m)	2015/16 ($0.000m)	2016/17 ($0.000m)
Operational expenditure – departmental	-	-	-	-	-
Operational expenditure – non-departmental	-	-	-	-	-
Capital expenditure – departmental	-	-	-	-	-
Capital expenditure – non-departmental	-	-	-	-	-

2.2 Core Business, Continuous Improvement and Other

Natural Heritage Management

Natural Heritage management will continue with the planned programme of reprioritisation of terrestrial and freshwater-based work to ensure that a full range of ecosystems is conserved to a healthy functioning state and nationally threatened species are conserved to ensure persistence. Further efficiencies will be obtained by integrating ecosystems and species management programmes in prioritised management units. This work is based on scientifically robust methodology and is heavily dependent on knowledge acquisition and innovative modelling and management methodologies. Prioritised freshwater ecosystems will be managed as an integral component of ecosystem management.

The places and species that New Zealander's consider to be iconic will also be managed. Based on a public poll of over 3,600 respondents, National Parks were selected as iconic natural features. There are currently 14 National Parks and the plan is to bring on-stream two National Parks each year in which iconic landscapes will be managed to ensure the valued features remain in perpetuity. Ten iconic species were selected, again by public poll. All ten species will be actively managed within the medium term: some are widespread and common, e.g., tui, rimu and pohutukawa and benefit from common management activities like possum control. Others are threatened species like kakapo, tuatara and kiwi that require more intensive management.

Monitoring of condition, trend, and the difference our interventions make, across public conservation lands and prioritised ecosystems will be fully established and reported on during the term of this four year plan. As with the other Natural Heritage work a staged approach to implementation is being used, with the first of the non-forest plots being evaluated during the 12/13 field season.

In the freshwater environment, safeguarding key values and habitats necessitates innovative approaches involving working with others through statutory and non-statutory advocacy. This work is based on good science and systems.

Plan Blue is the development framework for achieving effective conservation in the marine environment. Tools and approaches developed in the terrestrial environment will be used in the medium term, for example, ecosystem and species targets will be developed, supported by innovative marine conservation management systems and tools including a marine ecological integrity framework. Partner agencies are also contributing resources towards a more planned approach to marine conservation; developing indicators of ecological integrity and understanding marine pressures.

In line with New Zealand's obligations under the Convention on Biological Diversity, the Department will be refreshing the New Zealand Biodiversity Strategy.

Success Measures

These will be based on achieving key natural heritage objectives:

- a full range of ecosystems conserved to a healthy functioning state (an additional 400 ecosystem management units by 2016/17 out of a total of approximately 900),

- conservation of nationally threatened species to ensure persistence (an additional 300 species under active management by 2016/17 out of a total of approximately 760)

- Iconic natural features will be managed to ensure the valued features remain in perpetuity (Two national parks are in this programme currently, 8 national parks will be involved in this programme by 2016/17).

- Iconic species will be actively managed (5 iconic species are in a pilot programme, 10 iconic species identified through public consultation will be under management by 2016/17).

- Monitoring of condition and trend across public conservation lands and prioritised ecosystems will be fully established via 1311 monitoring plots and reported on.

This work will increasingly be undertaken by, or alongside others which will involve development work on measures to report on the success of others in achieving conservation.

Historic

Historical and cultural heritage management is a key part of the mandate of the Department. It has enormous potential to increase the level of involvement of a more diverse range of the community with conservation and with the Department. The range of heritage places managed by the Department provides a richness of experience for New Zealanders and for overseas visitors to public conservation land, and an opportunity for them to engage with their culture, history and identity.

There are over 12,000 known archaeological and/or historic sites recorded on public conservation lands, and a large number of other buildings, structures, features and places with historical and/or cultural value across the lands administered by the Department. The diverse range of natural and cultural landscapes managed by the department is rich with historical, archaeological and cultural values; traditional associations; and wahi tapu, many of which are an important part of New Zealand national or regional identity. In all, the department manages the single largest proportion of historic heritage in NZ, including a significant number of nationally significant and high profile places.

Approximately 560 key heritage sites have been identified for active conservation, ensuring a representative range of heritage is conserved for present and future generations. Remaining heritage places are protected by legislation and information about them is managed by the department.

Currently core work consists of implementing a regime of maintenance across actively conserved places, undertaking repairs to those places on a prioritised basis as funds allow, and ensuring the protection of other significant places from negative effects of other work programmes or decisions.

Other important work that is more difficult to fund is continually improving knowledge of conservation methodology and research into the location, nature, extent, and values of historic places and the threats acting upon them. Monitoring of the condition of places, threat dynamics, and effectiveness of management interventions is an essential component of a responsive and effective heritage management system.

Recreation

The Department manages a network of 14,000 kilometres of track, 970 huts, and more than 1,750 toilets. This work is underpinned by service standards, regular inspection against the standards and a range of technical skills (recreation planning, asset management, stakeholder management, research into visitor behaviour etc) to ensure that the network continues to be highly regarded.

This will continue, as the rate of change in the network reflects the long life of the assets and financial constraints. However, as funding constraints and changes in investment take effect we can expect to

see changes in the utility of the network. The Destination Management Framework[5] provides the context for these changes. Icon sites will be developed to support the growth of domestic and international tourism, while Gateway destinations will be developed to introduce new participants and to grow recreation in the outdoors. Locally treasured destinations will be managed to grow community connection with, and use of, their locally important places, while the backcountry network will be managed in a way that attracts a wider range of visitors, and, assuming that demand grows, increases the use of these special places.

By focusing investment around these four market segments, the Department will ensure that investment is focused on the facilities that will return the greatest benefit to New Zealand. This focus will lead to greater business opportunities through integrated marketing and management of the iconic tourism destinations that contribute to New Zealand's prosperity. They will also lead to increasing numbers of New Zealanders accessing public conservation lands, gaining health and well-being benefits, and becoming engaged in conservation. Lastly, local communities and the core, established users of public conservation lands, will still have facilities that keep them connected to public conservation areas.

Table 2: Recreation Participation Targets

Facility Type Used in the previous 3 years[6]	2008 - 2011	2015-2017 5-year target
Walked a Great Walk – indicator of Icon and Gateway use	15% (0.6 million people)	18% (0.8 million people)
Stayed at a basic campsite - indicator of Gateway use	21% (0.9 million people)	25% (1.2 million people)
Stayed at a standard campsite – indicator of Gateway use	17% (0.7 million people)	20% (0.9 million people)
Stayed at a serviced campsite – indicator of Gateway use	10% (0.4 million people)	15% (0.7 million people)
Stayed in a hut/lodge – indicator of Backcountry use	13% (0.6 million people)	15% (0.7 million people)
Been to a DOC visitor centre	51% (2.2 million people)	60% (2.8 million people)

Table 3: Recreation and Historic Icon Destination Satisfaction Targets

	2007-2008	2008-2009	2009-2010	2010-2011	2016–2017
New Zealanders' overall satisfaction levels	84%	82%	89%	88%	95% 5-year target

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[5] See Destination Management Framework http://www.doc.govt.nz/documents/about-doc/role/policies-and-plans/cms/dmf-overview.pdf

[6] Department of Conservation National Survey Report 2: Destination Management Framework September 2011 used this type of facility in the past 3 years.

Engagement

DOC's responsibility for stewardship of many aspects of the natural world and many historic sites make it essential that it operates in ways that assist tangata whenua to exercise their cultural relationship with their natural and historic heritage. DOC will continue to build relationships and engage in partnership with whanau, hapu, and iwi to protect Maori cultural values. This includes supporting Maori communities as kaitiaki of their historic and cultural heritage and taonga, and encouraging their participation in conservation delivery.

To protect New Zealand's biodiversity and special historic places requires DOC to collaborate across government and engage in international agreements, and to grow and harness the understanding that conservation is at the heart of what it means to be a New Zealander. To inform New Zealanders on how they can contribute to the conservation challenge, DOC's communication and public engagement programmes will continue to engage people with conservation and to demonstrate the value that conservation brings to New Zealanders and New Zealand's prosperity.

Education programmes in schools and communities will continue, and skill development opportunities for communities will be expanded largely through the increased provision of online training opportunities. There will also be an increase in other online services, such as for the promotion, management and monitoring of conservation volunteer activities, and for conservation education activities and resources for teachers. These online developments will make it possible to extend the outreach and accessibility of conservation learning and involvement opportunities. The conservation education resources for teachers and students are curriculum linked and designed to enhance core learning areas such as science, geography, maths and English.

Underlying all of DOC's work is the understanding that conservation is not done by DOC alone. Individuals, communities, whanau, hapu, iwi, businesses, non-government organisations, landowners and councils all currently undertake conservation work that supports wider conservation outcomes. Working together is essential, as much of New Zealand's threatened biodiversity is outside public conservation lands and waters, and the conservation task is much bigger than DOC alone can manage. DOC's new business model puts more emphasis on partnerships, relationship building, sharing skills and knowledge and involvement of others, so that, over time, more conservation outcomes will be achieved through the efforts of others rather than by DOC itself.

Table 4: Engagement Success Measures

11/12	12/13	Target 16/17
Change in New Zealanders' understanding of the importance of conservation Target: 90% Actual: 83%	Change in New Zealanders' understanding of the importance of conservation Target: 86%	98% of New Zealanders surveyed think conservation is important to them
More people participate in conservation activity (DOC and others) 548 partnerships 151 whanau, hapu, and iwi partnerships 11816 individual volunteers 31806 volunteer workdays		15% increase in conservation work[7] from community and iwi partnerships

Commercial Business

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

Additional benefits will include:

- Contributions to conservation from resources generated by business opportunities on public conservation lands and waters.

- Enhanced conservation management due to different ideas and initiatives arising from DOC's interactions with the commercial sector.

- A wider recognition of the links between conservation and successful businesses, and the economic value that flows from conservation-based business.

- A wider range of people will have a stake in the conservation of New Zealand's natural and historic heritage.

The focus over the next 4 years will be on:

- Improving DOC's ability to deliver commercial outcomes from its own business - increasing net revenue flows (e.g. visitor centre retail sales).

- Building productive business partnerships that deliver conservation gains.

- Enabling business opportunities that are consistent with conservation to raise New Zealand's prosperity.

- Increasing awareness and participation in recreation on public conservation land.

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[7] Success measures yet to be finalised

Information Services and Support

The Information Services and Support Unit (ISS) provides the core ICT services which support the Department in achieving its desired outcomes. The requirement to maintain and continually improve the existing systems, the stratagems to identify and address future business needs and the transition to more efficient Information systems are all important drivers in establishing the 4 year plan.

The new operating model requires open collaboration with other governmental agencies, private enterprise and the public, shifting the existing internal facing information systems to more open, external facing systems, with transparent access to the Departments information.

Another driver is to deliver better public service by improving the ease with which visitors and citizens access our products and services through our "sales channels", either through our retail network, on-line via our website or through third parties.

ISS needs to provide an agile and responsive approach to the needs of the business and take new lines of business to market quicker through faster delivery of supporting IT services. The transformation from reactive to a proactive IT service can be achieved by understanding the business need and with creative and innovative design, provide solutions. The provisioning of an ICT Design Centre will create the necessary environment to promote this type of innovation.

The Inflationary pressures and tight fiscal environment has focused ISS management on looking at more cost efficient ways to operate the ICT environment. One of the areas is to consolidate the many legacy applications in the Department. The Business systems application consolidation work will review the existing applications and provide a future state architecture along with a delivery roadmap and investment plan. Consolidated applications will be developed on DOC's enterprise platforms, which will include the new Enterprise Content Management and E-Services systems alongside the existing GIS and ERP systems.

The Department's ICT infrastructure needs improvement with a focus on the office productivity suite and urgent investment in the replacement of outdated software on the desktop. In addition the necessary infrastructure in the data centres and the office networks are reaching the end of their economic life and will need to be replaced. This necessary replacement to the core infrastructure will be done in conjunction with the All-of-Government initiatives presently underway.

The development of a data, voice and mobile strategy will take advantage of the latest technological opportunities to extend collaboration to external visitors, volunteers and the public. It will also meet the business need for a workforce to be more mobile with increased need for IT connectivity to share and download data.

ISS plans its ICT programs to span multiple years to limit risk introduced during change and spread investment while building the required ICT capability. To ensure optimized resource usage and to manage cost of service provision, a streamlined "supply and demand" model allowing for effective capacity and capability planning is required.

The new programs of work are Enterprise Content management, E- services and Geospatial. Work on existing systems includes necessary upgrades to ERP mobile (MAM).

3.0 Organisational Capability and Workforce

(Note: full supporting details are contained in Appendix 1)

Overview

A key shift in our strategic direction is to broaden the way we think about conservation, to encompass other views and look for new ways of working with others that benefit people's health, wellbeing and prosperity as well as achieve more conservation outcomes. We have been successful in engaging with others. Our new business model, along with our new models for conservancies, and support and services, will build on this success. Implementation of the new business model involved two significant organisational change programmes:

- The recently completed Organisational Review putting in place the centralised service and support structure, and enhanced Conservancy focus on growing engagement with others.

- The second phase now under development of changing the business model through the Delivery Project with the aim of focussing Operations more on working with others to achieve increased conservation outcomes.

The following points of focus will be used to drive further improvement across the organisation, and will be important components of the Workforce Strategy that is under development:

1   measuring productivity and performance against outcomes,

2   creating new systems and communication channels to provide information and engage with our stakeholders,

3   taking a proactive approach to capability development,

4   having a strong employer brand,

5   having a reputation for collaboration and relationship building,

6   having a strong health and safety record,

7   embracing equality and diversity.

Current State

In 2011 DOC undertook an Organisational Review that was the first of two phases in identifying a new business model. This review looked at how the support and service functions and work systems were structured in order to achieve more cost effective ways of operating. It identified changes that would enable DOC to work more efficiently and effectively, and achieve more conservation by working with others.

All functions in DOC's National Office, and many service and support roles within Conservancy Offices have now been reviewed. The resulting recommendations were implemented in two phases, on 1 February and 1 July 2012. This included the:

- centralisation of service and support roles into five Shared Service centres and;
- establishment of a new Conservancy structure with new roles focused on growing engagement with community, business and whanau, hapu, and iwi.

These changes have delivered a new operating model and achieved the cost savings projected in the baseline target set in 2009.

A formal review of the Shared Services model was undertaken, with the aim of evaluating its strengths and development areas. Service providers and customers were invited to provide feedback on their

experiences and offer suggestions, to enable improvements to be made. The findings show that, generally speaking, the concept of shared services is widely understood at DOC however established behaviours and ways of working will take time and energy to change to enable this new way of working. Recommendations for ensuring greater realisation of the intended benefits of the shared service model focus largely on growing awareness of the shared service behaviours and making better use of the data management tool (Assyst).

Future State

The second phase of changing our business model (the Delivery Project) is now under way. This phase will look at our Operations (delivery) functions in the context of our vision and potential scenarios of the future. We will design a new business model and structure for our Operations business that enables us to work with others to achieve increased conservation outcomes. This includes working and thinking as one organisation, balancing organisational priorities with local priorities and engaging others in innovative alliances and partnerships in delivering conservation outcomes.

The Delivery Project will help reposition the organisation to develop an efficient and effective, future focused operating model for conservation delivery that:

- supports the achievement of DOC's vision and conservation outcomes
- fits DOC's new business model of doing more conservation through and with others
- delivers the required savings to meet our $8.6 million budget reduction

The Delivery Project will review all Operations functions that were not in scope for the 2011 Organisation Review. This includes all delivery functions within Field Centres, Area Offices and Conservancies and includes approximately 1,100 staff. Overall capacity in the Operations part of the business will be a central part of this project. This work, whilst involving a large number of staff in design, brings with it uncertainty and anxiety during this time. It will be difficult to confirm the capability and workforce improvement programme until mid to late 2013 when we are through the major implementation of our design.

Levers to Support Achievement of Business Goals

The organisational changes described earlier are intended to better align the structure to deliver our strategic outcomes. Realigning the organisation will require changes to our systems, processes, organisational culture and capabilities.

The following provides a snapshot of some of the levers we have identified to help us achieve the shifts needed.

1) We are improving our ability to **measure productivity** and **performance** against outcomes

The PIF review (2010)[8] found that, while DOC is strong at measuring inputs and outputs, these are not translated into measures against outcomes. It is therefore difficult to effectively measure organisational performance in a meaningful way. With the Natural Heritage Management System (NHMS) tools coming on line over the past 18 months this situation has improved but more work still needs to be done in other outcome streams.

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[8] SSC (2010) Performance Improvement Framework: Formal Review of the Department of Conservation (DOC), State Services Commission, the Treasury and the Department of the Prime Minister and Cabinet.

Our ability to communicate clear outcomes and objectives, align and focus our efforts in high impact areas and effectively measure our success is dependent upon streamlining our planning, work allocation and monitoring systems. Effective and innovative Information and Communications Technology (ICT) is critical in transforming the way that we measure productivity and performance. We have completed work on Service 2015 (our ISSP) and have realigned our IT capability and capacity to design and implement enterprise wide system changes. In addition to the ITC service changes already described in the previous section, key initiatives underway to achieve improvements include:

- The 'Integrated Planning System (IPS), will integrate our planning processes so that we have line of sight from strategy through to individual workplans. A staged implementation is under way.
- The Natural and Historic Management System (NHMS), will provide a national picture of biodiversity loss and gain, and enable more informed decision making and prioritisation nationally and locally.
- As part of the demand-driven approach of the Destination Management Framework (DMF), DOC will continue a one stop, centrally managed and co-ordinated survey of New Zealand populations, and relate this to DOC managed recreation facilities. This will better inform strategic decision making based on empirical data around customer demand and needs.
- The Nga Whenua Rahui fund grants application software, which manages non-departmental grants, was completed in 2012. This database provides reporting data for key outcome and output performance measures for DOC.
- 'Assyst,' which is a new IT system introduced to support the Shared Services operating model, allowing greater transparency and reporting on the services being accessed and delivered. All of this work was focused on increasing the department's effectiveness and efficiency.
- Development of an Enterprise Content Management system (ECM) for the DOC is underway. This will substantially change our ability to input, access and manipulate multiple layers of data, including through smart devices anywhere in the country. It will also allow integration of information across the internet and Intranet making access to our systems and on-line tools much easier.

2) We are creating new **systems** and **communication** channels to provide information and engage with our stakeholders .

Externally, ICT is an important lever to support the achievement of our business goals. For example, within the Natural Resources Sector (NRS), greater sharing and transparency of information will be achieved through the consolidation of systems and data across the sector. One example is the introduction of NaPALIS (the National Property and Land Information System), which is a joint LINZ/DOC project and aims to deliver authoritative land information about public conservation land. NaPALIS will enable more integrated and 'joined up' planning and decision making across the NRS.

For our stakeholders and the public, a key shift is that we will be increasing online engagement with them. Web services will enable us to be more agile and responsive to people's needs by improving accessibility and speed of access.

In the last year we have established a social media team - new social media sites have been developed to enable greater ease of communication within DOC, across the NRS, and with our customers and key stakeholders. Our ability to access and interact within social media sites will become increasingly important for these groups.

3) We are highly regarded for our proactive approach to **capability development**.

- The Ranstad employer branding research (2012) rated DOC highly for learning and development.

- Over the past five years, DOC has reviewed almost all its capability development systems and professional development framework. It has been critical to integrate systems so they work together to align and drive agreed behaviours. We have been largely successful at this but a higher quality of managerial skill is required to make the most of the systems we have.
- In 2007, we developed a comprehensive Leadership Development Framework that describes the way in which people throughout the organisation can develop their personal and team competencies in both formal and informal ways over time.
- This Framework is intended to be run through I-Learn, a Learning Management System (LMS). Implementation of this tool will begin early next year.
- As part of this development framework, a 70/20/10 development planning model[9] and strengths-based development principles have been introduced to help ensure that all employees have the opportunity to 'do what they do best' in their roles, and that we make the most of the many and varied talents that people bring to the organisation.
- DOC was a finalist in the IPANZ 'Improving Performance through Leadership' award in 2012[10] for its Conservation Leadership Programme, which is offered to the wider Natural Resources Sector cluster (NRS). All tier two and approximately 90 percent of tier three people leaders have now participated in this technical programme.
- We have expanded our leadership development investment in young, aspiring leaders with potential, to include participation in an Emerging Leaders programme, currently offered through the Ministry for Social Development (MSD). We are also expanding our talent management approach by investing in the Building Capable Managers Programme (run by the Ministry for the Environment – MFE) for high potential tier five people leaders.

4) We have a strong **employer brand.**

- Ranstad's employer branding research (2012)[11] found that DOC is rated as the 7th most attractive organisation to work for in New Zealand across all respondents.
- This year's Hay Group/New Zealand Management Magazine's research[12] evaluated DOC as 1= with Police as New Zealand's most reputable Govt Department.

5) We have a reputation for **collaboration and relationship building**

- The PIF report highlighted DOC's positive contribution to the NRS group and effective working relationships with these key agencies as a strength.
- DOC was a finalist in the IPANZ/Gen-I Public Sector Excellence Awards - 'Excellence in Crown-Maori relationships' - for its Tauiri Kaitiaki Taiao Maori Conservation Cadetship programme; its work with the Ruapuha Uekaha Hapu Trust on the Waitomo Glowworm Caves; and for work with Te Iwi O Te Roroa on protecting the Waipoua and Mataraua Forest.
- In Dec 2011, the three lower North Island Regional Councils and DOC signed a Relationship Declaration, expressing a shared commitment to increased collaboration and more effective and efficient management of natural resources in the lower North Island (Nature Central). This agreement could shift the way natural resources management is carried out in New Zealand by public agencies and, as importantly, in partnership with others.
- Auckland has recently signed a similar arrangement with the Department, and other local authorities are working in this direction.
- DOC is well respected by the PSA for its transparency and strength of relationship.

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[9] See 70/20/10 development planning model description http://en.wikipedia.org/wiki/70/20/10_Model
[10] IPANZ 2012 Awards http://ipanzawards.org.nz/wp-content/uploads/2009/11/ipz_awards_booklet.pdf
[11] Ranstad employer branding research http://www.randstad.co.nz/about-randstad/randstad-award/about-the-randstad-award/recognising-new-zealands-best-employers
[12] Hay Group / New Zealand Management Magazine research report http://www.haygroup.com/downloads/nz/26-35%20MGT0912_CoverStory.pdf

- Our GIS capability is the largest in New Zealand and we are constantly working with other agencies and universities, Crown Research Institutes etc. to share data and build a mature understanding of New Zealand's natural and built assets.

6) We have a strong **health and safety record** which we are dedicated to improving

ACC claims

From 1 July 2011, the Department has been in the Accident Compensation Corporation (ACC) Partnership Programme. The ACC Partnership Programme encourages injury prevention and enables an employer to manage workplace ACC claims in return for significant discounts on levies.

The number of claims increased from 257 in 2010/11 to 285 in 2011/12 (nearly 9%) – refer Figure 3 below. This increase is not unexpected, given the ongoing promotion of the programme to staff. Around 80% of the claims are for minor injuries (medical fees, a visit to the doctor with no further treatment). To improve staff wellbeing and reduce the financial risk of the programme to the Department, there will be a need to focus on injury prevention initiatives, that is, reducing injuries will reduce cost, which will reduce risk.
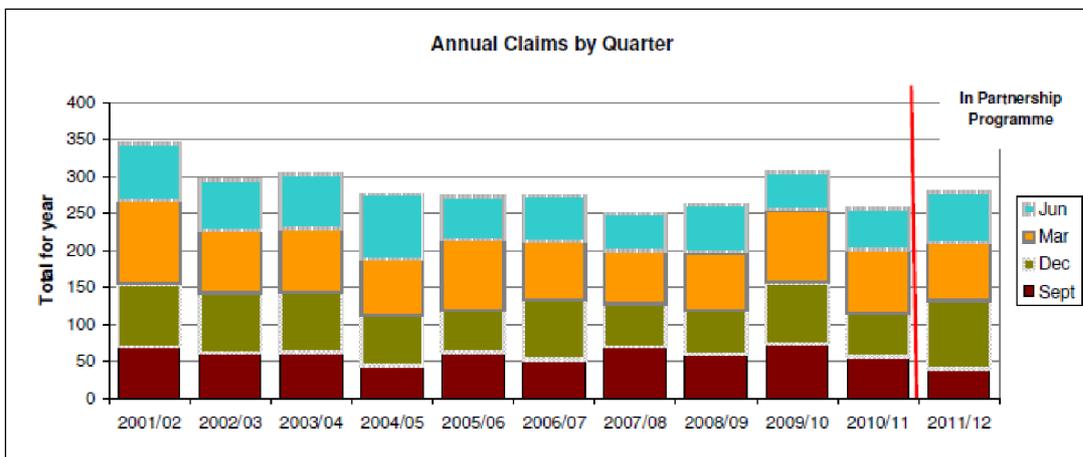

Figure 3: Annual ACC Claims

ACC Partnership Programme Implementation (additional item of interest outside of the BIP programme) QE *30 September 2012*

Benefits
Injury Management Benefits

Positive benefits in injury management are being achieved through this programme. This is evidenced by significantly less average cost per claim than for similar claims managed by ACC, which indicates better 'return to work' outcomes. Sustainable reductions in injury and claims will depend on DOC's various injury management and prevention initiatives which support its membership of the Partnership Programme.

Reduced Accident Compensation Costs
The business case for shifting to the ACC Partnership Programme projected ongoing annual operating savings of $1.053 million from 1 July 2011. Effective from 1 April 2012 ACC substantially reduced standard employer scheme levies and a further smaller reduction will occur from 1 April 2013. This reduced the achievable savings from the Programme, as explained in the following Table 5.

Table 5: Costs Associated With DOC Shifting to the ACC Partnership Programme

	Business Case	2011/12 Actuals	% Movement on 2011/12	Forecast 2012/13	% Movement on Business Case
Standard Work Place Levy	$2,253,651	$1,988,241	-11.8%	$1,383,845	-38.6%
DEDUCT: DOC's Partnership Programme Costs					
Partnership Programme Levies	$640,603	$716,787	11.9%	$599,905	-16.0%
Claims Costs	$400,000	$263,611	-34.1%	$306,524	-23.4%
Admin Costs	$160,000	$108,123	-32.4%	$120,000	-25.0%
Estimated DOC Saving	$1,053,048	$899,720	-14.6%	$357,416	-66.0%

As can be seen, cost savings are considerably reduced due to the reduction in ACC levies. ACC expect to hold these reductions at present levels for the next five years.

As long as claims costs do not significantly increase, DOC will continue to achieve good cost savings from participation in the Partnership Programme at a level similar to that forecasted above. To reduce the risk of increased claims costs, DOC needs to continue to develop and apply injury prevention initiatives.

Fatalities

The Department deeply regrets the death during 2012 of two men dedicated to conservation.

The first was a DOC ranger killed in a helicopter crash in Northland while undertaking fire and rescue activities. The Civil Aviation Authority is investigating the accident.

The second fatality involved an international volunteer working on Raoul Island who was swept off rocks while taking sea temperatures for the MetService. This event was a tragic reminder that no-one in DOC can reduce their attention on healthy and safe practices in the work place.

Medical injuries, lost time and serious harm

Figure 4 shows the Total Recordable Injuries Frequency Rate and the frequency rate for First Aid Injuries Frequency Rate. The total of these two, the All Injuries Frequency Rate, shows an increase over the past 12 months. This increase in total recordable injuries (that is, medical treatment and other serious injury) is mainly explained by the increase in ACC claims (as discussed). This is an area the Department will focus on over the next 12 months.
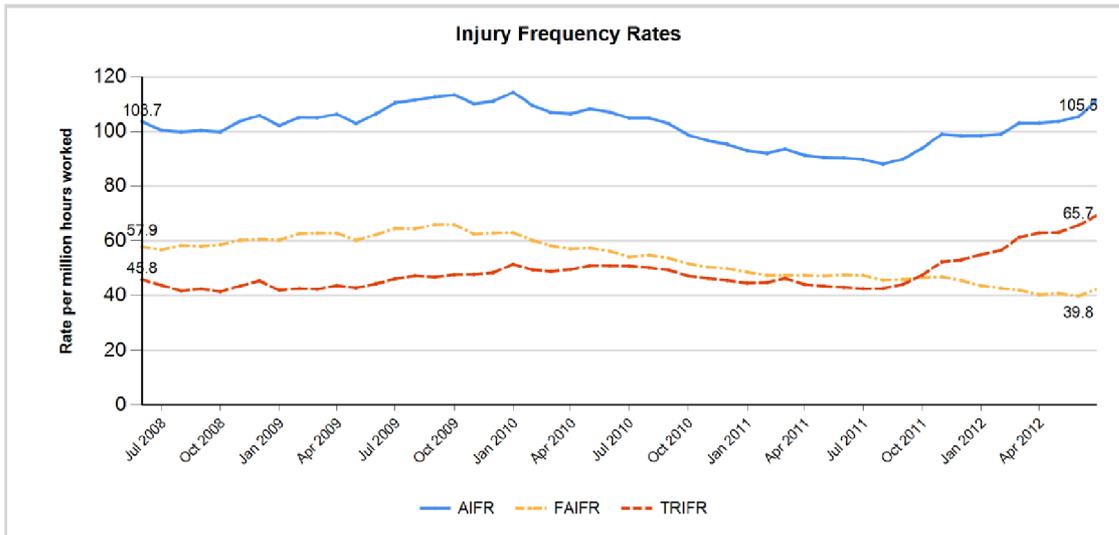
Figure 4: Department of Conservation injury frequency rates
(Note: AIFR = All Injuries Frequency Rate; FAIFR = First Aid Injuries Frequency Rates; TRIFR = Total Recordable Injuries Frequency Rate)

The Department has a number of initiatives underway to improve our systems and approach to health and safety, including the:

- Development of a fatal risk management system to better manage our fatal risk areas
- Evaluation of the resourcing needed to provide operational support for high risk operational safety issues across the Department
- Review of our safety planning system to improve the application on the ground of our safety standards and procedures

The Executive Leadership Team has heightened its focus on health and safety and is reviewing current practices to eliminate gaps and issues. Advanced training in health and safety leadership for executives and tier three managers is planned for 2013

7) Embracing Equality and Diversity

The following equal employment opportunity (EEO) initiatives are underway or planned in the Department:

- The Leadership Development Programme, which focuses on the value of diversity and different ways of thinking
- DOC's behavioural competencies, set the standard for recruitment and performance in the role, include valuing differences, seeking to understand the diversity and complexity of different beliefs and needs; working in partnership with iwi and tangata whenua and demonstrating an understanding of, and showing respect for, Maori tikanga and protocols.
- Apart from Te Puni Kokiri, DOC has the most comprehensive, operational focus on working with Maori in the core public service and our Pou Kura Taio network is heavily engaged across the business to facilitate effective relationships with iwi communities and business.
- DOC has been running a Maori Cadetship programme for the past three years in collaboration with Nga Whenua Rahui, Te Puni Kokiri (in the first year) and several iwi. This programme is gathering momentum due to increasing support from Iwi who need to build skills in conservation management as a result of treaty settlement arrangements. DOC has committed funding for this programme for the next two years and will continue seeking other funding sources in order to grow participation.

The Table 6 below shows the groups we are targeting to achieve equal opportunity in DOC.

Table 6: EEO Target Group Statistics, at 30 June 2012.

	2002/3	2003/4	2004/5	2005/6	2006/7	2007/8	2008/9	2009/10	2010/11	2011/12
Women	33.1%	33.0%	34.1%	34.7%	35.6%	36.3%	36.5%	37.6%	37.3%	36.2%
Māori	10.7%	10.6%	10.6%	10.4%	10.25%	10.32%	10.4%	10.7%	11.26%	11.41%
Pacific peoples	0.6%	0.4%	0.4%	0.3%	0.44%	0.38%	0.27%	0.37%	0.37%	0.41%
People with disabilities	5.5%	5.0%	4.8%	4.4%	3.9%	3.6%	3.3%	3.15%	2.9%	2.6%

The following graph shows the proportion of male versus female managers at different tiers at June 2012.

Valuing diversity in our organisation continues to be a major focus for the next four years as we seek to partner with diverse communities, businesses and other groups and individuals to achieve conservation outcomes.
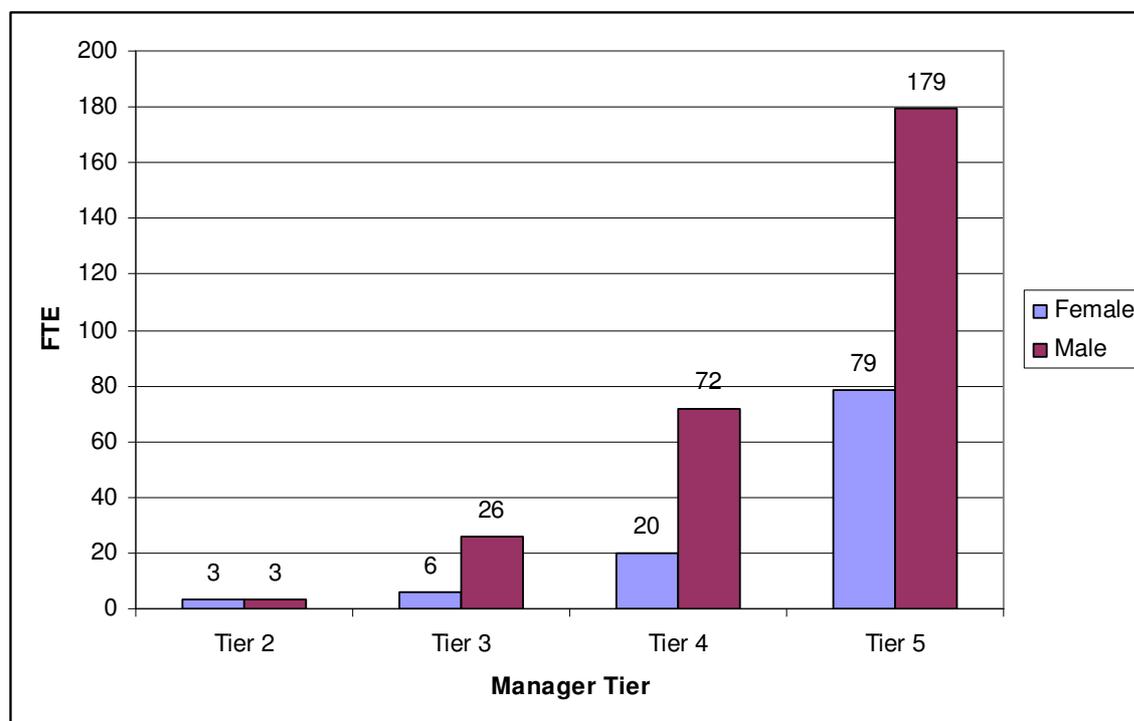

Figure 5: Gender Representation Within DOC Management

Relationship with the PSA union

DOC has 70.5% PSA union membership with 68% of staff covered by a collective agreement. A Partnership Agreement has been agreed between DOC and PSA to facilitate a cooperative and open relationship. The PSA has a strong delegate network which helps improve communication between staff and management. This enables both parties to resolve issues at the lowest level and to raise significant issues to senior management quickly when required.

The Wider Organisation and Change Leadership

DOC recognizes that success in leading the organisation through change hinges on our Leadership Team's ability to communicate coherent, compelling and 'joined up' stories about why we are changing and the associated opportunities and benefits. Different communication channels and media need to be used to ensure that all employees connect to these messages, and managers are effective in communicating with affected team members. Over the past two years, openness and transparency has been achieved through involving representative employees in the design and implementation stages of organisational change. This approach has engendered an understanding of and commitment to the new direction and structure, making DOC a more 'resilient' organisation. In anticipation of concern arising from further changes arising form the Delivery Project, we will continue to involve employees in change management processes.

Change leadership is described as a key capability area in our competency framework for leadership roles. These behavioural competencies are included in role descriptions and reinforced in performance and development plans and our Leadership Development Programme (LDP). The latter provides our people leaders with a range of tools and frameworks, as well as support, to better equip them to lead organisational change. The programme is designed to open our leaders' minds to different perspectives and 'mental models;' systems thinking and creative ways to deal with adaptive challenges. This approach has been successful and design of the next 'advanced' phase is underway.

Action learning, which is used extensively in the LDP, is now used by teams as an effective way to understand and integrate interdependent work and resolve issues. In 2013 -14, we will be building on this programme with even more targeted development including 360 degree surveys, planning at team level and targeted coaching to further build change leadership capability.

We also provide our people leaders with additional support and coaching leading up to organizational changes, through 'resilience programmes', to boost the support for all employees potentially affected by changes.

[9],[10]

[9],[10]

Capital

Capital expenditure

Departmental Expenditure	Increase/(Decrease)				
	2012/13 ($0.000m)	2013/14 ($0.000m)	2014/15 ($0.000m)	2015/16 ($0.000m)	2016/17 ($0.000m)
Opening balance funding available	42.681	59.857	58.329	52.529	45.465
Depreciation funding	33.810	34.039	33.467	32.403	32.403
Sale of assets	-	-	-	-	-
Other (agreed capital injections)	35.666	17.833	17.833	17.833	17.833
Total baseline funding available (a+b+c+d)	**112.157**	111.729	109.629	102.765	95.701
Capital investments funded from baselines	52.300	53.4	57.1	57.3	57.3
New capital funding sought from the centre **(copy from table in Section 2.1.2)**	-	-	-	-	-
Closing baseline funding available	**59.857**	58.329	52.529	45.465	38.401

The above capital intentions will be reviewed in the course of developing an asset management plan for visitor assets in 2012/13. As outlined in section 6.2.1.2, there are depreciation cost pressures arising from the growth in the asset base from revaluations and capital expenditure exceeding depreciation. As outlined in section 6.2.2.1, the asset management plan for visitor assets will review and potentially reduce the level of capital spend in order to restrict depreciation growth. This will likely result in a recommended deferral of agreed capital injections.

Non-departmental Expenditure	Increase/(Decrease)				
	2012/13 ($0.000m)	2013/14 ($0.000m)	2014/15 ($0.000m)	2015/16 ($0.000m)	2016/17 ($0.000m)
Baseline funding available for the purchase or development of Crown capital assets	**1.800**	**1.800**	**1.800**	**1.800**	**1.800**
New capital funding sought from the centre **(copy from table in Section 2.1.2)**	-	-	-	-	-
Capital investment in organisations other than departments	-	-	-	-	-
Total	**1.800**	**1.800**	**1.800**	**1.800**	**1.800**

5.0 Key Operational Risks

5.1 DOC seen to be withdrawing as key players of small town / rural communities

Description

Rural and provincial New Zealand reacts to what could be perceived as a withdrawal of non-conservation benefits to the community service due to the change to the delivery business model.

Likelihood

Possible

Consequences

Moderate

Treatment/ Mitigation

The Department is being proactive in its approach by contacting key stakeholders locally. DOC has identified key staff members on the ground as go- to persons for stakeholders. A stakeholder methodology is being built based on a "no surprises" concept. Discussions are ongoing with concessionaires

Options include making changes progressively or completing change in one go. Other strategies being worked on at the moment include Internal/External Communities Strategy, Stakeholder Engagement Plan, and the Engagement Strategy.

5.2 Perception of selling out conservation for commerce

Description

Fewer people support conservation due to damage caused to the DOC brand from the commercial approach. There is a perception that the Department can only continue with the work it does if it gets funding from others. There is also the perception that working with commercial organisations is a threat to conservation. This is currently being seen from media reports that have at times portrayed the Department as heavily reliant on money from the private sector.

Likelihood

Possible

Consequences

Moderate

Treatment/ Mitigation

External and internal messaging needs to reinforce that the strategy is solely focused on growing the amount of conservation achieved in New Zealand, and growing business connections is just one of the approaches identified as likely to achieve this. Developing the business model and linking the change back to the business model will provide the context for the change.

5.3 More challenging post treaty settlement environment due to Iwi expectations

Description

The Maori story around species is not being considered alongside the science view. This is causing unease among Maori as they have ownership around the intellectual property of flora and fauna. They feel left out in the discovery of knowledge that they have traditionally owned.

Likelihood

Likely

Consequences

Negligible

Treatment/ Mitigation

Policy papers are being drawn up by KKA, Policy and Operations working together.

A working group has been set up of representatives from KKA, Policy and Legal. This group is actively identifying what capability and capacity will be required if Iwi expectations materialise.

5.4 Staff productivity reduced due to disruptions and uncertainty

Description

The transformational change programme will have a negative impact on service levels, productivity and morale over a significant timeframe. There has been a period of transformational change underway for two years, which will continue with any changes resulting from the Delivery Project. Delivery staff are now aware of the possibility there will be changes to their roles and reporting lines, including the possibility of job losses.

Likelihood

Possible

Consequences

Moderate

Treatment/ Mitigation

The Change Management process will continue the open dialogue with staff and the unions already in place through Delivery Project. This will include providing certainty about process and timeframes.

5.5 DOC priorities do not align with community aspirations and expectations.

Description

Communities have been involved to varying degrees in the planning for conservation work and in some cases in the delivery. There tends to be a preference for retaining local opportunities regardless of what work has been described as 'national priority'.

Likelihood

Possible

Consequences

Moderate

Treatment/ Mitigation

The use of clear communications helps all parties understand what is being proposed. The process of engagement provides the means to reach common understanding and appropriate compromises if these are needed. A programme of work has been established to develop a whole-of-organisation approach to planning and decision making.

5.6 DOC not funding 'up-front' investment / de-investment costs

Description

Changes to 'hard asset' investments (eg visitor assets) will take time and often need to be funded. There is currently a tendency to retain assets within the network while adding new facilities.

Likelihood

Likely

Consequences

Moderate

Treatment/ Mitigation

The year by year portfolios of capital investment within the context of the visitor asset management plan (currently being developed) will manage the funding shifts required.

[6],[7]

[6],[7]

5.9 Turnbull House earthquake proofing

Description

Turnbull House - a Category I Heritage Building in central Wellington, has been assessed as only meeting 14% of the New Building Standard earthquake code. A decision has been made by the Department to close the building whilst options to fund strengthening work are indentified. Financial impact is circa $3 million.

Likelihood:
Probable

Consequences:
 Moderate

Treatment/ Mitigation

Identify suitable options for funding and then commence strengthening work. The building will remain closed until strengthening work is completed.

6.0   Detailed Activity and Financial Planning

6.1   Medium-term Intentions – Intended Changes

Table 7: Department of Conservation's medium term (5 year priorities)

Strategic drivers	DOC priorities	Results for 2012–2017
Economic growth through supporting business and innovation. Inflationary pressures and tight fiscal environment. Increasing environmental awareness of businesses.	**Conservation gains from more business partnerships:** Increase business opportunities on public conservation land, and revenue generation opportunities that are consistent with conservation values.	Improve the Visitor Centre network performance and increase participation and revenue from Great Walks, camping, hut and other user fees. Establish more public-private business conservation partnerships.
Ongoing decline of native plants, animals and ecosystems. Inflationary pressures and tight fiscal environment. Deliver better public services.	**The diversity of our natural heritage is maintained and restored:** Optimise species and ecosystems management to achieve better value for money.	Increase the number of species actively managed through nationally prioritised prescriptions from 50 in 2011/12 to 300 over the next 4 years. Reset goals in 2016/17. Implement nationally prioritised ecosystem management for 400 ecosystem management units over the next 4 years. Reset goals in 2016/17.
Deliver better public services. New Zealanders becoming increasingly ethnically diverse and urban. Inflationary pressures and tight fiscal environment. Economic growth through supporting business and innovation. Sport NZ Outdoor Recreation Strategy 2009-15	**More people participate in recreation:** Use a demand-driven approach to providing visitor destinations and recreation opportunities.	Change to a more demand-driven site-based approach to recreation management to increase the participation of New Zealanders and visitors in outdoor activities on public conservation lands and waters. Baseline data have been established but detailed work on targets has not yet been completed.
Increasing environmental awareness of consumers, businesses and communities. Relationships with New Zealanders ever more critical to conservation. DOC's relationships with central and local government agencies critical to conservation. Economic growth through supporting business and innovation.	**More people engage with conservation and value its benefits:** Increase engagement with councils, whanau, hapu, and iwi, business and communities to achieve collaborative delivery of priority conservation programmes.	Currently the Department manages 370 community partnerships, with an additional 140 whanau, hapu, and iwi partnerships. The Department is targeting an increase in conservation work of 15% from these groups over the next 4 years and will reset this goal in 2016/17. To explore all opportunities for the Department and regional government to work more efficiently and effectively in partnership.

Strategic drivers	DOC priorities	Results for 2012–2017
Achieving settlements of all historical Treaty of Waitangi claims by 2014. Significance of post-settlement whanau, hapu, and iwi entities in regions. Economic growth through supporting business and innovation. Ongoing decline of native plants, animals and ecosystems.	Continue to work with whanau, hapu, and iwi to build and maintain productive ongoing conservation partnerships, and to support the economic base derived from settlements, particularly around natural heritage and tourism markets.	Increase the number of whanau, hapu, and iwi partnerships by 15% (from a baseline of 150 whanau, hapu, and iwi partnerships) over the next 4 years. Reset goals in 2016/17. Actively contribute to the government's priority of achieving just and durable settlements of all historical Treaty of Waitangi claims by 2014. Achieved by working alongside the Office of Treaty Settlements, and other government agencies as appropriate, in negotiations with mandated whanau, hapu, and iwi groups to facilitate settlements.

Intention name: Delivery Project	
Note strategic outcome(s) related to this intention: Refer section 1.1	
Type of action	Change
Motivation for change	Refer section 1.1

Describe the intended change including timeframes of the intended implications:

Refer section 1.1

Describe and quantify the financial impacts of the intended change: Financial savings of $8.7 million p.a. are sought from the Delivery Project (equivalent to the Budget 2012 efficiency savings. An allowance of $1.5m p.a. has been made for increased operating costs for property and IT and $2m for property write-off costs in 2013/14. It is also assumed that only 75% of savings will be achieved in 2013/14.

Allowance has been made for restructuring costs in 2012/13. More will be known about the likely outcome and potential cost of the project in early 2013. Consideration will be given at the March Baseline Update 2013 as to whether sufficient allowance for the cost has been made. A decision whether to apply for a front-loading of spending baseline adjustment will be made at that time.

Financial impact of intended change	**2012/13 ($0.000m)**	**2013/14 ($0.000m)**	**2014/15 ($0.000m)**	**2015/16 ($0.000m)**	**2016/17 ($0.000m)**
Operating impact – departmental (savings)	-	(6.525)	(8.700)	(8.700)	(8.700)
Operating impact – departmental (costs)	-	3.500	1.500	1.500	1.500
Operating impact – non-departmental	-	-	-	-	-
Capital impact – departmental	-	-	-	-	-
Capital impact – non-departmental	-	-	-	-	-

No new funding required

Describe any implications for workforce capacity and capability of the intended change:

Refer section 1.1

Describe any other significant capability implications of the intended change (eg, IT):

Refer section 1.1

Describe how the success of the intended change will be known or measured, including the value of spending:

Refer section 1.1

Intention name: Natural Heritage optimisation and re-prioritisation					

Note strategic outcome(s) related to this intention:

The diversity of our natural heritage is maintained and restored

Type of action	Change
Motivation for change	Seeking greater efficiency/performance from current spending

Describe the intended change including timeframes of the intended implications:

Over the next four years the planned programme of re-prioritisation of terrestrial and freshwater based work will ensure substantial progress towards a full range of ecosystems conserved to a healthy functioning state (400 ecosystem management units by 2016/17), and conservation of nationally threatened species to ensure persistence (an additional 300 species under active management by 2016/17). Iconic natural features will be managed to ensure the valued features remain in perpetuity (8 national parks will be involved in this programme by 2016/17). Iconic species will be actively managed (10 iconic species identified through public consultation under management by 2016/17). Monitoring of condition and trend across public conservation lands and prioritised ecosystems will be fully established via 1311 monitoring plots and reported on. This work will increasingly be undertaken by, or alongside others.

Describe and quantify the financial impacts of the intended change:

A greater number of species and ecosystems will be managed within the existing baseline

Financial impact of intended change	**2012/13 ($0.000m)**	**2013/14 ($0.000m)**	**2014/15 ($0.000m)**	**2015/16 ($0.000m)**	**2016/17 ($0.000m)**
Operating impact – departmental	-	-	-	-	-
Operating impact – non-departmental	-	-	-	-	-
Capital impact – departmental	-	-	-	-	-
Capital impact – non-departmental	-	-	-	-	-

No new funding required

Describe any implications for workforce capacity and capability of the intended change:

Capability to work alongside, and facilitate the work of others

Describe any other significant capability implications of the intended change (eg, IT):

Increasing reliance on in-field data capture to record and report progress will mean staff and partners will need a good understanding of and confidence with technology.

Describe how the success of the intended change will be known or measured, including the value of spending:

Increase in involvement of others, improved health and functioning of ecosystems, improved species persistence, increased protection for under-represented ecosystems.

Intention name: Demand-driven approach to visitor destinations and recreation opportunities					
Note strategic outcome(s) related to this intention: More people participate in recreation					

Type of action	Change
Motivation for change	Seeking greater efficiency/performance from current spending

Describe the intended change including timeframes of the intended implications:

Over the next four years there will be a phased re-prioritisation of investment from the current pattern (largely one based on upkeep of the legacy network) to one based on higher demand from destinations close to population centres and tourism destinations ('Icon' sites);

'Gateway' destinations will be developed to introduce new participants and to grow recreation in the outdoors;

Locally treasured destinations will be managed to grow community connection with, and use of, their locally important places;

The backcountry network will be managed in a way that attracts a wider range of visitors and increased use.

Financial impact of intended change	**2012/13 ($0.000m)**	**2013/14 ($0.000m)**	**2014/15 ($0.000m)**	**2015/16 ($0.000m)**	**2016/17 ($0.000m)**
Operating impact – departmental	-	-	-	-	-
Operating impact – non-departmental	-	-	-	-	-
Capital impact – departmental	-	-	-	-	-
Capital impact – non-departmental	-	-	-	-	-

No new funding required

Describe any implications for workforce capacity and capability of the intended change:

While building and operating visitor assets is core business for the Department, the strategic shift and emphasis on high priority sites and changes in delivery standards to align closely with visitor demands will require strong operational leadership to change ingrained practices. It will also require new skills in promotion/marketing, and working with communities, business and whanau, hapu, and iwi.

Describe any other significant capability implications of the intended change (eg, IT):

Improved understanding of visitor satisfaction and its drivers

Describe how the success of the intended change will be known or measured, including the value of spending:

Visitor numbers will be measured, and compared against baseline data where this is available. This is done at both the national level and selected sites.

The Department has baseline data of the cost per visitor using the current visitor assets.

Intention name: Increase collaborative delivery of priority programmes and conservation gain on and off public conservation lands and waters.						

Note strategic outcome(s) related to this intention: More people engage in conservation and value its benefits

Type of action	Change
Motivation for change	Seeking greater efficiency/performance from current spending; and Responding to government priorities.

Describe the intended change including timeframes of the intended implications:

Over the next four years there will be an increase in effort to support the new business model to increase conservation through the work of others, and to support government (Minister of Conservation) priorities for new conservation education initiatives.

Financial impact of intended change	2012/13 ($0.000m)	2013/14 ($0.000m)	2014/15 ($0.000m)	2015/16 ($0.000m)	2016/17 ($0.000m)
Operating impact – departmental	-	-	-	-	-
Operating impact – non-departmental	-	-	-	-	-
Capital impact – departmental	-	-	-	-	-
Capital impact – non-departmental	-	-	-	-	-

No new funding required

Describe any implications for workforce capacity and capability of the intended change:

There is a need for increased capacity and capability to work collaboratively to enable more conservation work to be achieved by others. This will be an outcome of the Delivery Project.

Describe any other significant capability implications of the intended change (eg, IT):

There will be increased IT capability in support of the collaborative working approach, including online management systems for volunteer activity and reporting, and stakeholder/customer relationships, online learning and training management systems, and online conservation education services for teachers. The capability to support outreach and facilitative services will need to be improved

Describe how the success of the intended change will be known or measured, including the value of spending:

Conservation outcomes achieved by or contributed to by others will be measured, as well as numbers of people, whanau, hapu, and iwi and organisations participating in learning and management activities. Baseline data for volunteers and partnerships will be used to show trend.

Intention name: Increase partnerships with commercial entities and philanthropic funding					

Note strategic outcome(s) related to this intention:

Conservation gain from more business partnerships

Type of action	Change
Motivation for change	Other – generating resources to increase conservation gains

Describe the intended change including timeframes of the intended implications:

Over the next four years we will increase the number and value (revenue and conservation gains) of the partnerships with commercial entities

Describe and quantify the financial impacts of the intended change: It is assumed that partnership revenues increase by $2 million p.a. from 2013/14, i.e reaching $8 million p.a. by 2016/17. Because this revenue will be spent on conservation work the net effect is fiscally neutral.

Financial impact of intended change	**2012/13 ($0.000m)**	**2013/14 ($0.000m)**	**2014/15 ($0.000m)**	**2015/16 ($0.000m)**	**2016/17 ($0.000m)**
Operating impact – departmental (revenue)	-	(2.000)	(4.000)	(6.000)	(8.000)
Operating impact – departmental (costs)	-	2.000	4.000	6.000	8.000
Operating impact – non-departmental	-	-	-	-	-
Capital impact – departmental	-	-	-	-	-
Capital impact – non-departmental	-	-	-	-	-

No new funding required

Describe any implications for workforce capacity and capability of the intended change:

Delivering the value to partnerships depends on an organisational culture change to accepting business as an ally, in addition it will require national, as well as place-based thinking and prioritisation.

Describe any other significant capability implications of the intended change (eg, IT):

The department will need to rapidly develop and deliver nationally consistent coherent programmes and campaigns (marketing) to meet commercial expectations and opportunities.

Describe how the success of the intended change will be known or measured, including the value of spending:

Level of revenue and 'in-kind' resources contributing to conservation. The department has established a baseline from which to measure trend.

Intention name: Increased range of tourism and non-tourism products and channels that support conservation activities					

Note strategic outcome(s) related to this intention:

Conservation gain from more business partnerships

Type of action	Change
Motivation for change	Other – generating resources to increase conservation gains

Describe the intended change including timeframes of the intended implications:

Over the next four years within each of the department's core conservation and recreation activities develop a range of products suited to different customer needs, e.g. from free camping, basic camping, serviced campsites to "glamping".

Describe and quantify the financial impacts of the intended change:

Revenue not yet quantified.

Financial impact of intended change	**2012/13 ($0.000m)**	**2013/14 ($0.000m)**	**2014/15 ($0.000m)**	**2015/16 ($0.000m)**	**2016/17 ($0.000m)**
Operating impact – departmental	-	-	-	-	-
Operating impact – non-departmental	-	-	-	-	-
Capital impact – departmental	-	-	-	-	-
Capital impact – non-departmental	-	-	-	-	-

No new funding required

Describe any implications for workforce capacity and capability of the intended change:

Achieving this strategy will require managers to work with support services staff to package products and undertake any development work to suit the needs of different customer groups. This will require greater capability in customer understanding by those involved in this work.

Describe any other significant capability implications of the intended change (eg, IT):

Further development of on-line booking tools, and related customer-focused transaction tools.

Describe how the success of the intended change will be known or measured, including the value of spending:

Tracking introduction and value derived from product groupings. A baseline will be established once the initiative commences.

Intention name: Leverage DOC's assets to deliver greater prosperity (both economic and wellbeing)					

Note strategic outcome(s) related to this intention: Conservation gain from more business partnerships					

Type of action	Change				
Motivation for change	Responding to government priorities				

Describe the intended change including timeframes of the intended implications:

Increase the number and type of businesses operating on or deriving revenue from public conservation lands and waters.

Describe and quantify the financial impacts of the intended change:

Financial impact of intended change	**2012/13 ($0.000m)**	**2013/14 ($0.000m)**	**2014/15 ($0.000m)**	**2015/16 ($0.000m)**	**2016/17 ($0.000m)**
Operating impact – departmental	-	(1.000)	(2.000)	(3.000)	(4.000)
Operating impact – non-departmental	-	(1.000)	(2.000)	(3.000)	(4.000)
Capital impact – departmental	-	-	-	-	-
Capital impact – non-departmental	-	-	-	-	-

No new funding required

Describe any implications for workforce capacity and capability of the intended change:

This work will a test for the new Commercial Business Managers, and will challenge some current DOC attitudes.

There will be flow-on effects for permissions support functions if the approach is successful.

Describe any other significant capability implications of the intended change (eg, IT):

Increasing revenue from those operating on the DOC estate will increase the volume of work within Permissions. Working in partnership to achieve this will mean we need to accommodate different business model. Which may test some of DOC's regulatory approaches.

Achieving the goal set will require a substantial change in the value we gain from commercial operators. This will require a change both in our pricing and how we establish offers to the market (i.e. drive price markets) and the type of businesses which operate on the public conservation lands and waters. For example tourism businesses tend to be small scale, and DOC has relationships with many of these. A simple increase in the volume of people using commercial operators using the current small-business/operator model, may greatly increase the number of operators the Department will need to work with. Allied with this is the potential impact a large increase in visitor numbers may have at popular destinations.

Describe how the success of the intended change will be known or measured, including the value of spending:

Level of concessions revenue generated and the number of new businesses or (extended) businesses enabled. Baselines have been established.

Concessions cost recoveries

With the change to a shared services environment for permissions processing there is opportunity to implement consistent best practice to ensure that the full cost of chargeable activities is recovered.

Value of available reprioritised funding	**2012/13 ($0.000m)**	**13/14 ($0.000m)**	**2014/15 ($0.000m)**	**2015/16 ($0.000m)**	**2016/17 ($0.000m)**
Departmental	-	-	-	1.000	1.500
Non-departmental	-	-	-	-	-

Intention name: Functional leadership work stream (Property)				

Note strategic outcome(s) related to this intention: Deliver better public services, efficiency

Type of action	Move to rationalise the property portfolio.
Motivation for change	Seeking greater efficiency/performance from current spending

Describe the intended change including timeframes of the intended implications:

During 2012/13 the Department intends to implement a Property strategy which will enable management to focus with centralised property professionals to address its commercial property portfolio ensuring government and industry best practices are adopted.

As at October 2012 the Department is identifying opportunities to yield up Property savings along with ensuring this work dovetails into the Department's operations review due 30 June 2013.

Savings will be by way of rightsizing the portfolio, improved lease documentation and potential efficiencies gained by the operations review with respect to property.

The recent CAB Min (12) 35/4B effective 1 October 2012 has been duly noted.

Describe and quantify the financial impacts of the intended change:

The department is expecting to save up to $0.8m within the next 5 fiscal years.

Financial impact of intended change	2012/13 ($0.000m)	2013/14 ($0.000m)	2014/15 ($0.000m)	2015/16 ($0.000m)	2016/17 ($0.000m)
Operating impact – departmental	-	-	(0.400)	(0.600)	(0.800)
Operating impact – non-departmental	-	-	-	-	-
Capital impact – departmental	-	-	-	-	-
Capital impact – non-departmental	-	-	-	-	-

No new funding required

Describe any implications for workforce capacity and capability of the intended change:

A shift will be required from generalist property management expertise across all business units to specialist expertise in a centre-led approach.

Describe any other significant capability implications of the intended change (eg, IT):

Nil

Describe how the success of the intended change will be known or measured, including the value of spending:

Realising the benefits of financial savings and a reduction in the square metre metrics as part of BASS.

Intention name: Functional leadership work streams (Procurement)

Note strategic outcome(s) related to this intention: Deliver better public services, efficiency

The strategic outcome is to assist the Department to deliver its intermediate outcomes by:
- achieving the best possible value for money when it buys goods or services and manages its supplier relationships (so limited funding goes further);
- fostering collaborative, long-term relationships with certain key suppliers to encourage innovation and mutually beneficial outcomes;
- promoting open and effective competition between capable suppliers for the Department's business; and
- carrying out procurement consistently with Government policy and good practice, with particular emphasis on efficiency, transparency and fairness.

Type of action	New
Motivation for change	Seeking greater efficiency/performance from current spending

Describe the intended change including timeframes of the intended implications: During 20012/13 the Department intends to carry out a number of procurement initiatives and will transition to a number of "All of Government" (AOG) deals. Some of the procurement initiatives are led by a central team based in Wellington, but most of the procurement activity occurs throughout the various groups of the Department.

The centre-led procurement initiatives are currently focused on pesticides and helicopter services categories. These initiatives are expected to be completed by June 2013. Other centre-led projects are due to start in 2013, in categories such as construction, professional services and facilities management.

The Department is transitioning to AOG deals as they become available and investigates / utilises syndicated deals from time to time.

The Department is progressively introducing a new Procurement Governance Framework (PGF), which significantly changes how procurement is carried out. Most of the PGF was launched in 2012, including new policy, standard operating procedures, a range of templates, guidelines and intranet content. Further elements of the PGF will be developed and launched before June 2013, including a training programme, new standard contract templates and a senior management Procurement Governance Group.

The Department is working to establish effective linkages and interactions between the centralised and decentralised parts of its supplier sourcing and management function by June 2013.

Systems improvement work will be progressed at some stage in 2012/13 (resources permitting). This includes improvements to systems for contract management, purchasing and results measurement.

Describe and quantify the financial impacts of the intended change:

The Department is expecting to save $1.251 million in opex and $0.308 million in capex in 2012/13 as a result of its various procurement initiatives. Further savings (of a similar magnitude) are expected over the following 4 years, however these have not been quantified at this stage.

Financial impact of intended change	**2012/13 ($0.000m)**	**2013/14 ($0.000m)**	**2014/15 ($0.000m)**	**2015/16 ($0.000m)**	**2016/17 ($0.000m)**
Operating impact – departmental	-	See note	See note	See note	See note
Operating impact – non-departmental	-	-	-	-	-

Capital impact – departmental	-	See note	See note	See note	See note
Capital impact – non-departmental	-	-	-	-	-

No new funding required

Describe any implications for workforce capacity and capability of the intended change:

A shift will be required from generalist procurement expertise, to specialist centre-led expertise

Describe any other significant capability implications of the intended change (eg, IT):

Nil

Describe how the success of the intended change will be known or measured, including the value of spending:

The financial benefits from procurement initiative will be monitored and reported as part of the benefits realisation reporting process.

Intention name: Increase utilisation of and return on investment from DOC's recreation assets and visitor centres	
Note strategic outcome(s) related to this intention: Increased visitor numbers and satisfaction	
Type of action	Change
Motivation for change	Other – generating resources to increase conservation gains

Describe the intended change including timeframes of the intended implications:

Over the next four years focus on generating greater awareness of DOC's opportunities (assets and services) and establish distribution channels to convert this awareness to sales. In addition develop opportunities to package DOC's recreation / tourism products with others (e.g. concessionaires) to promote and enhance customer experiences.

[7],[9]

No new funding required

Describe any implications for workforce capacity and capability of the intended change:

Increase commercial and sales focus of relevant staff

Describe any other significant capability implications of the intended change (eg, IT):

Delivering this will require an industry standard reservation and booking system. It will also require investment in key visitor centres to enhance the offering and experience.

Describe how the success of the intended change will be known or measured, including the value of spending: Measures include the number on great walks (target 800,000), stays at campsites (target 2.8m) and huts (target 700,000), plus the number of visitors to visitor centres (target 2.8m)

New funding

No new funding is sought. Our budgeting however is premised on government incentivising partnerships by not penalising baselines or future baseline increases when increased 3rd party revenue is achieved. Any such action could compromise our growth predictions.

6.2 Fiscal Implications

6.2.1 Cost pressures

[9],[10]

6.2.1.2 Operational cost pressures arising from capital

Summary of capital/property-related cost pressures

	2012/13 ($0.000m)	2013/14 ($0.000m)	2014/15 ($0.000m)	2015/16 ($0.000m)	2016/17 ($0.000m)
Total departmental depreciation/capital charge cost pressures	-	0.734	1.439	2.116	2.766
Total non-departmental depreciation/capital charge cost pressures	-	-	-	-	-

Cost pressure as a result of: increases in depreciation costs for visitor assets.

The Department has been investing in visitor assets in line with the capital expenditure profile approved in Budget 2002, which included funding for capital injections of $14.4 million per annum (in addition to depreciation funding). In the last four years capital expenditure has averaged $29 million p.a. Together with the impact of revaluations, this has resulted in growth of the net book value of visitor assets in the last five years from $266 million at 30 June 2007 to $345 million at 30 June 2012. Consequently depreciation has increased from $12.1 million in 2007/08 to $16.6 million in 2011/12. The cost pressure below represents the forecast increase in depreciation costs if capital expenditure continues at approximately $30 million p.a. The Department is developing an asset management plan for visitor assets which will review the level of capital spend in order to restrict depreciation growth.

Value of cost pressure	2012/13 ($0.000m)	2013/14 ($0.000m)	2014/15 ($0.000m)	2015/16 ($0.000m)	2016/17 ($0.000m)
Departmental	-	0.734	1.439	2.116	2.766
Non-departmental	-	-	-	-	-

6.2.1.3 Other cost pressures

Summary of other operating cost pressures

	2012/13 ($0.000m)	2013/14 ($0.000m)	2014/15 ($0.000m)	2015/16 ($0.000m)	2016/17 ($0.000m)
Total departmental other operating cost pressures	-	10.751	12.766	14.766	16.766
Total non-departmental other operating cost pressures	-	-	-	-	-

Cost pressure as a result of: Efficiency savings Budget 2012

Budget reduction from efficiency savings Budget initiative will primarily be funded by the Delivery Project.

Value of cost pressure	2012/13 ($0.000m)	13/14 ($0.000m)	2014/15 ($0.000m)	2015/16 ($0.000m)	2016/17 ($0.000m)
Departmental	-	8.751	8.766	8.766	8.766
Non-departmental	-	-	-	-	-

Cost pressure as a result of:

Cost pressure as a result of: inflation on operating costs

An allowance of $2 million p.a. has been made for inflationary pressures on the $100 million p.a. of operating expenditure

Value of cost pressure	2012/13 ($0.000m)	13/14 ($0.000m)	2014/15 ($0.000m)	2015/16 ($0.000m)	2016/17 ($0.000m)
Departmental	-	2.000	4.000	6.000	8.000
Non-departmental	-	-	-	-	-

6.2.2 Offsetting operational funding from reprioritisation/third-party revenue/vote transfers

6.2.2.1 Reprioritisation

Summary of funding available from reprioritisation

	2012/13 ($0.000m)	13/14 ($0.000m)	2014/15 ($0.00m)	2015/16 ($0.000m)	2016/17 ($0.000m)
Total departmental reprioritised funding	-	9.406	10.111	14.480	19.767
Total non-departmental other operating cost pressures	-	-	-	-	-

Reprioritised funding available as a result of: Organisational review of support services				
This review has been successfully implemented in 2012, changing from distributed support services in 11 conservancy offices to 3 shared service centres. The review reduced the Department by 96 positions. Gross savings of $7.5 million p.a. were achieved. Property and IT platform costs reduce net savings to $6 million p.a.				
Value of available reprioritised funding	2012/13 ($0.000m)	13/14 ($0.000m)	2014/15 ($0.000m)	2015/16 ($0.000m)	2016/17 ($0.000m)
Departmental	-	6.000	6.000	6.000	6.000
Non-departmental	-	-	-	-	-

Reprioritised funding available as a result of: Operational efficiencies carried forward				
An existing business improvement programme has realised savings from procurement, reorganising the finance function, joining the ACC partnership programme, travel and fuel.				
Value of available reprioritised funding	2012/13 ($0.000m)	13/14 ($0.000m)	2014/15 ($0.000m)	2015/16 ($0.000m)	2016/17 ($0.000m)
Departmental	-	2.000	2.000	2.000	2.000
Non-departmental	-	-	-	-	-

Reprioritised funding available as a result of: Capex to opex transfer				
The department is funded an annual capital injection for a biodiversity information system which the Department will seek to reprioritise to operating funding in Budget 2013.				
Value of available reprioritised funding	2012/13 ($0.000m)	13/14 ($0.000m)	2014/15 ($0.000m)	2015/16 ($0.000m)	2016/17 ($0.000m)
Departmental	-	0.672	0.672	0.672	0.672
Non-departmental	-	-	-	-	-

Reprioritised funding available as a result of: Development of Asset Management Plan					
The Department is developing an asset management plan for visitor assets which will review and potentially reduce the level of capital spend in order to restrict depreciation growth.					
Value of available reprioritised funding	**2012/13 ($0.000m)**	**13/14 ($0.000m)**	**2014/15 ($0.000m)**	**2015/16 ($0.000m)**	**2016/17 ($0.000m)**
Departmental		0.734	1.439	2.116	2.766
Non-departmental	-	-	-	-	-

Reprioritised funding available as a result of: Reprioritisation of Outputs					
To date, budget reductions have not had a significant impact on output delivery due to cost management initiatives, revenue generation and efficiencies in output delivery. However, with a review of support services completed and another of delivery functions underway, there is no longer opportunity for significant cost reductions.					
The increasing cost of the Department's output delivery due to inflationary pressures will result in a reprioritisation from the lowest priority outputs in order to continue to fund higher priority outputs, effectively a reduction in outputs funded by the Crown. However, note that the strategy to increase partnerships with commercial entities and philanthropic funding outlined in section 6.1 above is forecast in 2015/16 to exceed the output reduction below ($6m vs $3.692m) and roughly match it in 2016/17 ($8m versus $8.329m).					
The timing of an output reduction is likely to first occur in 2015/16 although it is sensitive in particular to: actual increases in salary costs; the impact of inflation on operating costs and the success of cost management initiatives; and the level of revenue and cost recovery increases.					
The types of outputs likely to be reduced are outlined in section 7.					
Value of available reprioritised funding	**2012/13 ($0.000m)**	**13/14 ($0.000m)**	**2014/15 ($0.000m)**	**2015/16 ($0.000m)**	**2016/17 ($0.000m)**
Departmental	-	-	-	3.692	8.329
Non-departmental	-	-	-	-	-

6.2.2.2 Third-party revenue

Note that third-party revenue growth is a key priority and hence is included in section 6.1

6.2.2.3 Transfers from/to other votes -

Nil

7.0   Savings Ideas

It is assumed that the purpose of this section is to identify for Ministers the lowest priority outputs of the Vote if a cut of 5% is required in 2014/15 and out-years.

To date, budget reductions have not had a significant impact on output delivery. However, this budget plan already includes a reduction in outputs in years 3 and 4 (2015/16 and 2016/17) due to cost pressures, despite reviews of support services, delivery and a strong focus on revenue generation and continuing efficiencies. Consequently, further opportunities for savings could only be achieved through a reduction in outputs.

Vote Conservation's total operating expenditure budget (department plus non-department) in 2014/15 is approximately $348 million. A 5% cut amounts to $17.4 million.

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Appendix 1: Culture, Capability and Capacity

Workforce Context
Workforce data (at 30 June 2012, unless otherwise stated) Workforce data (at 30 June 2012, unless otherwise stated)

Culture	**Employee engagement profile**
	▪ 2012 Gallup Q12 Engagement survey; **83% participation rate**
	▪ Engagement levels have decreased marginally over the last two years
	▪ **52nd percentile** in the New Zealand State Sector in 2012
	▪ Proportion of employees in the engagement profile categories: **33% engaged, 54% not engaged and 13% actively disengaged**
	The three **highest** overall scores in 2012 are;
	▪ **Q11** – In the last six months, someone at work has talked to me about my progress (4.09)
	▪ **Q05** – My supervisor, or someone at work, seems to care about me as a person (4.02)
	▪ **Q09** – My associates or fellow employees are committed to doing quality work (4.01).
	The three **lowest** overall scores are:
	▪ **Q10** – I have a best friend at work (3.40)
	▪ **Q04** – In the last seven days, I have received recognition or praise for doing good work (3.51)
	▪ **Q03** – At work, I have the opportunity to do what I do best every day (3.54)
	Turnover
	▪ Core unplanned turnover is 9%
	▪ Turnover of staff with less than 2 years tenure is 14%
	▪ 8% voluntary turnover for men; 13% for women
	▪ 7.45% voluntary turnover for employees over 35 years of age; 17.48% for employees under 35 years of age
	▪ For employees over 35 years of age: 6.22% voluntary turnover for men; 10% for women
	▪ For employees under 35 years of age: 15.65% voluntary turnover for men; 19% for women
	▪ During 2011/12 there was 0% turnover of Tier 2 managers; 9.38% of Tier 3; 3.28% of Tier 4.
	▪ Unplanned turnover for 2011/12 is lowest within Policy (1.75%), Science and Technical (2.71%) and Tongariro Whanganui & Taranaki (3.29%). Attrition is highest within Wellington Hawke's Bay (14.22%), Business Services (13.91%) and Kaupapa Atawhai (13.03%).
	Interesting facts:
	▪ Our turnover rate has been consistently 2% (approx) below the average public service turnover for the last 10 years.
	▪ Over the last four years, 45% of employees who left voluntarily, did so within their first two years at DOC.

	• Since January 2008, 45% of employees left to go to another job in another organisation and 31 percent left due to redundancy.
	• 26 percent left to join the private sector and 25 percent accepted jobs in the public sector or a local body/regional authority.
	• 80 percent of those who went to new employers will be paid more than their DOC salary and of these, 41 percent will be paid $10,000 more than their DOC salary.
	• The four greatest influencers on employees' decisions to leave DOC voluntarily were retirement (31%); more job satisfaction (21%); more career opportunities and advancement (16%); better work/life balance (12%).
	Sick leave and accidents
	• Average of 6.4 days sick and domestic leave, compared to 6 days in 2011 and 6.5 days in 2010.
	• Over the last four years, there has been an increase in total recordable injuries (injuries resulting in medical treatment or worse) from 42.4 to 68.6 incidents per million hours worked.
Change Leadership	**Management**
	• Management represents 23.6% of the workforce (FTE)
	• 80.7% of managers are in Operations
	• 72.4% male; 27.6% female
	• Female representation in management: 50% of Tier 2; 18.8% of Tier 3; 21.6% of Tier 4; 30.5% of Tier 5
	• Average span of control is 3.77 direct reports: 3.81 in Operations; 3.62 in non-Operations
	• Age breakdown: 0.77% 20-29 years; 13.33% 30-39 years; 32.05% 40-49 years; 42.31% 50-59 years; 11.54% 60+
	• 14% of managers are under the age of 40
	• 54% of managers are over the age of 50
	• 48% of tier 5 managers in operations are over the age of 50
	• 17.6% of tier 5 managers are under the age of 40
Capability	Leadership development programme
	• Conservation Leadership Programme - all tier two and approximately 90 percent of tier three people leaders have now participated in this programme – 164 have completed.
	• Professional Specialist Leadership Programme has been delivered to 'Professional Specialists' in the Science Technical Group who do not have people management responsibilities - 145 have completed.
	• First-time people leaders are offered the opportunity to participate in the First Line Leaders Programme, which provides practical, entry-level leadership tools and frameworks – 64 have enrolled since 2010
	• Our total centralised capability development budget (including leadership development) is $914,000pa.

Capacity	**Headcount** ▪ Government FTE cap 2217 ▪ Total permanent FTE as at 30 June 2012 is 1639; a decrease of 253 FTE in the last 12 months. (This takes into account the reduction due to ORIP.) ▪ 79% operational; 21% non-operational ▪ Temporary FTE 212. There are seasonal variations in the number of temporary FTE employed with a high of 470 temporary FTE in the 2011/12 financial year. ▪ At 30 June there were approximately 146 unfilled positions The Department is being conservative with permanent recruitment and will continue to manage vacancies until the outcomes of the Delivery Project are known. Wherever possible, work is being contracted out or filled with temporary positions unless it is essential to recruit into permanent roles. **Tenure** ▪ The average length of service for permanent employees is 11.48 years (based on Public Service start date) compared to the Public Service benchmark of 9.2 years (2012 Human Resources Capability Survey, State Services Commission) ▪ Average tenure is highest for the Science and Technical Group at 15 years. **Age** ▪ Average age for permanent employees is 46 years. ▪ Most Business Units tend to cluster around the Department's average. **Ethnicity** ▪ 67.89% of permanent employees are NZ European ▪ 11.41% of permanent employees are NZ Maori ▪ 9.64% of permanent employees are Other European ▪ 0.95% of permanent employees are Asian ▪ 0.41% of permanent employees are Pacific Islanders ▪ 9.7% of permanent employees have not declared their ethnicity *Note: employees may advise up to two ethnicities. This is consistent with SSC Statistics NZ analysis and reporting criteria.* **Gender** ▪ DOC overall: 63.8% male; 36.2% female ▪ Operations: 65.8% male; 34.2% female ▪ Non-operations: 55.5% male; 44.5% female ▪ The percentage of permanent female employees has decreased from 37.3% to 36.2% over the last 12 months.

Costs	**Reward** ▪ Salary costs as % of total Department costs – 40.4% (2011/12 annual report) ▪ Average salary as at 30 June 2012 $62,740; as at 31 October 2012 $64,604 (There was a 2.3% salary increase as an outcome of collective bargaining effective 1 October 2012.) **Annual leave** ▪ Annual leave liability as at 30 June 2012 is $9.6m ▪ Average annual leave balance days are 16.4 compared to the Public Service average of 16.0 days. **Cost pressures** ▪ PSA collective agreement expires on 30 June 2014 ▪ Reduction in the cost of operational delivery through a new organisation model and structure (quantum unknown until outcome of Delivery Review). ▪ DOC joined ACC Partnership Programme from 1 July 2011 resulting in a reduction in cost in 2011/2012 ▪ Inflation on items such as fuel, uniforms, personal protective gear etc **Potential cost savings** The main potential cost-savings areas built around the workforce strategy over the next four years are: ▪ Specialisation and need for higher level of capability to work in a new way may increase the average salary ▪ Reduction of operations staff through new organisation structure (quantum unknown until outcome of Delivery Project) ▪ Move to Enlarged Rural Fire Districts and a consolidation of fire fighting capability to a smaller number of specialist staff who may be shared across DOC and with external agencies ▪ Improved shared services processes to increase productivity and improve customer experience

Implications of current workforce characteristics	
Ageing workforce.	Care needs to be taken to ensure DOC has appropriate diversity across the organisation to ensure that it reflects the current population. Strategies need to be put in place to ensure there is effective succession planning and knowledge transfer, as well as managing a workforce approaching retirement. This will mean introducing flexible working arrangements for some, capturing institutional knowledge systematically, mentoring, and creating an alumni group who can continue the work of conservation in their communities.
High turnover level for young staff.	Unless we put strategies in place to develop and retain young talent we will continue to experience high turnover in line with other Public Sector agencies. Further work needs to be done to understand why our young employees are leaving DOC, where they are going and how we might retain them within DOC and/or the wider sector.
Lower quartile pay for the public sector.	As we make the shift to a new business model we will again identify critical roles and people within DOC and ensure that they are being appropriately remunerated. As an employer, we are unable to compete purely in remuneration terms so we need to continue to focus on our internal culture and employee engagement, and other ways of rewarding and recognising our key employees. As we move through organizational change, it will be essential to review remuneration and resize roles where appropriate.
General staff turnover levels low.	This has led to long tenures for some managers and other employees in key positions. This reduces the flow of new thinking and retains 'old ways of working', as well as reducing the opportunities available to talent within the organisation looking to move up.
Prevailing 'risk averse' culture, strong emphasis on 'standard operating processes'.	DOC needs to continue shifting toward a different way of operating into the future. We will need employees who are willing to do things differently, think creatively and stimulate innovation at all levels of the organisation.
Delivery oriented department heavy reliance on scientific expertise. "Know" what needs done and technically proficient, in many cases, world-leaders in areas of expertise.	We are not as proficient, or skilled, at engaging with others, collaborating, or facilitating with those outside of the Department in the service of conservation gains. As we move toward enabling conservation to be done through others, we need to shift toward being the "expert" to building capability in others.

Culture

Overview

The DOC Executive Leadership Team is committed to transforming the organization to align it with our strategic direction. Taking a long serving, technical organisation full or passionate people into a new way of doing things is a considerable challenge, but the work we have done over several years has readied the culture for this shift.

Our values are clearly stated and we are working steadily to demonstrate them in our collective leadership behaviour. The Delivery Project is our greatest challenge and risk as we endeavour to hold on to what is valuable about our culture and also bring a fresh and adaptive flavour. Many of the building blocks are in place to position us for success.

Our stated values are:
- Performance – Whakamanawatanga
  To inspire confidence by delivering conservation outcomes that benefits New Zealanders

- Collaboration – Whakakotahitanga
  We achieve success through relationships based on mutual respect and benefit

- Innovation – Awahatanga
  We find new solutions by building knowledge and sharing expertise, pushing boundaries and taking calculated risks

- Trust – Whakawhirinakitanga
  We work as one integrated organisation that is reliable and relevant

- Guardianship – Kaitiakitanga
  We create recreation opportunities and take care of national and historic heritage for the wellbeing and prosperity of all New Zealanders.

Employee Engagement

As part of our organisational culture, DOC has run the Gallup Engagement Survey for the last 4 years.
- DOC has been measuring employee engagement using the Gallup Q^{12} since 2008/09.
- The emphasis on employee engagement increased significantly in 2010, focusing on explaining why engagement is important, with workshops held with almost all teams around the country.
- Engagement results in 2012 show a slight increase in team participation, in action planning and progress on goals set (see Figure 6).
- The Department has been undergoing major change since 2011 and engagement levels have only dropped marginally. This would suggest that much of the work around understanding the purpose of engagement, and the manner in which the changes were implemented, has helped to prevent a significant dip.
- The Executive Leadership Team has agreed to place increased focus on engagement over the next year, recognising that the way in which managerial leaders work with their teams needs to be of a high quality no matter what circumstances are occurring. In fact, the requirement for this is greater in times of turmoil.
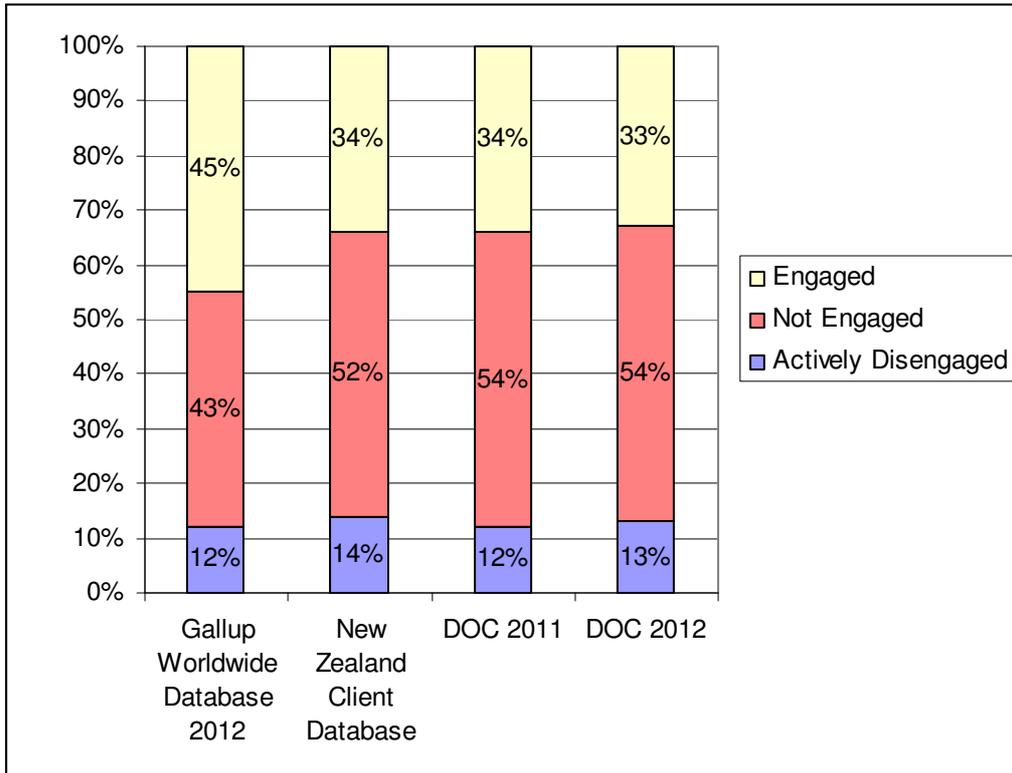
Figure 6: Gallup Engagement Index

Current State and Culture Shifts

Current State	Culture Shift
Risk aversion From Lands and Survey to the Forest Service to DOC, the current organizational culture has largely emerged from our roots and history. The tragedy that occurred at Cave Creek in 1995 and the high –risk nature of the work that DOC does, continue to be key drivers of our systems, processes and behavioural norms. This history has resulted in a performance culture that is driven by Standard Operating Procedures (SOPs) and prescriptive, output-focused planning and reporting systems. We are largely rule based and risk averse.	**Innovation and initiative** We want an empowered culture where staff are encouraged to be creative and innovative, and this is effectively balanced with the need to manage risks as part of their daily work. We need to be opportunity focused– and this will include acceptance, and management, of risk. We need to encourage new ideas and new ways of doing things and be prepared to take calculated risks and potentially fall short of the goal in order to understand better ways of doing things.
Directive leadership style A 'command and control' directive leadership style has emerged from a hierarchical structure and strong emphasis on line management, historically. Leadership behaviours have been characterised by 'telling, informing, directing' and a strong emphasis on rule following, compliance and Standard Operating Procedures (SOPs). This leadership style has been perceived as necessary given the high levels of accountability for others' safety in high risk situations, However this approach is no longer serving us well.	**Empowering leadership style** An empowering leadership style is performance focussed, open to different views and perspectives and oriented towards asking questions, listening, coaching and mentoring. We need to recognize and value the skills and expertise that individuals bring to the organisation and the variation in this enables the organisation to be more successful.
DOC is a delivery-focused organisation DOC has been in the business of operational delivery since its inception in 1987, and historically as Lands and Survey and the Forest Service. The focus and effort has gone into delivering tangible outputs –i.e. structures, track maintenance, species recovery targets, visitor number targets etc.	**DOC enables others to deliver conservation outcomes** DOC needs to let go of the ownership of some of the delivery work and enable others to contribute. In some cases, this will mean handing over the leadership of key programmes of work to whanau, hapu and iwi, the community, and businesses. A greater ability to establish multi-party partnerships will be needed.
Output focus The hierarchical structure has also contributed to a lack of clear alignment or 'line of sight' for Operations staff with DOC's strategic direction. In addition, performance has traditionally been rewarded for delivery against 'outputs' – i.e. numbers of conservation week events delivered; kilometres of track maintained; number of species under active management etc. This is changing with the introduction of the Integrated Planning System (IPS), which will help to align all work with our intermediate outcomes, improving connection and line of sight employees have with DOC outcomes.	**Outcome focus** We have an engaged workforce where staff understand how their efforts contribute to national outcomes, and are recognised and valued for their contribution. All staff know why they're doing the work, the value that the work has, an understanding of their part in it, and a clear focus on what success looks like for DOC. Barriers to productivity and initiative are removed and staff at all levels are encouraged to focus on 'outcomes' rather than 'tasks.' Success is recognized and celebrated by all – and built on and replicated throughout the organisation. It also means recognizing where the organization is not being successful – and working collaboratively to address and improve in these areas.

Current State	Culture Shift
Siloed and competitive culture National Office is structured into five Business Groups, which all have uniquely different roles and functions, and as such, have tended to operate quite independently historically. This is changing with the focus ELT have on collectively leading the organisation, and the emphasis on integration across outcome streams arising from our integrated planning and outcomes management programme. The dispersed geographical locations, structured into regional Conservancy offices, and local Area offices has been characterized by competition for funding and resources. This has resulted in a somewhat competitive 'winner/loser' culture within the Operations Group. The Delivery Project will investigate operating models that encourage greater collaboration and reinforcement of behaviours that reflect a 'one organisation' culture	**A collaborative organisation working as one** We operate as one organisation, where all staff understand the inter-relationships and inter-dependencies between Business Groups and value the contribution of others to outcomes delivery. A connection culture in which people work together and aim in the same direction, supporting and assisting each other. There are no silos, no patch protection, and no "them and us". People network across distance and recognize the value in actively engaging others, building relationships, sharing expertise and knowledge to achieve outcomes that benefit the organisation. People at DOC regard each other as part of a common team and not as a collection of different organizations. Staff are aware of and draw on collective strengths, regardless of where they reside in the organisation. Actions and plans fit into a Department wide context and everyone understands what they are contributing to the overall plan. There is common understanding about what it means to provide good service and what it means to be a good customer internally.
Reactive problem solving Many of our employees and people leaders are drawn to DOC because it provides opportunities to make a difference. Scientists, people managers, Programme Managers, rangers, are regularly faced with 'problems to fix.' Reactive problem solving, without considering the wider implications and the 'connections within the system', can often result in wider, more systemic problems occurring down the track. This has been exacerbated by the complexity and fragmentation of our ICT systems historically. This is changing with the introduction of 'Enterprise Systems' which will consolidate previously disparate systems into one.	**Whole of system thinking** All of our systems are designed with a full appreciation of the larger system they fit into and the core behavioural characteristics of systems. We ensure that our design principles drive simplicity and flexibility, integration and the elimination of duplication. We build conscious awareness that everything is connected in order to understand the wider impacts of our decisions and actions. We work from a deep understanding of customer needs leading to innovation. We seek to understand root cause reasons for poor performance and begin by finding system drivers and changing them to drive improved outcomes – mostly across boundaries and sectors.

Current State	Culture Shift
Knowledge, expertise and information held by individuals	**Knowledge, expertise and information shared to build others capability**
DOC has a long history of working in areas that require unique skills and expertise.	With the shift to doing more through others, Individuals will rewarded for sharing their skills, knowledge and expertise and building the capability of others.
Some DOC staff possess skills and knowledge about NZ's biodiversity or threats that wouldn't be able to be found anywhere else in the world.	The qualities of 'asking, curious questioning and empowering others to solve their own problems' needs to be balanced with 'telling and providing the solutions to others problems.'
Science and technical staff have traditionally been rewarded for their depth of knowledge and expertise on a particular subject matter.	Mentoring and coaching will become increasingly important capabilities in future
A culture of 'being the expert;' 'providing advice and telling' others what do to has been driven by the perception that to be 'credible' requires knowing all the answers to all the questions.	

What is our strategy to achieve the culture we need?

We have a number of initiatives already underway to align our organisational culture with our future direction and some of these shifts are described earlier in Section 3.1.   The following summarises the additional initiatives we have underway or planned to achieve the culture we need.

Articulate and advocate for our vision and strategy:

- The organisation's vision and strategic direction has been set over the past five years. It has been communicated in multiple ways including workshops throughout the country in 2009 -10. The Director General (DG) changed the configuration of the Executive Leadership Team in late 2010 and they have since worked closely together building the capability needed to lead the organisation into a new era. This focus has led to changes in the managerial roles and incumbents through the Organisation Review of 2011 – 12 and will continue as the Delivery Project plays out in 2013.

- The vision and strategic direction are now grounded in all core documents developed by the Department including the SOI, Outcomes Framework, Annual Report, role descriptions, organisational design frameworks etc.

- Although the strategic direction has been set, we are also keen to learn, grow, mature and respond to our external context. We are finding that as we work with others more opportunities arise and we are identifying gaps in our capability and recognising areas where our 'business as usual' is no longer necessary or vital. This is a challenge for the organisation but one that we must meet if we are to deliver increased value to NZ.

- It is critical to quickly build capability in resource economics, commercial business, community development and collaboration processes, and this may require us to shut down aspects of our traditional work to accommodate growth areas.

- The outcomes framework is currently being 'implemented' within the Integrated Planning system (IPS) which will enable line of sight from the vision statement right through to individual work programmes. This system gives life to the strategic direction and is enabling the Department to improve its

performance measurement system to choose meaningful measures that will drive the right system behaviour. The Capability plan that underpins the outcomes framework will be fully developed after the new delivery model is decided.

- As part of the outcomes framework two outcomes are in the advanced stage of redevelopment:
    o   More People engage with conservation and value its benefits,
    o   Conservation gains more from business partnerships.

- These two outcomes reflect the shift occurring in DOC and will provide the strategic framework needed to align effort through the organisation to deliver our goals. They will also inform a shift in resources away from traditional activities to enabling more activities to occur in collaboration with key stakeholders and partners. In all areas, we are both developing rigorous plans and learning by doing within a continuously changing context.

- The Delivery Project will present a further opportunity to both articulate the vision and strategic direction and, like ORIP before it, bed in the manifestation of it. Selection processes will be run to ensure people who are able to deliver on new requirements are selected into role.

'Begin with the customer', and design innovative systems to meet their needs

- DOC has traditionally been a technical organisation priding itself on its expertise. This has formed barriers to diverse communities working with us and we cannot continue to operate like this in future. The Executive Leadership Team has provided guidance to direct the organisation away from tight compliance and a strong 'Standard Operating Procedure' (SOP) driven culture to support appropriate risk taking, systemic control and learning from failure. We have also developed a competency framework that reflects our shift to collaboration, partnership and innovation. These are in place and will be reinforced in the Delivery Project.

- DOC people have also not necessarily been particularly customer focused and have often developed complicated systems, processes and customer engagement mechanisms that do not enable easy access to DOC services. This approach is changing, with greater emphasis on commercial practices; on line services, social media and more strategic customer engagement thinking.

- This year the Department began developing a more comprehensive approach to both customer delivery and innovation by establishing a Transformation and Innovation Unit in the Science and Technical Group; increasing the size of the Business Improvement Team; using a design thinking methodology to inform its marine monitoring and measurement system; allocating funds to specific innovation projects and customer focused IT solutions; establishing a cross organisation design thinking and innovation community of practice, and using a formal scenario building process with people from across the business as a kick-start to the Delivery Project.

- In the next four years this area of work will be a major focus with all staff expected to 'proactively seek improvement', encourage others to generate creative and practical ideas, and 'proactively take action'.

- The Department has settled upon a practical innovation framework and methodology to guide its actions. Managers and staff will be trained successively to use it both in specific projects and everyday activity. In conjunction we will be using a variety of mechanisms to promote, communicate and share learnings. The point is to change the cultural paradigm from 'we know best' to one that places the customer and their needs at the centre of our thinking and action. Doing this may also require specific customer service training throughout the Department.

- The Department is keen to learn from others in this space and will continue to look 'outside' to other agencies and sectors to find effective practices that improve our capability to innovate and meet known or unknown needs.

Measure the right stuff

- The Department has been improving its ability to demonstrate performance over the past several years. Primarily this has been through the development and implementation of the Natural Heritage Management System, a world leading methodology supporting the monitoring of ecological condition of public conservation land at the national scale (Tier 1 monitoring) and of specific management operations (Tier 2). This has led to a significant improvement in the quality of our performance measures in this area and our ability to demonstrate value delivery.

- Refinement of other meaningful measures to demonstrate performance across the suite of Outcome indicators is also occurring as part of the Integrated Planning System.

- The combination of both clearer organisational performance measures and more focused planning will provide a more stable basis for the development of rigorous personal performance measures. Our performance management system, which includes monthly operating reviews that feed into the annual performance and development planning process, has been improved several times. Clearer competency sets, the Gallup Engagement results and a connection to the remuneration system, provide a degree of focus on performance. Over the next four years the Executive Leadership Team will be placing significant and unrelenting focus on performance.

- We will be designing and implementing improved feedback loops from both external and internal customers and targeting poor performance in tangible ways.

Empowering leadership

- The paradigm of leadership in DOC has been changing with the shift in strategic direction. It is now widely acknowledged that a technical approach to leadership is not sufficient to be an effective managerial leader, and manager selections made in the recent Organisational Review have been made with this difference in mind.

- This focus will continue and be bedded in systematically over the next two years.

- Creating pathways for talented young people to move more quickly into managerial or thought leadership roles will be an area of focus over the next two years. Although succession planning has been operating in an *ad hoc* way in the Department, this will be improved as the organisation settles down in 2013-14.

- The Executive Leadership Team has been very focused on leadership development over the past four years. The Leadership Development Framework has provided a sound basis for development of managers from tier five through to experienced senior leadership. DOC has been involved in collaboration across the Natural Resources Sector, both sharing our Conservation Leadership Programme to create an NRS offering, as well as participating in programmes developed in other organisations which meet the organisation's needs.

- This collaborative approach will continue over the next four years with the intention of becoming more focused and targeted.

- We will continue to deliver the Leadership Development, Building Capable Managers and Emerging Leaders programmes, which provide tools and support to build emotional intelligence and empowering, facilitative leadership styles.

- We will introduce 360 degree feedback for all people leaders, starting with tier three in 2012-13. Themes from 360 degree survey results will inform our understanding of our leadership strengths and gaps at an organisation-wide level and guide our decisions relating to investment in future leadership development.

- Development plans will target and channel the learning and development focus (applying the 70/20/10 model) to build on existing strengths and minimize the effects of any derailing factors.

- Targeted professional coaching will be offered to those who want and need it. Leaders who have a particular interest and strength in coaching will be offered specialist coaching training and become part of an internal coaching pool. Our internal coaches will provide coaching to other people leaders from across the organisation, which will build our overall coaching capability and ultimately benefit all employees.

- We will continue to support Action Learning Groups, which will further strengthen leaders' listening and 'curious questioning' skills and empower others to find solutions to their own problems.

Collaborate, learn and share with everyone.

- DOC is shifting its mode of operating substantially both internally and externally. Internally, we are driving a 'one organisation working as one' standard that is expected from all managers. This concept has underpinned the ORIP review as well as shifting the way we design and implement programmes of work to ensure interdependencies and ownership amongst different constituencies.

- This approach is beginning to gain traction and the Executive Leadership Team and the Business Management Team are providing clear direction to ensure tools are in place to aid people working this way. There is still a considerable way to go and the approach is challenged by a context of constrained resources and tight deadlines which makes sharing learning with others and collaborative processes difficult. The approach is critical to the organisation, however, and the need to work this way will be reinforced over the next four years in leadership development, monitoring and evaluation of programme performance, use of collaborative ICT tools, performance management etc.

- With the introduction of the shared services model, DOC has shifted the majority of its previously distributed support services and science and technical staff to work as part of national teams.   This will enable greater sharing of expertise and collaboration across the organisation.

- We will continue to develop new and support existing *communities of practice* to ensure the cross-pollination of ideas and information across networks. We have introduced an IT collaboration tool 'Yammer' to enable more open and accessible communication across these networks.

- We will focus on aligning priorities across silos to achieve conservation outcomes. For example, we will create specialist advisory groups to ensure best practice 'top-down, bottom-up' advice is being applied to all natural heritage spend as part of the Integrated Planning System.

- We will continue to recruit, reward and recognise employees who demonstrate collaborative behaviours and attitudes. We will provide them with the tools and support needed for them to develop capability in this area through on-the-job experiential learning, coaching, mentoring and training opportunities.

- Collaboration amongst Conservancies and their relevant local government authorities is increasing. An example of this is the Nature Central project (Wellington Regional Council, Wellington/ Hawkes Bay Conservancy, Horizons Regional Council) which is exploring how we diminish duplication and conflicting regulatory requirements, share resources, and demonstrate common messages and approaches to communities. The Department and Auckland Council have also now agreed to a similar relationship. Other regional councils are also interested in collaboration and a significant focus on establishing these partnerships will occur over the next four years.

- The Commercial Business Unit (CBU) has contributed a very significant 'flavour' to our collaboration in the last two years. Partnerships have been built with a range of large corporates including Air New Zealand, Fonterra, Genesis Energy, Mitre 10, and Solid Energy. There has been an increase in the commercial rigour in our Visitor Centres and a focus on growing smaller partnerships and sponsorships. The Business Development Managers, situated in each Conservancy, have a dotted line relationship with the CBU and work together to develop Conservancy-based development plans that will be implemented over the next year or two. These are the first iteration of a local commercial planning approach that will mature over time. We will continue this work over the next four years and adjust our structure and resourcing to reflect changing needs and opportunities.

Capability

The Department has a highly distributed workforce, with an exceptionally wide range of skills. We employ people - both generalists and specialists - who possess skills and knowledge not able to be found anywhere else in the world. We need to expand and build on these skill sets by sharing knowledge and expertise with others.

We need to:

- focus outwards to achieve conservation outcomes through others and understand and meet the needs of our customers,
- focus inwards to improve our efficiency and effectiveness, and
- strengthen our leadership to shape the future, drive the changes needed and empower our workforce.

These key capability areas are summarised below.

1) Focus outwards

Engage with others (community, businesses, iwi, other stakeholder and partners)

We need to strengthen our capabilities in areas to ensure that we effectively engage with and expand the conservation effort through others.

Increasingly important will be the ability to:

- work in a more integrated way with regional and local authorities and sector partners,
- engage with partners, communities and business on the design and implementation of conservation for prosperity goals,
- establish and grow relationships and partnerships, particularly with whanau, hapu and iwi, and understand different perspectives,
- grow professional and leadership capability in our stakeholder groups including community groups, businesses, iwi etc as we look to do more through others, and
- demonstrate innovation to achieve greater benefits with others.

To achieve this, we will need to build capabilities in the following areas:

- Commercial/business acumen and business relationship development,
- Applied knowledge of conservation and behavioural psychology,
- Social and visitor research,
- Environmental economics,

- Effective engagement with whanau, hapu and iwi,

- Mentoring, coaching and knowledge transfer,

- Marketing and communication channels management,

- Use of online and social media technology applications, and

- Stakeholder relationship identification, development and maintenance.

Customer orientation

We also need to face outwards in order to grow our understanding of what New Zealanders and visitors want from their interactions with us, and the places and facilities we manage. A key focus will be to build our understanding of our customers – the demographics and psychographics of our users and their wants and needs.

To achieve this, we will need to build capabilities in the following areas:

- Social research of international and domestic visitors – behaviours /motivations/drivers,

- Research, forecasting and modelling to project future trends and find opportunities to diversify,

- Customer/user segmentation capability. The ability to apply psychographic and demographic data to inform our decision making and design,

- The ability to listen, value different perspectives and understand the needs of our key stakeholders, including iwi, recreation users, businesses and community and respond to user needs/demands within professional time frames,

- Story telling to engage, educate and persuade

The ability to access and interact within social media sites will be increasingly important for our own employees, as well as the external stakeholders we work with. We will need to provide support and development to ensure that people become adept at working in this way.

2) Focus inwards – improve efficiency and effectiveness

To improve our efficiency and effectiveness, we need to be able to leverage the systems and frameworks that will enable us to make the right changes to where we work and what we focus on.

With the introduction of NHMS for biodiversity management and DMF for recreation management, employees will need to understand how to use and interpret these tools, and analyse and apply the information they provide in the relevant context.

We will need to build capability in the following areas:

- Critical analysis, evaluation and evidence-based judgement,

- Local decisions that consider the wider context of complex, national priorities,

- Testing and experimentation, trying different approaches and applying the learning from mistakes to create innovative solutions,

- Researching, modelling and forecasting,

- Planning and monitoring capability to help us realise the benefits of systems such as NHMS, DMF and 'Assyst' in measuring performance and productivity,

- Customer segmentation and product/service identification,

- Designing/planning innovative, visitor experiences and interpretation,

- Understanding and application of business improvement methodologies.

3) Leadership

We need leaders who are able to continually transform the organisation to increase the conservation effort through others and achieve our intermediate outcomes. This will require the ability to deal with ambiguity and think creatively and innovatively about how to lead through change.

Our leaders must also drive the changes needed to improve our efficiency and effectiveness, which will require the ability to ask challenging questions and confront and deal with issues as they arise. This needs to be balanced with the need to motivate and empower others, and push decisions down.

We recognise that it will take time to achieve the capability shifts we need to make. There is a risk that in the 12-18 month transitional period there will be productivity 'dips', prior to reaching a new clarity of focus when performance is expected to grow.

Transitioning to different ways of working

The following section describes the specific capability shifts we need to make in relation to our five intermediate outcome areas, or work programme.

To ensure that we make the best use of our employees' strengths and capabilities, we have a number of capability development initiatives underway or planned for the next four years. The outcome of the Delivery Project will inform investment in specific areas of capability development.

DOC has an internal 'capability team' who design, develop and deliver interventions for internal and external programmes in both specialist and core capability areas. Programmes have been aligned to meet learners' needs, preferences for learning and expanded to a wider learning network as follows:

- There has been a shift in focus and delivery of technical training courses essential for monitoring of biodiversity and recreation field work (Natural Heritage and Destination Management programmes) from mainly internal DOC staff to external, community and iwi groups working in conservation. This trend continues as we modularise and mobilise additional training, developing delivery models that are easily transportable to local iwi and communities. For example, a recent Tracks course in Nelson was delivered to entirely external participants from Nelson based contractors working for Nelson Council and the Brook Sanctuary.

- A number of internal technical training programmes have moved to either a blended-learning approach whereby the face to face component is supported by other delivery methods, or are now fully online.

- Online technical courses are now accessed from locations all around the globe, and one of the Natural Heritage (biodiversity) online modules being recommended by the New Zealand Royal Society to its members.

- A capability development catalogue was introduced in 2011, which provides a summary of the development programmes on offer to DOC employees and external groups. The three main categories fall into field skills, office skills and new thinking.

- A network of specialist experts are available to support their colleagues in the field and to share learning.

We are continually assessing the needs of our workforce, and balancing this with our capacity and resources, while looking five to twenty years ahead and gauging where we need to develop skills, and what those skills are. A key input to this is sharing our thinking and approaches with our colleagues in the Natural Resources Sector, and tapping into ideas and expertise from other agencies and organisations, both nationally and internationally.

Many of our programmes and courses are shared between DOC and colleagues in the Natural Resources Sector, which achieves efficiency and cost savings in the process. For example, improvements in sector-wider information management have been achieved by sharing DOC's Spatial Data Management Framework, policies and standards. DOC has contributed towards all of Government programmes through the NZ Government Cloud Programme and Office Productivity and Infrastructure as a Service Programme.

We will continue to work with our NRS colleagues, local government sector and the Australian-New Zealand Parks Forum to identify common areas for capability development and invest in development programmes and secondments to strengthen our capability across the sector.

As part of the Delivery Project, the Department is undertaking an assessment of critical roles and people. A 'whole of Operations' skills audit is underway now and will provide a powerful dataset of information about the competencies of our field workforce. We will undertake a similar audit in support and service groups in 2014.

A sizeable threat is the potential loss of institutional knowledge through periods of restructure. Due to length of tenure and expertise in a number of roles, there is a need to ensure critical skills and knowledge are retained within the Department. During the first phase of ORIP, key roles and people were identified, and significant effort was put into capturing required systems, skills and knowledge.

We will be evaluating our current capability and capacity gaps throughout the three main phases of the Delivery Project by identifying:

- the critical leadership, technical and core capabilities required,

- the critical roles and institutional knowledge we need to retain,

- areas of strength, weakness, opportunity and risk to the Department in the area of capability.

Our strategy for achieving the capability we need will be determined from this programme of work.

Table 9:   Capability pressures

Capability Gap/Pressure	Reason for capability gap/pressure
Environmental economics	Skills are technical, scare and difficult to find
Behavioural and conservation psychology (applied in the context of behavioural change)	Scarce technical skills – will need to explore options for partnering with other agencies to bring in capability
Social research and marketing	Skills and experience are difficult to find in the conservation context
Information and communications technology	Some ICT skills are difficult to find/scarce
Planning	Difficult to attract Planners to the shared service centre in Hamilton. Some turnover to councils and other entities.
Commercial/business acumen	Readily available in the private sector – may be difficult to attract to DOC environment and context

Capacity

Permanent employees

Permanent employee numbers as at 30 June 2012 was 1,639 full time equivalents (FTE), down from 1892 FTE at 30 June 2011. This significant drop in numbers is primarily due to the changes resulting from the Organisational Design Review Programme (ORIP) in 2012 and as at 1 July 2012, the number of permanent positions reduced by 96 FTE. However, due to the number of employees unable to move to new shared services locations (Hamilton, Wellington, Christchurch, Dunedin and Hokitika), there remained 111 vacant positions. These positions are progressively being filled.

Table 10:   **Permanent Staff Trend Data – Full Time Equivalents**

	07/08	%	08/09	%	09/10	%	10/11	%	11/12	%
Front line staff	1158	64	1200	64	1215	64	1216	64%	1100.5[13]	67%
Back Office staff	662	36	684	36	691	36	676	36%	538.4	33%
Total Permanent staff	1820		1884		1906		1892		1638.9	

Table 11:   **Number of full time equivalent staff employed in each Business Group and location**

	Business Groups/Conservancies	2010/11	2011/12
	Business Services Group	114	112
	Capability and Engagement	51	38
	Director General	1	1
	Kaupapa Atawhai Group	17	16
	Operations Group	2	5
	Policy Group	54	55
	Science and Technical Group	113	92
	Operations Group		
	Auckland Conservancy	84	75
	East Coast Bay of Plenty Conservancy	117	102
	Northland Conservancy	121	109
	Tongariro Whanganui Taranaki Conservancy	156	138
	Waikato Conservancy	105	96
	Wellington Hawkes Bay Conservancy	146	129
	Canterbury Conservancy	152	133
	Nelson/Marlborough Conservancy	157	144
	Otago Conservancy	136	129
	Southland Conservancy	142	126
	West Coast Conservancy	154	138
Grand Total		**1822**	**1639**

Temporary Staff

Between Labour weekend and Easter, temporary staff numbers grow to provide capacity to undertake the summer work programme. While the increase can be to around 500 temporary employees, this number has reduced more recently as permanent positions have been established or operational budgets have reduced.

The temporary workforce is further supported by a number of contractors and consultants.

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[13] The reduction in overall front-line FTE's is a consequence of holding vacancies open pending conclusion of Delivery Project and only filling permanent positions on a temporary basis

Capacity Needed in the Future

As described in Section 3.2.3, the capacity we will require in future will depend on the outcome of the Delivery Project, which will explore different operating models in the context of our future environment. Any structural changes resulting from this project will shape our organisational structure and inform our future capacity and capability requirements.

During the Delivery Project, positions within Operations are being filled temporarily rather on a permanent basis.

The following table summarises the capability and capacity changes forecast over the next four years by our medium term intentions. It also indicates the degree of change in capability requirements for each grouping. Please note that there is some overlap between our intentions, capability, capacity changes and those described in Table 3.2.2.

Increase business opportunities on public conservation land, and revenue generation opportunities that are consistent with conservation values

We need to improve the Visitor Centre network performance and increase participation and revenue from Great Walks, camping, hut and other user fees.

Establish more public-private business conservation partnerships

Capacity Change	Capability Change	Capabilities required/changes
⇧	**H**	- Commercial and business acumen - Technical skills in designing/planning visitor experiences - Social research of international and domestic visitors – behaviours and motivations/drivers - Research, forecasting and modelling to project future trends and opportunities to diversify - Business relationship development and maintenance

Optimise species and ecosystems management to achieve better value for money

We need to increase the number of species actively managed and nationally prioritised from 50 in 2011/12 to 300 over the next four years

NHMS will provide greater transparency and clarity of information relating to our biodiversity both at a national and local level. This will enable more informed prioritisation and decision making and encourage more accountability at a local level.

Capacity Change	Capability Change	Capabilities required/changes
⟷	**H**	- Capability in critical thinking and analysis at a local level - communication and collaboration - sharing experiences and learning with others and being receptive to feedback - Learning and change agility – the ability to learn, adapt and refine the approach, and learn from mistakes - Initiative/innovation - the ability to develop new, innovative yet practical ideas, re-thinking how to approach work - Proactively look for opportunities to improve own, and the organisation's performance

Use a demand-driven approach to providing visitor destinations and recreation opportunities

We are changing to a more demand-driven site based approach to recreation management to increase the participation of New Zealanders and visitors in outdoor activities on public conservation lands and waters

Baseline data have been established but detailed work on targets has not yet been completed.

Capacity Change	Capability Change	Capabilities required/changes
⟷	**H**	- Strengthen our research capability to ensure we capture relevant and statistically robust qualitative and quantitative data to inform our decision making - Customer/user segmentation capability. The ability to apply psychographic and demographic data to inform our prioritisation and decision making - Strong negotiation and influencing skills will be needed when consulting on changes to the provision of recreation facilities - Critical thinking, analysis and problem solving, combined with a systems thinking approach to ensure relevant connections and wider impacts are taken into consideration. - The ability to listen, value different perspectives and understand the needs of our key stakeholders, including whanau, hapu, and iwi, recreation users, businesses and community.

Increase engagement with councils, whanau, hapu, and iwi, business and communities to achieve collaborative delivery of priority conservation outcomes

Currently the Department manages 370 community partnerships, with an additional 40 whanau, hapu, and iwi partnerships.

The Department is targeting an increase in conservation work of 15% from these groups over the next four years and will reset this goal in 2016/17.

To explore all opportunities for the Department and regional government to work more efficiently and effectively in partnership.

Capacity Change	Capability Change	Capabilities required/changes
⬆	**H**	- Effective engagement with whanau, hapu, and iwi. This will depend on our knowledge and understanding of Kaupapa Maori, or Maori cultural dimensions. Our success will depend on our ability to be open to looking at issues differently, listening to understand and finding common ground. - Environmental economics will play an important role in helping to raise awareness of the economic value of environmental services to New Zealanders - We will need to invest in tools and systems that assess the costs and benefits of environmental management - Strategic planning at a national and local level will be required to evaluate where we need to prioritise our efforts to ensure we achieve the maximum ROI from our relationships. - Strong leadership across the NRS sector and beyond to ensure a 'joined-up' approach to delivering priority conservation programmes - Brand management capability – we need to understand the commercial value of our brand and how we can be leverage it to achieve the greatest conservation and economic gains - PR and communications capability as we seek new and innovative ways of engaging with youth and other target demographic groups - The ability to identify, build and sustain outcome-oriented relationships to achieve conservation goals. We need to be courageous about prioritising relationships that will most contribute and reduce our investment in lower priority relationships - We need to openly share our knowledge and expertise in order to build others' capability, and be open to different ways of doing things.

The following table summarises the capability and capacity changes forecast over the next four years for the organisation as a whole.

Capacity Change ⇧	Capability Change **H**	Capabilities required/changes
		Research, Planning and Reporting capability in community engagement and participatory planning technical skills in heritage research and assessment of values technical skills in the assessment of environmental effects technical skills in designing/planning visitor experiences capacity and capability in asset planning capacity and capability in performance monitoring and reporting capacity and capability in social research **Leadership and Collaboration** leadership capability – adopting and advocating ability to think strategically and be responsive to changing environment capability in knowledge transfer capability in stakeholder relationship management capability in business relationship development **Marketing and Customer Relationships** capability in market research, monitoring and customer/product identification capacity and capability in marketing, communication channels management and technology capability in customer service skills capability to identify customer needs and customise products **Asset Delivery** capacity and capability in data management (IT Systems) technical skills in tendering and commissioning work capacity and capability in construction contract management

Costs

App 3.3   Total Workforce Costs

Employee Costs

The cost of employing staff has increased over the last five years, reflecting the increase in capability and tenure of employees plus recognition to reflect collective bargaining outcomes.

Table 12:   Personnel Costs

	30/06/11 ACTUAL $000	30/06/12 ACTUAL $000
Salaries and wages	133,886	131,676
Termination entitlements	5,780	3,874
Annual, long service and retiring leave	1,229	1,984
Superannuation subsidies	3,902	3,840
Recruitment	415	474
Uniforms	456	385
ACC Partnership Programme	2,243	816
Other	1,686	4,136
Total personnel costs	**149,597**	**147,185**

The increase in long service leave and retirement leave costs is a result of changes made to the salary growth and discount rate assumptions used in valuing these liabilities as at 30 June 2012. This determination is undertaken by an independent actuary using rates provided by The Treasury. For the year ended 30 June 2012, the re-measurement cost relating to these liabilities was in the vicinity of $2.3 million.

The increase in other personnel costs is mainly as a result of costs, other than termination entitlements, associated with the organisational review implementation plan.

Capability Development

There is a centralised budget for capability development, however some of these costs also come out of decentralised operating budgets held by Business Groups. The following provides a break down of the 2012/13 centralised capability development budget.

Table 13:   Capability Development Budget

Trainee ranger coordination	20K
TKT (Maori Cadetship Programme) – education costs, noho wänanga, tutors and coordination	175K
People Matter	50K
Study assistance	50K
Computing skills	15K
Destination Management – recreation	45K
Biodiversity (Natural Heritage)	150K
Training develop (developing new course)	64K
Leadership Development Programmes (including Emerging Leaders; First Line Leaders; Building Capable Managers and the Leadership Development Programme)	340K
Total	**914K**

[9],[10]

[9],[10]

Table 15:   Collective bargaining outcome

1 July 2009	1 July 2010	1 July 2011	1 July 2012	28 June 2013
0	1.5%	1.5%	2.3%	[9],[10]

Cost Pressures

The following provides a summary of some of the most significant workforce-related cost pressures we have identified.

- **Turnover** results in costs in the areas of recruitment, induction and training for new staff. It also has a social and organisational cost with the loss of corporate knowledge and breakdown in social structure within DOC.

- Contractors, transport and land management, combined with the need to improve our information technology for the changing needs of the business. These were identified as a result of a programme named "Prioritising for the Future," which looked at ways to find savings due to a **reducing budget** combined with increasing infrastructure and operating costs.

- Transport, communication and information sharing networks, and infrastructure to support staff in geographically dispersed areas. In the last two years the Department has identified and made savings in these areas. The new shared services structure introduced this year will mean an increase in travel for some people and a need for improved ICT infrastructure to support this. Monitoring of these costs will continue.

- DOC provides emergency assistance in relation to rural fires, natural disasters, search and rescue, maritime incidents, etc. These incidents cannot be predicted but the department holds a contingency to support major events. Our staff will continue to participate in these events and a pool of staff will be trained and ready to respond as required.

Table 16:   Lost Time (Loss in productivity)

	2009/2010	2010/2011	2011/2012
Average Sick/Domestic days taken per employee	6.5	6.0	6.4
Headcount	2137	2122	1897
Total Days Sick/Domestic Leave	13889	12732	12179

Table 17: **Total workforce costs**

	2012/13 ($0.000m)	2013/14 ($0.000m)	2014/15 ($0.000m)	2015/16 ($0.000m)	2016/17 ($0.000m)
Workforce costs – departmental	$6,945,000 (not including contractors, capability development, recruitment etc.)				
Workforce costs – non-departmental	-	-	-	-	-
Total workforce costs					

Table 18: **FTE numbers - actual and forecast positions including temporary staff as at 30 June 2012**

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
FTE numbers – departmental	1,639	The numbers in 12/13 and out-years are contingent on the outcome of the Delivery Project. This information will be available in April 2013				
FTE numbers – non-departmental	-	-	-	-	-	-
Total FTE numbers	**1,639**					