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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 2014

Department of Conservation Four-year Plan

Final 13 December 2013

CONTENTS

Part I: Strategic direction	3
Valuing Natural Capital	3
Working with Others.....	5
Part II: Priorities, Operating Model and Performance	6
Government and Ministerial Priorities, Better Public Services	6
Operating Model and Performance against Results.....	10
How DOC's New Operating Model Works	13
Generating Commitment	13
Managing Conservation Assets.....	14
Part III: Strategic Delivery and Trade-offs	15
Natural Heritage.....	15
Historic	18
Recreation	20
Engagement	23
Business Partnerships	26
Capability.....	28
Risk	31
PART IV : Organisational Capability and Financial Summary	33
Organisational Workforce.....	33
Financial summary	45
PART V : ANNEXES	47
[11]]
Annex 5.2 Supporting Financial Information	51
Annex 5.3 Budget Initiatives	54
Annex 5.5 Capital Intentions.....	57
Annex 5.6 Government ICT Strategy and Action Plan to 2017.....	63
Annex 5.7 Risks that could lead to a Fiscal Impact	67
Annex 5.8 Government Priorities.....	68

PART I: 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 New Zealand's natural environment and its focus on ensuring the state of the environment is such that it continues to underpin the economic opportunities that help build a stronger economy and creates jobs.

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

New Zealand's economy, health and well-being, lifestyles and national identity depend on the natural environment. This is because the 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 comprises 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 the country relies to survive and prosper. This 4 Year Plan has been prepared to articulate an integrated view of the Department's medium-term strategy to support the Government's priorities and resource allocation decisions across Vote Conservation (Department and Non-Departmental elements).

Valuing Natural Capital

DOC recognises that protecting and preserving nature for its intrinsic value and recreational purposes is only a part of the value that native biodiversity and its conservation represent to New Zealanders. The plight of the kiwi is not just about the kiwi. The quality and quantity of New Zealand's native ecosystems and the species within them have broad direct and indirect impacts on New Zealand's prosperity. Collectively, New Zealand's native species indicate how healthy ecosystems are (be they forests, grasslands, wetlands or oceans). The health of these ecosystems determines the quality and quantity of the goods and services that nature provides and on which the economy and country relies.

Ecosystem services¹ can be categorised into four types:

- Provisioning services
- Regulatory services
- Cultural services (those relating the needs of people)
- Supporting services (those that underpin the three other ecosystems services and that are part of the mechanisms and processes that generate them)²

¹ Ecosystem services - Ecosystem services are the goods and services provided by ecosystems from which New Zealanders derive benefit. Ecosystem services are underpinned by biodiversity. Without biodiversity, there would be few ecosystem services because these services flow directly from the presence of life on earth.

² Reference to Millennium Ecosystem Assessment framework
www.millenniumassessment.org/documents/document.300.aspx.pdf

<p>Provisioning services</p> <p><i>Products obtained from ecosystems</i></p> <ul style="list-style-type: none"> • Food • Fresh water • Fuel • Fibre • Biochemicals • Genetic resources • Medicines 	<p>Regulating services</p> <p><i>Benefits obtained from ecosystem processes</i></p> <ul style="list-style-type: none"> • Climate regulation • Disease regulation • Water regulation • Water purification • Pollination • Flood protection 	<p>Cultural services</p> <p><i>Non-material benefits obtained from ecosystems</i></p> <ul style="list-style-type: none"> • Spiritual and religious • Recreational and ecotourism • Aesthetic • Inspirational • Educational • Sense of place • Cultural heritage
<p>Supporting services</p> <p><i>Services necessary for the production of all other ecosystem services</i></p> <p>Soil formation Nutrient cycling Primary production</p>		

Demonstrating the value derived from ecosystems, and managing natural capital, are points of focus for DOC and many other environmental management agencies. The benefits the country derives from natural capital are critically important to economic and human wellbeing.

Just as it is possible to overdraw on financial capital and build non-productive debt, the same is true with natural capital, resulting in damage to long-term economic viability and living standards. But, unlike man-made capital, no dedicated system exists to measure, monitor and report on natural capital and the ecosystems services it provides. As a country, New Zealand may be exploiting and degrading the natural capital more quickly than it can regenerate, without even realising it. Consideration needs to be given to the contribution natural capital and ecosystem services make to New Zealand’s prosperity and wellbeing alongside that of man-made capital.

Tourism also depends on the natural environment. Tourism New Zealand regularly links to 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 an 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, and meeting New Zealand’s international obligations. The state of 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.

While currently the Department is developing processes to manage revenue earned on compensation payments and bonds from third party use of public conservation lands, and apply this to restoration work, the growing understanding of what is needed to manage natural capital on the country scale takes the Department into a new space. This involves challenges to capability, skills, systems, and tools, as awareness and understanding develops in New Zealand of the role of natural capital in supporting economic growth, and the role of others in sustaining that natural capital.

Working with Others

The department recognises that the cost of core work – saving all the species and restoring the health of the places the department has a stewardship role is well beyond the resources the Department could realistically expect from the public purse. That is driving the development of the Department’s 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 the Department can achieve on its own.

When operating in this whole-of-system context the 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 sewerage 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 the Department needs 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.

The department has taken the first steps in this – in 2012/13 it re-organised the delivery arm to create a specific group focused on partnering with others. This goes hand-in-hand with earlier changes made to improve efficiency by concentrating support services in three main hubs, moving from a fully-serviced local model to one where key technical and support staff are co-located and utilising ICT tools to manage their workflows and requests for assistance from the Partnerships and Services arms of the business.

Part II: Priorities, Operating Model and Performance

Government and Ministerial Priorities

The Minister and Department have agreed to progress a number of priority areas in the next 3 years:

Natural heritage threats and opportunities:

- Health and wellbeing of the natural environment is crucial to New Zealand's future prosperity – enabling the community to engage in pest control through the use of innovative technologies, will ensure new opportunities are seized and momentum against pests is maintained. Being responsive to natural cyclical events is a core capability and priority of the Department.
- Advancing work in the marine environment – advance new reserves and rewrite the legislation.

Lands and waters managed by the Department for biodiversity and recreation management underpin New Zealand's tourism industry:

- Recreation and tourism is about connecting people with the natural environment and supports Brand New Zealand. The Department will continue to be integrally involved in supporting New Zealand's national tourism needs. Enhancing recreational opportunities on public conservation lands will involve the expansion of cycle-ways through the National Cycle Trails initiative and provision of more camping grounds.
- New Zealand's history and cultural heritage is crucial to our national identity – the priority in this area will be the implementation of the Top 20 Iconic Sites plan.
- Increase iwi, local government, business, and community involvement in conservation through strong relationships.
- Improving the Department's efficiency through organisational and legislative reform – this involves simplifying systems of decision making around concessions and access arrangements.
- Enhance the voice of recreationalists through expanding the existing "Conservation Boards" to become 'recreation and conservation boards' and progressing the Game Animal Council Bill.

Better Public Services

The Department is contributing to Government's 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 implementing 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. The section on 'Maintaining and Advancing Biodiversity' describes these as:
 - guidance on biodiversity offsetting, to assist businesses to achieve economic and environmental objectives;
 - growing the number of new business opportunities on public conservation land, such as species tourism, in order to deliver increased economic prosperity and conservation gain;
 - engage with local councils to improve coordination and more effectively manage biodiversity and ecosystem services
- The Department also has a lead role with other agencies for initiatives aligned to 'Realising greater value from our marine and aquaculture resources' elements of Building Growth from Natural Resources. This work involves:
 - passing new marine reserves legislation, and
 - investigating ways to get best use from New Zealand's resources including reducing structural and statutory impediments to governing the marine space (shared lead responsibility with Ministry of Primary Industries, Ministry for the Environment, Ministry of Business, Industry, and Employment).
- 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". The Department of Conservation has an ongoing commitment to providing open data. This is evidenced with the DOC Geoportals publishing 27 data sets, as well as DOC publishing data sets to the NZGOAL portal.

- Both Property and Fleet are now centre-led and gaining efficiencies through bundling-up and sharing with other government departments and local authorities.
- The Department is one of the nine larger departments returning to the Christchurch CBD in order to support Christchurch’s revitalisation. This work continues under the co-ordination of the Property Management Centre of Expertise hosted by the Ministry of Social Development.
- The Department continues to fully participate in the Optimise Finance programme.
- Improving the Department’s ability to deliver commercial outcomes from its own business, for example, visitor centre retail sales.
- 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 – this will increasing focus on continuous improvement programmes to realise further efficiencies.
- The department continue to collaborate with the Natural Resource Sector, and local and regional authorities to share opportunities and work together – this includes taking advantage of significant learning opportunities – all with a view to fostering and promoting conservation, environmental action and awareness.

Outcome Framework

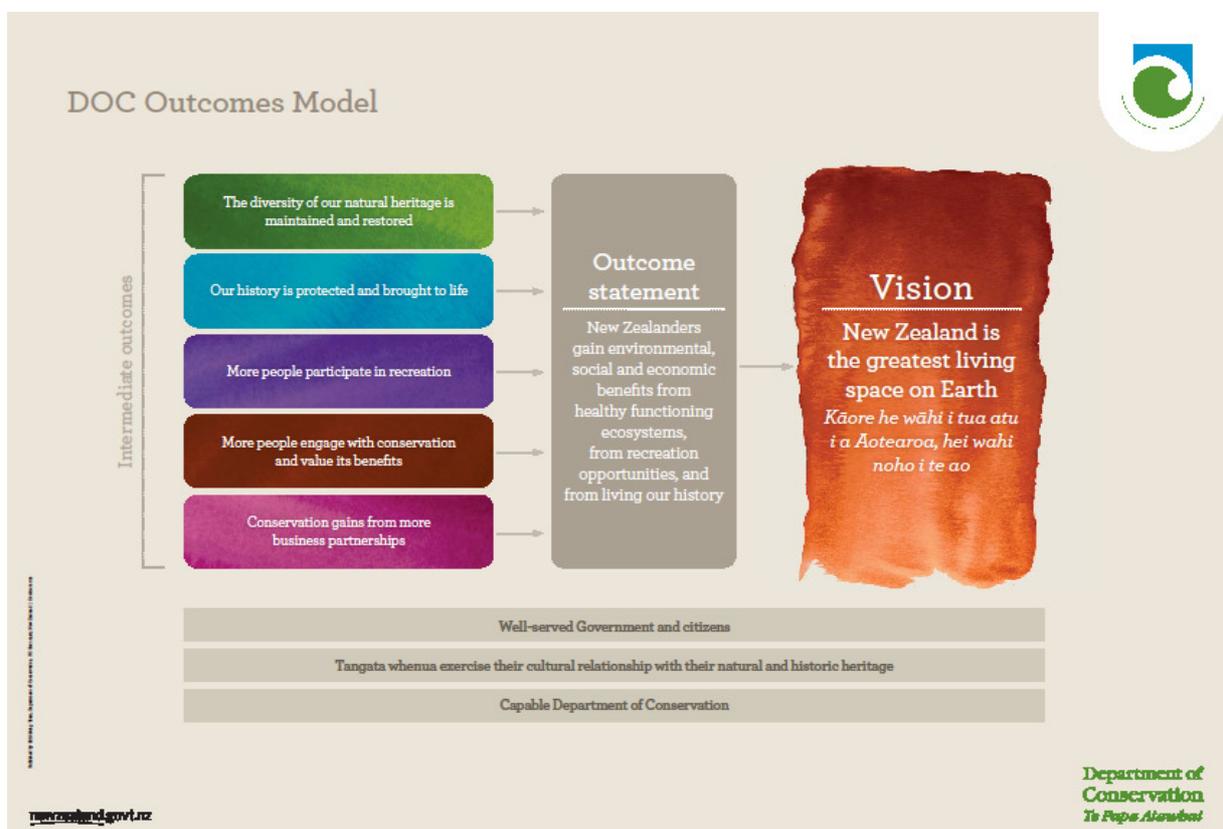


Figure 1: The Department of Conservation Outcomes Model

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 1.3 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 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

Performance Improvement Framework

The Department has had one formal PIF Review in 2010 and has completed a post-PIF Progress Report led by Paula Rebstock in the last quarter of 2011. Planning has commenced

for its next PIF Review planned for February /March 2014. This begins with completion of the self-review.

Operating Model and Performance against Results

The department's new operating model does not change DOC's role as guardians of public conservation land and waters or disband its core work. Under this model, DOC will continue to do priority delivery work into the future (as it is this work that provides the 'public good' that customers value) and will continue to operate within the current legislative framework. It also does not change the stewardship role of the Department in managing resources on the 8.5 million hectares of land managed on behalf of New Zealanders and the 1.3 million hectares of marine reserves. This stewardship extends to long-term planning and management of the workforce and capability available to the department and this aspect is covered in the Organisational capability and workforce sections.

The department's new operating model became operational in September 2013. It is the culmination of a number of major changes over the past 2 years. These include the centralisation of the finance function from the distributed model in 11 Conservancies, creation of a shared service model for support and service functions, and moving to an externally focused business model designed to improve national consistency and support better cooperation and collaboration across business groups. The final change has been completing the review of the department's operational delivery model to make the most gains from these earlier improvements. These changes have resulted in an ongoing saving of \$15 million per annum (4.5% of Departmental budget) and have been fully utilised to fund baseline reductions from Budget 2009 and Budget 2011.

The new operating model for delivery of services completes the refocusing of DOC to a more customer-focused department in order to grow investment and participation in conservation. The future change programme will likely focus more on continuous improvement using a programme like Lean³ and be developed in line with the SSC Continuous Improvement models. The new model means the department will be more focused on understanding what customers (government, business, iwi, local government and community) value, what the department has to offer them, and building a relationship around the delivery of public value in the goods and services the department delivers.

The aim is to provide customers with what they are seeking in terms of desired public services, and to secure their contribution to conservation in return. In exchange for utilising the public goods, experiences, and services DOC provides, customers will contribute resources - such as money, skills, volunteer hours, influence and community input - that will help increase conservation.

³ "Lean", is a production practice that considers the expenditure of resources for any goal other than the creation of value for the end customer to be wasteful, and thus a target for elimination. Working from the perspective of the customer who consumes a product or service, "value" is defined as any action or process that a customer would be willing to pay for.

Current Performance against Result Indicators - Progress against the Department's core outcomes is set out on its Annual Report Performance Summary, is shown below (page references and notes refer to the published 2012/13 Annual Report).

DEPARTMENT OF CONSERVATION NATIONAL PERFORMANCE INDICATORS

Natural heritage Page 19	Overall status 
Indigenous dominance—ecological processes are natural	
Species occupancy—the species present are the ones you would expect naturally	
Ecosystem representation—the full range of ecosystems is protected somewhere	
Historic heritage Page 27	Overall status 
Increase in the number of key historic sites where heritage assessment reports have been completed	
Increase in visitor numbers at Icon historic sites	
Increase in the percentage of key historic sites categorised as stable and not deteriorating	
Recreation Page 31	Overall status 
Increase in New Zealanders' awareness of the Department as a recreation provider	
Increase in participation in recreation on public conservation lands and waters	
Increase in visitor satisfaction with the quality of the experience and opportunities provided	
Engagement Page 37	Overall status 
Change in the importance of conservation to New Zealanders	
Change in the quality of the Department's engagement with key associates	
Change in the satisfaction of tangata whenua with the Department's activities to help them maintain their cultural relationships with taonga	
Business opportunities Page 41	Overall status 
Increase in engagement of the commercial sector in conservation partnerships	
Change in the level of investment from the commercial sector in conservation	
Improvement in level of return on investment for key Department products and services	
Capability Page 43	Overall status 
Leadership: the Department has the leaders it needs to perform well now and in the future	
Relationships: the Department identifies, builds and manages relationships critical to achieving results	
Culture: the Department has the type of culture it needs to achieve results now and in the future	
People: the Department has the skills and competencies to achieve its results in collaboration with others	
Information and communications technology (ICT): the Department has the ICT it needs to achieve results and contribute to others	
Asset management: the Department's asset-related decisions support current and future service delivery	
Structure: the Department's structure is linked to its results and future business needs	



Performance summary

The Department measures progress towards long-term goals in five core business streams and seven capability categories.

Natural heritage

The diversity of our natural heritage is maintained and restored

Historic heritage

Our history is protected and brought to life

Recreation

More people participate in recreation

Engagement

More people engage with conservation and value its benefits

Commercial business

Conservation gains from more business partnerships

Capability

Our business is supported by a capable workforce and robust management systems

The table opposite shows the Department's performance this year.

Key

-  Performance improving
-  Performance maintained
-  Performance declining
-  Performance maintained, but limited dataset
-  Performance data being collected or between surveys
-  Performance measures yet to be developed

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

Definitions

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

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

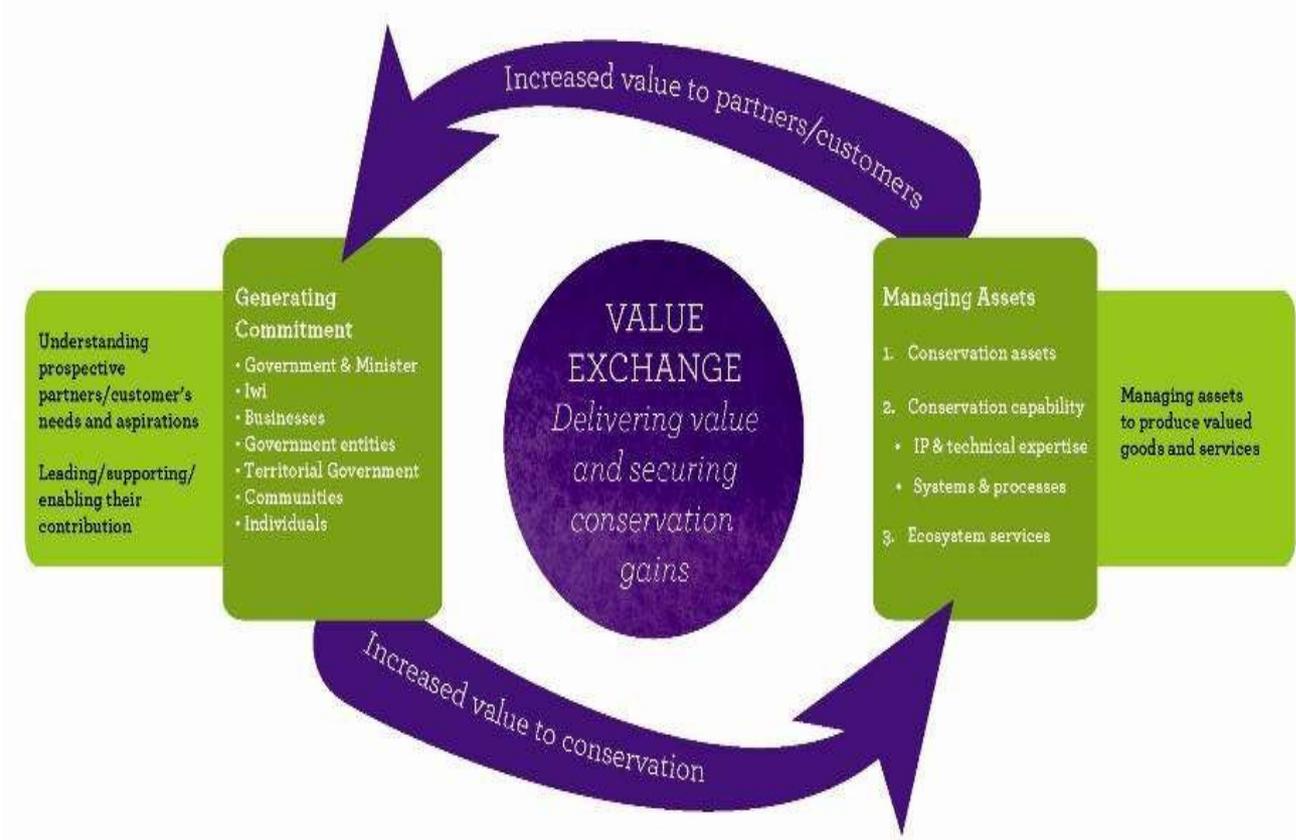
Declining: Progress towards the outcome described is negative; overall conditions are degrading; numbers are decreasing; targets are not being met.

How DOC's New Operating Model Works

The new operating model is all about creating public value by ensuring the public’s needs or desires are met through the provision of public goods and services – the department captures this concept in its value exchange model.

Value exchange means that the department creates value for the public, its partners, potential partners and customers. In exchange for that value, these stakeholders invest in conservation.

By understanding the value customers and partners need to motivate them to contribute to conservation, the department can supply services to create a win-win - where customer/partner needs are met and the return for conservation is high.



Generating Commitment

To grow the resources flowing into conservation the department aims to increase the number of customers/partners it has and the demand for services. This includes making conservation relevant to new groups of customers, and increasing the participation in, and awareness of the benefits conservation has to offer. The Department’s experience suggests that awareness by itself does not create action or participation, and DOC will be working on

becoming more effective at engaging others, with a view to tangible results on the ground, not just awareness by itself.

Generating commitment also includes working with customers and partners to help them deliver conservation—leading, enabling and supporting their work. How involved the department is and how the relationship works will vary to suit the circumstances and the end-value for conservation. Once the new model is working successfully there will be more resources resulting in more conservation. Contributions include projects customers and partners run themselves, resources and money the Department can use, or advocacy about conservation.

Customers see they can benefit from becoming involved in conservation and genuinely believe that the value they get is worth their investment in return. Understanding what drives partners and customers and what value they can get from conservation allows DOC to focus on customers and partners who will provide the greatest investment into conservation.

Looking for the greatest value to conservation from partnerships maximises the impact able to be made. Growing partnerships and the customer base will be a core part of the department's business.

Over time, as the resources coming into conservation grow, there will be increased provision of services and opportunities for customers and partners. These new services will provide extra reasons for customers or partners to contribute to conservation.

Managing conservation assets

In this new model, operations staff (referred to as the Services Group in the new model) manage conservation assets to develop services that are valued or needed by customers or partners. The recent changes made in the operations arm of the department have removed a range of responsibilities historically undertaken by that group (for example identifying partnerships), to create a focus on efficient service delivery at larger landscape scales.

This includes improving the condition of natural heritage, providing increased recreation opportunities, retaining historic heritage and delivering legislative and regulatory outcomes for the Minister of Conservation and Government.

As partnership opportunities are identified, and partners near agreement on the type and extent of contribution that will be made, services staff will play an increasing role in establishing the operational aspects of any partnership programme. Establishing partnerships and building relationships is a core partnerships function but requires increasing services involvement as the relationships build into physical work programmes. On the other side of this model, service delivery involving partners still requires involvement of partnership staff as the relationship needs to be sustained over the long-haul, and refreshed regularly during that period.

Part III: Strategic Delivery and Trade Offs

The Department will experience cost pressures within its core outcome and capability streams during the term of this 4 Year Plan.

To support the strategy and contain these cost pressures organisational/change programmes have been established or completed – these include the Delivery Project focused on a more effective and efficient delivery function, software and infrastructure leasing, as well as projected revenue growth from recreation and concession revenue. Details are set out in Annex 5.2.3.

The strategy the Department is pursuing will be delivered through its five outcome streams as shown on the Outcomes model on page eight. This next section outlines the broad delivery issues and trade-offs within each of these streams. Trade-off across outcome streams has recently been examined and has resulted in the decision to allocate resources into the new Partnership Group within the business – trading off service delivery resource on the basis of increased conservation achievement overall as partners increasingly engage in hands on delivery.

The Diversity of New Zealand’s Natural Heritage is Maintained and Restored

Conservation is not simply about the protection and preservation of iconic species and special places. The state of 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.

New Zealand’s natural heritage

The isolation of New Zealand is a key determinant in the evolution of one of the world’s most unusual ecologies – 80 million years of separation led to an astonishing array of plants and animals. Humans settled New Zealand very late, and immediately began to change that ecology – burning forests (accidentally or deliberately), hunting animals and introducing pests. From about 750 years ago to the arrival of Europeans about half the country’s forest cover was lost. The rate of habitat destruction accelerated with the arrival of Europeans and approximately half the forest cover present on their arrival has now also gone.

Human impact has caused the loss of about 42 species of land birds out of around 90 originally. At present almost 3,000 species, both flora and fauna, can be described as threatened or at longer term risk of extinction.

Over time New Zealanders, both Māori and Pakeha, have placed increasing value on our natural environment and seek more actively to protect and enhance it. Under S4 of the Conservation Act DOC has a duty to administer its legislation so as to give effect to the principles of the Treaty of Waitangi. This legal obligation recognises the distinct relationship of Maori to land, water and native species.

Settlement Redress

Through Treaty settlements DOC seeks to create platforms for positive and enduring relationships with iwi, and to integrate iwi interests into the management of public conservation land. This can be on the ground e.g. through opportunities to participate in management activities of key interest to iwi; iwi involvement in assessing concession applications; DOC business planning discussions encompassing iwi priorities; and on occasion at a governance level when the nature of the conservation area warrants the creation of a tailored arrangement (for example it is very large or is of a very high value to both iwi and the Crown).

Settlements create numerous statutory obligations on the department that address individual iwis' specific interests and concerns. No two settlements are alike.

Iwi accept the responsibility of actively managing conservation values, as well as their own cultural values, on areas that pass into their ownership and care. Public values (conservation values, public access, and third party interests) continue to be protected on most transferred lands. DOC acts as a technical adviser for iwi regarding the management of conservation values.

Investment in Natural Heritage

The Department is continuing its long-term programme to maximise the return on the Government's investment in natural heritage. It is doing this by developing and implementing an approach designed to optimise the achievement of natural heritage outcomes, and improve its capability to report on conservation activities, results and outcomes. It is also focused on developing more efficient and cost-effective pest control tools that will help to increase the amount of public conservation land under sustained management over the next four years.

Its core business continues to be control of pests and weeds in order to secure the future of biodiversity. There are challenges in this work particularly where natural pest cycles put pressure on budgets across years. An example of this is underway in the 2013/14 and 2014/15 years where a significant beech flowering (or 'masting') event will drive large increases in beech seeding, and in response, irruptions in pest numbers which must be met by moving resources around geographically and across seasons in response.

These cycles mean in some years the Department must be able to access significant resource at short notice and although internal reprioritising in any one year is the first option selected, there are years where alternative and additional approaches are required.

Over recent years, the Department has begun to clarify the choice behind certain natural heritage activities and not others, and what specific outcome it seeks to achieve from these. As this understanding grows, more objective and transparent choices are being made about how to allocate resources within the natural heritage portfolio to achieve the most optimal results. Preventing further species extinctions and ensuring New Zealand retains high quality examples of all the different types of ecosystems is the Department's traditional core work, and will continue to receive a significant share of resources. In recent years, effort here has focused on becoming more effective by identifying, prioritising and implementing those

projects that will achieve the greatest gains nationally. Not all rare and threatened ecosystems occur on public conservation land so the strategy of engaging others in conservation work is particularly important for making progress and turning performance around in this area .

The Department also allocates funds for other reasons - to protect the iconic species and places which are part of our national identity, to support what local communities or whanau, hapu and iwi value, or because we have a statutory responsibility to do so. Biosecurity incursions are part of the latter category, as is management undertaken to prevent further biodiversity decline over large landscapes.

As we work more with others, the challenge will be to balance the push for immediate and fairly certain biodiversity returns against opportunities with partners or sponsors that may achieve considerably more for natural heritage over the long term - or may not.

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.

In line with New Zealand's obligations under the Convention on Biological Diversity, the Department will also have completed the refresh of the New Zealand Biodiversity Strategy.

Understanding, measuring and reporting on natural capital benefits

Maintaining and restoring the natural capital on which our wellbeing, including the economy, depends has long been the role of the Department. Over the next four years we will continue to investigate the contribution of New Zealand's native natural capital assets and their conservation to the wellbeing and prosperity of New Zealanders. To do this, we will need to better understand:

- The condition, or state and trend, of the natural capital stock (the protected areas, biodiversity and ecosystems that DOC has responsibility for) from a natural capital perspective
- The threats and pressures they are under
- The ecosystem goods and services that flow from this capital stock
- The monetary and non-monetary value derived from biodiversity and these ecosystems goods and services and
- How to better invest in 'capital maintenance'

The Department's research and development programme will continue to expand knowledge of the linkages between biodiversity, New Zealanders innate connection to the environment, ecosystem function, human behaviour, sustainability, ecosystem services and human well-being and prosperity, the flow of ecosystem goods and services and how we can better report on a broader range of them.

We will continue to work with Natural Resource Sector agencies and with local authorities to ensure a coordinated government approach to how we measure, monitor and manage New Zealand's natural assets.

A proposed Natural Resources Sector-led initiative will promote and support the use of a national natural capital framework and natural capital approaches for wider resource management in New Zealand. It aims to produce an independent and peer-reviewed New Zealand Natural Capital Assessment and to create efficiencies through the national coordination of the research and development effort.

The Department is developing a work programme that will reclassify stewardship and other areas with significant conservation values over at least the next two 4 year plan periods. This programme development will be completed over the next six months in consultation with the New Zealand Conservation Authority and the Minister of Conservation. Cost pressures that may arise have not yet been identified.

Specific trade-offs that require close management include:

- The Department is putting a larger share of its resources into engagement activities in order to significantly increase the contribution by others to conservation over time. This results in fewer resources for natural heritage delivery in the short term.
- Though they may have valuable engagement outcomes, not all natural heritage-focused partnerships will produce significant gains in terms of biodiversity health. However, the majority of partnership projects require some form of contribution from the Department, reducing the amount of resource available for other priorities. These factors will need to be balanced up and managed during decision making.
- Growing the work programmes focused on national priority programmes, such as biodiversity monitoring, means less funding is available for other types of activities.

Cost pressures from increased service demand that will be funded from within current baselines are set out below – financial details are in Annex 5.2.2.1

Otago marine reserve – this follows the Minister’s decision in August 2013 to establish a Marine Protection Planning Forum to advise on marine protection in the Otago region. Discussions with the Ministry of Primary Industries on cost sharing continue.

Kauri dieback – funding from the partnership with local councils, iwi and the Ministry of Primary Industries to manage the fungus which is the primary cause of kauri dieback will cease in June 2014. The work required is research, visitor management, track improvements and publicity.

New Zealand’s History is Protected and Brought to Life

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. Further work on the partnership strategy will focus on encouraging engagement of communities and others in contributing to conservation gain in this area. Given the range and extent of historic assets managed by other government agencies it may also be timely to consider an across-agency response to the prioritisation of resources for earthquake strengthening of historic building assets.

Cost pressures arising from earthquake strengthening to Old Government Buildings will be absorbed within existing baseline – these are significant due to the earthquake repairs to the Old Government Buildings to cover non-structural damage to ceilings and facades caused by the Wellington earthquake.

Turnbull House is currently closed as earthquake strengthening is required. Options for the future use of Turnbull House are being investigated and may result in funding requirements in out-years.

Maintenance and upgrade work conducted by DOC is aimed at stabilising the historic fabric and ensuring heritage is protected. As a result, visitors are able to engage with the physical remains of New Zealand's cultural past and the story of our identity.

Key trade-offs that affect management of cultural and historic heritage are:

- Choosing between the intervention/costs at each site and the overall number of sites that can be conserved. A review of the protection work we have completed indicates that the fabric of many historic assets continues to deteriorate. Further conservation work is planned to halt or reduce the rate of decline.
- The extent to which it is financially viable to protect and extend the life of a historic place or asset.
- Choosing (finding a balance) between the conservation of places and assets for the historic value they represent rather than focussing on places that are most popular (i.e. have highest visitation),

- 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.

More People Participate in 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 resource constraints and changes in investment take effect changes in the utility of the network can be expected. The Destination Management Framework⁴ 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.

Increasing participation requires the Department to focus on growing the popularity or demand for outdoor recreation opportunities. This involves investing in more accessible 'front country' places, while also maintaining access to the back country for those who want more testing experiences. To achieve this will require a change from the widespread backcountry investment pattern to one that matches current demand and is planned to meet future⁴ needs – an approach that looks at the optimal mix of opportunities in appropriate places to provide benefits to the visitors and the community.

This is likely to mean a geographic shift in investment, a change in the type of opportunities provided, and also development of new service provision models, for example, a model focused on a range of Departmental/partner investment mix – these might be local government or private sector partnerships.

Aligned with this the Department will be working to streamline involvement of community and user-groups in maintenance of visitor assets by reducing administrative processes and identifying and creating useful models for individuals and groups to adopt in looking after elements of the visitor network. This might also for example, lead to reviewing service standards to ensure a safety focus while enabling third parties to be more involved in asset maintenance.

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

⁴ See Destination Management Framework <http://www.doc.govt.nz/documents/about-doc/role/policies-and-plans/cms/dmf-overview.pdf>

Zealand. Recent modelling has been undertaken based on historic assumptions of the costs of hard assets supporting these market segments on the 3,173 sites currently managed for visitors.[7,8]

The ability to change the investment profile while maintaining appropriate standards of service and maximising recreation opportunities will require constant trade-offs. These trade-offs will be contentious and will pose a threat to the opportunities enjoyed by some key stakeholders. The Department will have to work very closely with and be responsive to the needs of local communities and stakeholder groups, and also be willing to adjust where participation is not increasing.

Previously the department’s recreation asset network has been based on historic network decisions of agencies such as NZ Forest Service (for example, in supporting wild animal control). Decisions on where to provide recreation opportunities in future will be increasingly informed by use and demand. From the use data the department currently collects historic patterns of visitation are changing (see the graphic below from the June 2013 Nielson Survey) and new activities are becoming popular (mountain biking for example). This means that over time, there will also continue to be changes to the network of facilities and services in response to changing recreation preferences, a shifting population and the available resources.

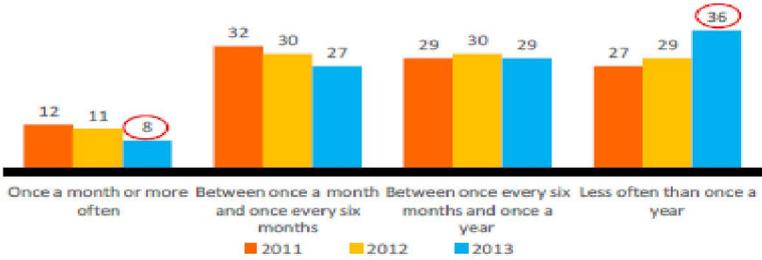
USE OF DOC RECREATION AREAS IN GENERAL

The frequency New Zealanders are using Department of Conservation areas for recreation may be decreasing. This can be seen from the drop in the proportion that use DOC sites at least once a year or more often from 71% in 2012 to 64% in 2013.



New Zealanders are using DOC recreation areas **less frequently**

Frequency of using any DOC areas for recreation (%)



Base: All respondents, excluding not answered and don't knows (2011 n=3614, 2012 n=3885, 2013 n=4604)

More People Engage with Conservation and Value its Benefits

DOC's new business model implemented from September 2013, increases the emphasis on working in partnerships, relationship building, sharing skills and knowledge, and involving others in conservation. Individuals, communities, whanau, hapu, iwi, businesses, non-government organisations, landowners and councils all currently undertake conservation work that supports wider conservation outcomes. From September 2013, developing and maintaining partnerships is a core part of DOC's business and way of operating and DOC will be working with its stakeholders to identify new opportunities to add value to them as well as to grow results for conservation. For the department, measuring that growth in conservation will be challenging, because when the strategy is successful, much of the growth will be achieved by others. Telling the overall conservation story however will provide the opportunity for others to share their experiences and achievements more widely with fellow New Zealanders and further enhance that growth.

By working in new and different ways with existing and new partners and stakeholders, DOC's aim, over time, is to support a large-scale and sustainable increase in the amount of conservation achieved across the country, and to provide diverse opportunities for more and new people to participate in and enjoy the benefits of conservation.

One key area where DOC adds value to New Zealand's prosperity is in the management of natural capital. Given the importance of natural capital the Department is part of a Natural Resources Sector led initiative to promote and support the use of natural capital approaches for wider resource management in New Zealand. A key part of this initiative will be stakeholder engagement throughout a wide range of interest groups.

The Treaty of Waitangi provides for a partnership between Maori and the department. The department builds and supports partnerships which are appropriate to local circumstances and are based on good faith, co-operation and respect. The department recognises the exercise by whanau, hapu and iwi of their customary duty as kaitiaki over their natural and historic taonga according to tikanga, and by recognising and respecting mātauranga Māori conservation practices and associated cultural values. Treaty settlements are also bringing a new paradigm of engagement and partnership for DOC with tangata whenua.

DOC's strategic objectives for the engagement of iwi and communities are threefold:

- to grow and harness the understanding that conservation is at the heart of what it means to be a New Zealander;
- to increase conservation results by encouraging and supporting conservation partnerships and the conservation efforts of others; and
- to demonstrate the value that conservation brings to New Zealanders and New Zealand's prosperity.

To achieve these objectives, DOC will be implementing a new engagement growth strategy. The strategy provides an enabling structure to develop new initiatives with partners and the community to grow results for conservation. A critical challenge is to translate New Zealanders love of outdoor recreation and general support of conservation into actions that contribute to greater conservation of our natural and historic heritage. A key part of this engagement growth strategy is strategic and collaborative funding partnerships with government, business and iwi for long term community conservation projects. At this early stage the Conservation Partnerships Group is in the development phase of its approach to partnerships – this will include a process of determining the agencies, sectors, community or business groups where the greatest gains can be achieved through joint work. The aim is to determine this in the first quarter of 2014. While progress on commercial partnerships has been made quickly, the Department must sustain these new relationships and look to greater strategic long-term gain through them. At first the major purpose will be to ensure current partnerships are developed and sustained, rather than accelerating multiple new partnerships.

While cost pressures will arise in this outcome stream as the Conservation Partnership Group increases activities with partners to drive growth in conservation, the additional costs are expected to be met by increased revenue.

The early leadership challenges for the Partnership Group, functioning for one month at time of preparing this 4 Year Plan, are illustrated below:

CONSERVATION PARTNERSHIPS- FOUR WEEKS AFTER ESTABLISHMENT

THE ASPIRATIONAL GOAL IS GROWTH – ‘DOUBLING’ CONSERVATION



The Department is undertaking a stock-take of current partnerships as they exist at the local level to look for opportunities to build further, and particularly to scale up, to national priorities. Other actions include:

- Development of a Growth Guide built around an organising framework to assist prioritising where effort will be invested. This will cover the small number of initiatives that will drive high value return.
- Communications with external stakeholders to explain where the Department is investing resources.
- A focused exploration of opportunities through specific stakeholders, for example, universities and local authorities and to implement a co-ordinated approach during 2014;
- An optimising and strengthening of established relationships with business such as Fonterra so that current projects are successful long term, and more far reaching gains are achieved. Some focus will be on concessionaires;
- Application of the new approach to promising prospects to embed the new strategy more effectively across the whole of DOC.

Conservation Gains from More Business Partnerships

Generating conservation gains from more business partnerships relies on and contributes to the four other intermediate outcomes - delivering this outcome depends on all aspects of the Department working together. Businesses partner with DOC due to its management role with respect to natural and historic heritage or the connection to recreation and communities. Through this partnership both parties invest greater resources into natural heritage, history and recreational assets and as a result the quality of these assets improves.

DOC's new operating model is to grow conservation through doing more with others, and assist others in their own conservation initiatives. The increased customer-focus of this new model makes conservation relevant to new groups of customers, including business. Establishing the motivations and aspirations of prospective partners and customers, and discovering what services DOC offers' that they value is central to this 'value creation' approach. Through working with individual organisations and demonstrating the unique way in which conservation contributes to their business they gain awareness and understanding, and provide greater value for conservation. In a reinforcing cycle as businesses grow to understand conservation and the role it can play in their business they increase their investment in conservation activities.

Sales channels and online booking engines are essential to enabling tourism and recreation businesses to connect with DOC and package experiences to sell to their customers. The products and product suites which can be sold through these channels provide avenues for commercial operators to collaborate with the department and helps increase the profitability of concessionaires - in turn creating more conservation gains.

Products and the channels through which they are purchased are also important in increasing visitor numbers through making it easier for customers to connect with and purchase conservation experiences enabling them to complete as much of their transactions as they can online.

Delivering these products and channels to partners, customers and consumers will require investment in on line capability and the development of new channels, as well as the need to consider the investment in current channels, for example traditional visitor centres.

Air New Zealand

After seven years of the Department developing numerous proposals to take to prospective partners, the newly formed Commercial Business Unit took a different approach and worked with Air New Zealand to understand their objectives and commercial drivers. Subsequent discussions identified The Great Walks as being a perfect fit. The partnership was launched in 20 April 2012 and was initially worth \$1 million annually over three years. It involved working together on the promotion of the Great Walks network, and enabling biodiversity projects in the vicinity of the Great Walks to help pave the way to put Takahe back into the Milford Track, kokako back around the Lake Waikaremoana Great Walk, Whio in the Routeburn Valley and return birds like saddleback and kiwi to the Stewart Island/Rakiura Track.

The partnership also formalised the role Air New Zealand has played over the years in transporting endangered species between regional centres to safe new breeding sites around the country.

Initially there was a high degree of scepticism and concern within the Department around our involvement with such a commercial partner. Indeed, there were some that did not see the value of Air New Zealand's biodiversity fund and didn't have the time to become engaged.

Since then the partnership has expanded and grown not only with new marketing initiatives that have broadened the reach and awareness of New Zealand and its conservation story by orders of magnitude – but also through additional investment in marine reserve monitoring.

Year one of the partnership has delivered fabulous results for conservation, with over 500 endangered animals relocated, four new biodiversity projects established, and more than 8% increase in Great Walks visitation achieved off the back of marketing such as the global [Great Walker Competition](#) and the [Bear Grylls safety video](#). (Over the previous five years 2.5% growth had been achieved).

The Great Walker Competition was followed by 255,000 globally on twitter, 737,000 on Facebook and attracted 140,000 unique visitors to the blog. The Bear Grylls safety video shot on the Routeburn Track features many conservation messages, and has been viewed by over 2.2 million on YouTube, and millions in-flight.

With the partnership extension into DOC's National Marine Reserves Monitoring Programme, the total value of the additional investment – the increased duration and the marine extension – is approximately \$4m over the next four years. In addition, Air New Zealand and DOC are creating a Marine Experiences Network to develop and promote marine destinations building on the value and connection New Zealanders have to our marine environment.

The partnership is now currently worth \$7.3m (investment has grown over 100% after only 18 months).

Along with the DOC Marketing team, Air New Zealand have fully backed the partnership in ways that is an exemplar for others. Both DOC and Air New Zealand have used the full range of our respective marketing channels (including inflight, online and new media), staff initiatives, loyalty programmes and through our respective CEOs and Minister. The Air New Zealand partnership has set the bar in terms of what a business partnership means.

The success of the Air New Zealand partnership has created a 'halo' effect – encouraging other businesses to look favourably towards contributing to conservation outcomes. The converse is also true in that the success has also created concern amongst some of our longer standing sponsors – who feel their years of contribution have been undervalued with the attention Air New Zealand has created.

Prior to implementing the new operating model in September 2013, the department's systems and processes were built to manage at place on a regional basis based on a DOC-centric functional perspective. These systems and processes will need to be re-focused while at the same time delivering increased partnerships. Although the Department has always worked in partnership with a variety of stakeholders and specifically with businesses, the new operating model means a much greater focus in external agencies and firms. Growing this capability involves:

- Building the platforms and systems capability to enable Partnership Group to engage with the business and other sectors
- Delivering high value, high visibility national partners while maintaining and growing existing relationships
- Delivering additional conservation benefits from current concessionaires
- Increasing public awareness and familiarity with the DOC brand so that conservation activity increases
- Delivering new tourism products/product suites of national scale which shift perceptions and engage people
- Building sales channels for conservation and DOC products.

Capability Change and Trade-offs across Outcome Stream

Delivering more conservation through partnerships and engagement requires a change in capability and involves a range of trade-offs and pressures in how the department operates:

- Understanding how the Value Exchange strategy can shift Departmental priorities.
- Managing through doing everything, to taking a leadership role and delivering in collaboration with others and sharing skills and knowledge to empower others to undertake conservation by themselves. This involves trading off control for increased delivery.
- Moving staff and managers from a regional ownership model to working in a more integrated manner across the department and delivering a consistent nationally agreed approach.
- Moving from the historic approach of managing risk by limiting use of public conservation land to the new approach of leveraging conservation assets to deliver more conservation.
- Changing from offering a limited and traditional range of recreational opportunities to building a broader range of activities to attract a wider group of visitors and to engage with a wider group of customers.

- Expanding the relatively narrow meaning of conservation based on intrinsic values traditionally used in the Department to building a wider meaning that includes nature and the services it provides. This is an enabler to expanding the partners The Department traditionally works with.

Supporting the Strategy through Smarter Use of Information Services and Support

The focus in this area is on using technology to enhance the visitor experience, including improving safety services such as weather forecasting, and enabling interactions such as hut bookings wherever possible to be undertaken on-line.

From the visitors perspective the emphasis is on providing services to customers to allow them to book DOC experiences in the way that best suits them; whether that's through selected online booking sites, travel agents, tourism operators, DOC visitor centres, or online on the DOC website.

Currently about 28% of hut and track bookings are completed on-line. This responds to the Government's Result 10 target "New Zealander's can complete their transactions with government easily in a digital environment".

Over the next four years the Department will also be investigating and implementing where possible, IT solutions to improve the visitor experience more directly – for example embedding visitor site information in products such as in-car GPS used by tourists to plan their days road travel.

Also in this area the Department has agreements with the NZ Meteorological Service to provide weather forecasting services at key visitor locations – these are seen by the Department as an increasingly important vehicle to enhance the safety element of the visitor experience.

The new operating model within the Department supports open collaboration with other governmental agencies, private enterprise and the public, including shifting the existing internal facing information systems to more open, external facing systems, with transparent access to the Department's information.

To further enhance the implementation of the partnership model the department is working to improve the ease with which visitors and citizens access products and services through digital channels, either on-line via our website, through third parties, or through mobile applications.

The Department is progressively refining its approach to be more agile and responsive to business needs with the intent that new lines of business are quicker to market through faster delivery. The transformation from reactive to a proactive IT service is being achieved through early business engagement and better understanding the business need. This is combined with creative and innovative design, adopting All of Government and Cloud approaches, with the intent to provide 'fit for purpose' solutions which progressively evolve in conjunction with business maturity. This has commenced as part of the eServices programme supporting Result 10, and will be progressively implemented over time. The department is also transitioning resources from running infrastructure and software

solutions to innovation management, utilising progressively more mature services, many of which fall under All-of-Government arrangements.

The cost pressures and tight fiscal environment experienced in recent times have focused the Department on looking at more cost efficient ways to operate the ICT environment, but also support agility, mobility and a focus on increasing business value. Several threads are underway to accomplish this, including working closely with other agencies and All of Government providers to capitalise upon work undertaken by others; standardising business processes in conjunction with business owners; evolving the IT infrastructure to support increased mobility; and consolidating legacy applications. The Department's Information Systems Strategic Plan (ISSP) will outline the direction for the architectural framework, investment and solution roadmaps to accomplish this new state. Core to this new environment is the effective management of both information and digital assets, which will be improved through the multi-year Conservation Information Ecosystem programme (CIE). The outcome of the CIE programme will be a transformation for managing and accessing information, with the core platform enabling internal and external personnel to digitally engage on conservation activities.

In 2013 a telecommunications strategy identified how the Department can transition to a more mobile environment. A number of options in this strategy are expected to be implemented during 2014, including transitioning to a unified voice and data network that integrates mobile and desk technology and introduces the opportunity to implement Wi-Fi connectivity and Video Conferencing on a wide scale across DOC. This will support increased mobility, ease of use and lower total cost of ownership.

These organisational and technology changes have been progressing over the last several years to support the emerging business models within the Department as well as differentiate between adding business value (business strategies and frameworks; the department's core business; the Department's Intellectual Property and systems to support that IP) and commodities (which are not core business and can be outsourced).

Alignment of DOC strategies to Destination 2017

The Department of Conservation has been progressively transitioning over the last several years towards the future delivery model as outlined in the 2014 Government ICT Strategy and Action Plan. This transition has included: establishing (along with the New Zealand Transport Authority) the All of Government programme to respond to the expiry of Windows XP and Office 2003; infrastructure being highly virtualised to enable easy transition to third parties; structuring the ICT team to differentiate between future state business engagement and management of commodities; being actively involved in several across Government activities, including Better Public Services Result 10, NZ Cloud programme, Enterprise Content Management, New Zealand Geospatial Office, and IT Managed Services; and actively collaborating with other agencies where there is mutual benefit for working together.

The collaborative way of working and commoditisation of services as outlined in the Government's ICT Strategy and Action Plan has been a key driver for DOC's organisational changes undertaken over the last five years. This collaborative approach is expected to

mature as people gain increased experience in working in this environment. Further details are set out in Annex 5.6.

Strategic and Operational Risk

The Department has a Risk and Assurance Committee and strategic risks are regularly reviewed.

Strategic direction - The core risk to its strategic direction faced by the Department is:

1. Implementation of the change process may stall in the short to medium term, and the benefits may not therefore be delivered because:
[8]

- of the strength of the status quo
- there is a capability mis-match when comparing the needs of the new strategy to how the department has operated for the past 25 years
- outcomes the department is pursuing involve many other players doing their part and rely on the capability and desire of others to involve themselves
- partnership arrangements (including Treaty Settlement obligations) create expectations and relationships that will prove too difficult to manage

The department's capability programme outlined further on in this document is the main risk management approach. It is focused on sharing the knowledge and expertise of DOC staff with others, in order to unlock their potential and enable them to contribute to future success.

Internally, an assessment of core behaviours needed to deliver the strategy has enabled the development of a two year programme focusing on new ways of engaging with others, testing and experimenting to find new ways forward, developing strong and empowering leaders and supporting the wellbeing of staff.

Ensuring that the Department's business system such as Monthly Operating Reviews, 'Management by Walking About', and Management/Leadership meetings and reporting are used as intended will be an early focus.

There are plans to refresh the stakeholder strategy which will build stakeholder support and engagement. Building internal capability, demonstrating success of DOC and others through performance stories and building confidence in the delivery of value is in progress but not yet fully in place.

Operational risks - There are a wide range of operational risks that the Department is familiar with and manages as a matter of course in its annual work programme. Some risks however do not conform to annual cycles and specific responses are difficult to pre-plan and must be bought into play as events unfold. Flooding, fire and other extreme events caused by weather are examples of this and the Department relies on prioritisation approaches to manage responses to these environmental impacts.

Other events rely on the Department's ability to move resources around as a response to managing the risks that arrive infrequently. For example in natural heritage a key though irregular risk is managing through natural cycles such as beech and rimu masting. This is a risk because while the flowering of the beech tree (which only occurs in specific environmental conditions and is known as 'masting') is good for the beech it means predator irruptions will occur on very large scales – these predators impact severely on fledglings from species such as mohua and kea.

The management response to risks of this type is to shift resources around the Department, and to time operations and the funding required, to best effect when these mast years are predicted. In previous years this has meant resources need to be prioritised and then reserved until field conditions are such that the greatest impact can be had on these predator populations. This management strategy will be further advanced as communities are up-skilled in pest control techniques, and are engaged in priority work at the right time to maximise their impact based on monitoring programmes predictions."

Part IV: Organisational Capability and Workforce

Health and Welfare

Safe operations are absolutely critical to the Department in the way it administers New Zealand's natural resources. The Pike River Report has made it clear that Government agencies must lead in areas of health and safety, and DOC is one of the largest operational departments. The Department aims to lead in this area, to ensure all visitors can have safe and enjoyable experiences on public conservation lands and waters, and staff can return home safe every day.

The Department is concerned that its safety record over the last two years has been less than satisfactory. As a result of this some systems and processes have been reviewed (e.g. safety planning) and the department is commencing a programme to develop an injury free culture around the banner "safe home every day". This includes a focus on health and safety, team leadership, and behaviors. Wellbeing and safety is at the core of the ten behaviors and supports all the other behaviors.

Overall Injury Rates

While the injury rates across the Department's reporting classes are very similar to last year and there has been a slight reduction in the total recordable injury rate,^[7,8]

In response to this, the Department has developed a new health and welfare strategy; recently approved by the Executive Leadership Team (ELT), to address safety culture issues and reduce injury, and is embarking on a programme of safety culture change and health and safety leadership development. Over this 4 Year Plan the incidence of moderate or serious injuries will trend down with more specific targets set in June 2014 based on year-end data.

ACC claims

The Department has been in the Accident Compensation Corporation (ACC) Partnership Programme for over two years. The programme encourages injury prevention and enables an employer to manage workplace ACC claims in return for significant discounts on levies. The number of claims decreased slightly by 2% to 272 claims in 2012/13.

ACC Partnership Programme Implementation

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.

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.

Capability and Workforce

In 2012-13, a new "Operational Model for Increasing Conservation" was developed and introduced to the Department, which will result in significant changes in how DOC works in future as well as deliver the required savings.

Its focus is to grow conservation by doing more with others. Building on previous success in engaging with others, this model is designed to take the skills and experience of DOC staff and others to a new level. It places as much importance on the needs and values of customers as it places on the department's traditional work of managing national heritage, historic and recreation assets.

The model puts the new strategic direction at the centre of operations, to better enable DOC staff to broaden the way they think about conservation, encompass others views and look for new ways of working with others that benefit people's health, wellbeing and prosperity as well as achieve more impactful conservation outcomes. It is based on leveraging the real and potential value of conservation assets, goods and services to grow investment and participation in conservation.

This approach also enables the department to manage the risks identified in the strategy development and rollout.

The design of the new operating model was followed by structure design. In September 2013, two new Business Groups, one with a primary focus on growing conservation partnerships “The Partnerships Group,” and the other on managing conservation assets “the Conservation Services Group,” were formed, and the pre-existing Operations Business Group was disestablished.

The newly created Partnerships Group will enable the department to expand its effort and focus on customers, recognizing that specialist skills and expertise are needed to realize the benefits of the new operating model. The new Conservation Services Group will carry out conservation work in areas of biodiversity, recreation and historic heritage, and ensure partnership agreements are implemented successfully on the ground.

Previous Conservancy boundaries have been replaced with larger regions, of which there are now 11 in total. The physical location of staffing has been determined by the work requirements of the Group for that location. Creating distinct and smaller Business Groups has enabled the removal of a layer of operational management. The result is that both Partnerships and Services Business Groups now have four management tiers and managers have larger spans of control, but less complexity to deal with.

The structure design was a pre-requisite for the establishment of systems and processes, transition and future design work streams, to ensure alignment with the new operating model.

The approach the Department is taking to the development of its organisational leadership continues to be based on the People Strategy 2020. This strategy articulates the emerging context the Department is working in, the pressures it is facing and its main areas of focus regarding organisational leadership and support for staff, namely to:

- Build a ‘connection culture’ (internally and externally)
- Develop leaders and leadership capability
- Develop and build the capability of people
- Improve the effectiveness of organisational systems.

Culture

In the 2012-13 4YP, the department described the culture shifts needed to succeed in realizing the vision. Decisions made in 2013 regarding the operating model design and organizational structure has been deliberate and intentional, and will help to drive the changes needed. Embedding the new business model and shift in culture and practice is a

critical area of success for the new Chief Executive. A culture survey of staff is programmed for the first quarter of 2014.

Behavioural shifts

An in-depth diagnosis of the behavioural shifts needed to successfully embed the new operating model revealed ten behaviours as critical to future success. These 'clusters' of behavior will be designed into all aspects of how the department works, and are explicitly linked to one or more Departmental outcomes.

The ten behaviors' each have a success story which describes what each of the behaviours look like when they are being demonstrated well. The behaviours all have high levels of inter-dependence and connection to each other, and the overall behavioural 'clusters' are described as follows:

- Trust
- Emotional intelligence/self-awareness
- Courage
- Storytelling
- Nature connection
- Learning
- Collaboration
- Authenticity
- Expansiveness
- Wellbeing

The approach to developing and strengthening these behaviours will require a number of different interventions, which will be shaped over time. In the meantime, a follow-up two year organization development programme has been formulated to ground these in everyday work.

The organisation design principles adopted to inform the structure design, coupled with initiatives underway to embed these behaviours will help to drive the desired culture shifts. The following provide some examples of how these shifts will occur.

From directive to empowering leadership style

The larger spans of control as a key feature of the new structure greatly reduces the capacity of any manager to understand all of the detail necessary to 'tell, inform and direct' others. Leaders will need to empower and trust their team members in order to achieve the necessary results.

From being a delivery-focused organisation, to enabling others

The creation of the Partnerships Business group, with a dedicated focus on creating value exchange and building external partnerships is a key lever that will drive the organization to

better enable others to deliver more conservation and reduce the factors driving stakeholder risks to the strategy.

From a siloed and competitive to a collaborative organisation working as one

The introduction of a new integration function will enable co-ordinated and integrated decision making across the Department. This function will help to drive collaborative decision making across regions, national portfolios and business groups. A new planning function will ensure that a national approach is taken to the prioritization and planning of key work programmes.

Collectively, these two functions, in concert with the co-leadership of regions by tier 3 Partnerships and Services leaders, will ensure greater collaboration and reinforcement of a one-organisation culture.

Embedding the changes

A series of workshops were delivered to all tiers 2, 3 and 4 leaders across the organisation prior to September 2013. The focus of these was to communicate the new model of operating and the expectations of leaders in driving the culture changes needed for success.

Employee engagement

The Department has run an annual Gallup Q12 employee engagement survey since 2008/09. Due to the scale of structural changes implemented in September 2013, the survey was not run in 2013 as new teams need at least three months to 'form' before being surveyed. A survey of the voice of the staff is planned as part of preparation for the next Performance Improvement Framework in the first quarter of 2014.

Capability

DOC continues to strengthen its capability, and the capability of others external to the Department, with a number of new initiatives and achievements underway.

Strengthening the capability of others

The department's ability to share its knowledge and expertise with others external to DOC, enabling them to contribute is key to success of its strategy. Building others' capability so they can in turn can build the capability of their communities, businesses, iwi, whanau and hapu, resulting in a step-change in conservation activity and outcomes.

To this end, DOC has begun to provide people with access to the skills and knowledge they need in order to deliver conservation outcomes, wherever they may be. Many of DOC's internal courses are now accessible to all New Zealanders and partner organisations.

To ensure training material targets the specific needs of learners, DOC uses modularized training material. This means that community groups and iwi can select course modules that are most relevant to them, and have these modules delivered locally.

To reinforce and support the transfer of learning from face to face courses, a variety of learning resources have been developed, which include online courses and the YouTube site - "DOCskillable." This site showcases a range of short trapping and monitoring technique videos - these resources are freely available to everyone involved in conservation work.

DOC is strengthening the capability of volunteers. For example, in 2013, DOC offered two popular courses, plant identification and five minute bird count, without charge to volunteers, community groups and Regional Councils. In collaboration with other agencies and volunteer organizations, DOC intends to expand on the delivery of this programme in the near future.

Strengthening DOC capability

Across the organisation, the key areas of focus in the next two years will be to strengthen capability in the behaviors identified in order to drive the strategy and mitigate the risk identified to this. There will be a particular focus on:

- Telling compelling stories of the relationship between people and nature, and the importance of that connection, drawing on expertise from around the world to help develop skills in this area
- Learning new ways of engaging and collaborating with each other and with external stakeholders
- Building ability to think expansively with a long term and whole of system view
- Testing and experimenting to find new ways forward, and learning from experiences
- Improving self-awareness and emotional intelligence, resulting in deeper understanding of the needs and values of others
- Having the courage to deal with issues and push into uncharted territory
- Developing strong leaders who empower their teams, set a clear direction and model the desired behaviours and values
- Wellbeing – recognizing that people's physical, mental and emotional health is a major contributor to people's levels of engagement, motivation and performance.

The strategy for building collaborative capability has been to ensure that the departments' recruitment, performance and development and capability development frameworks focus on collaboration as a priority. Also, collaborative behaviours have been modeled by the symbolic actions of the Executive Team and other senior leaders as they have 'adopted' and worked across other functional groups leading up to, during and post organizational changes.

To successfully embed the principles of the value exchange into work across the Department, DOC staff will need to learn new ways of engaging with external stakeholders.

To build on historic success in this area, the department has designed and will deliver workshops, case studies, supporting tools and resources to build the capability of employees to create value exchanges with partners.

To build innovation capability, the department has introduced systems thinking concepts, models and tools as part of leadership development programmes, and is collecting innovation stories to share across the Department and build on this foundation in future. The department is also investing in building knowledge around and application of ecologically oriented social and behavioural psychology.

Leaders who empower their teams, set a clear direction and model the desired behaviours and values are a priority. These leaders develop capability in their team by providing timely recognition and feedback and coaching.

Talent Management

The department's approach to talent management is deliberate, yet informal. It seeks opportunities for those employees who are showing aspiration, or ability in developing themselves and who wish to extend and grow their leadership skills. Much of this work is done as part of daily work, particularly by being seconded onto projects that provide stretch, and also augmented with leadership development programmes.

A conscious decision has been made at this time not to develop a talent management system – the approach has been to aim to develop and lift the capability of the whole department, and create an agile and responsive workforce.

The last four years has been a time of significant change for the department, and much of the implementation and design of this has been led by the Department's own employees. This is a strong testament to the investment made in 'growing our own' internal capabilities and capacities.

The department continues to deliver courses and programmes at an organisation-wide level, and has integrated the 70/20/10 model⁵ into people management frameworks to encourage broader thinking about capability development.

The approach to managing and developing talent will continue to be:

- Targeting development at individual and organisational levels to ensure identification, and then building the capabilities needed, whilst attaining the best return on this investment.
- To recognise that talent that is found at all levels and across all functions within the Department.

⁵ The **70:20:10 Model of Adult Learning** indicates that 10% of learning comes from the actual learning event such as workshops, 20% comes from informal conversations about the learning content, including sharing ideas while 70% of learning comes from the actual application and practice of the learning information in a real and practical sense, such as on the job usage or in the pursuit of goals.

- Ensuring that all employees have regular and quality conversations with their managers about personal development, aspirations and career goals which are then followed up with action
- Reinforcing that it is a manager’s responsibility to help their direct reports realise their potential and ensure that they have appropriate opportunities to develop.
- Working as an NRS sector, and with partners, to promote initiatives, secondments, and opportunities to collaborate which enable staff to experience different contexts, and grow their skills and knowledge across the sector.

Leadership Development

DOC’s leadership development strategy is aligned with the approach to talent management – identifying and building the skills that conservation needs for the next 50-years, helping prepare the next generation of leaders for the environment they will face when they are leading the Department (and conservation efforts). At the same time, equipping current leaders with the tools and learning opportunities to hone and refine their skills.

In 2007 the department developed the leadership framework to provide context for leadership development. In 2008, DOC ran its first ‘Conservation Leadership Development Programme’ (LDP). This was a ground-breaking approach and programme for a number of reasons.

- It was based on an experiential and psychological model of adult-development and intended as both a learning experience for the individuals and as an organisational change tool
- It was strongly oriented to understanding how the individual makes sense of situations, and that probing questions could unearth alternate views and ways of seeing things. This in turn leads to more inclusive and effective decision making
- The programme introduced a number of very powerful “thinking tools” and models, and allowed participants the opportunity to test these in a workshop setting, and also on their real work issues.
- The programme introduced a coaching model, and all participants were offered coaching with highly experienced external coaches as part of the programme.
- All of the cohorts had an opportunity to participate in up to 12-months of facilitated action-learning groups.
- It did not offer a “how to” approach, as many leadership programmes currently do.

Many of the participants in the first programme have been promoted to new positions, and the participants from other cohorts show a noticeable difference in how they approach their work and interact with their colleagues.

This LDP programme was focused on lifting the ‘quality of thinking’ into a strategic and inquiring mode. The next phase for these LDP alumni will be to work with their peers to apply their learning to some of DOC’s more complex and demanding issues. The Department is also looking out 10-15 years, to ascertain what leadership skills and behaviours will be needed and using this to review what programmes will be implemented in the future.

Professional coaching is offered to all new managers in the new structure. This will ensure that leaders are well supported and have clarity about what is expected of them as they transition into the new structure. It builds their awareness of coaching, and helps them put their coaching skills into practice as they coach their own direct reports.

Leadership & Natural Resource Sector⁶ interaction

The new NRS Aspiring Leaders Programme was launched in 2013 and is exposing approximately 30 participants to some key leadership concepts and tools. One of the goals of the programme is to grow participants’ self-awareness through their participation in strengths and work preferences assessments and follow-up activities. Participants also work on a project that will be of benefit to the NRS and the wider NZ public, and builds awareness of the purpose and role of the NRS and the agencies that form part of it. DOC is also continuing its involvement in ‘Generate’ which is a network of young professionals working in the conservation, environment and recreation sectors. Generate helps young people to build connections, foster innovation, take advantage of opportunities and increase collaboration across Australia and New Zealand.

Embracing Equality and Diversity

The Department’s equal employment opportunity statistics are set out on the table below.

Table x: Equal Employment Opportunity Target Group Statistics, at June 2013

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Women	36.3%	36.5%	37.6%	37.3%	36.2%	36.6%
Maori	10.3%	10.3%	10.7%	11.3%	11.4%	10.1%
Pacific peoples	0.4%	0.3%	0.4%	0.4%	0.4%	0.4%
People with disabilities	3.6%	3.3%	3.2%	2.9%	2.6%	3.0%

⁶ The Natural Resource Sector or ‘NRS’ comprises Land Information New Zealand, Ministry for Primary Industries, Ministry of Economic Development, Ministry for the Environment, Te Puni Kokiri, and the Ministry of Business, Innovation, and Employment.

Change Leadership

A number of strategies have been deployed to engage leaders in the conception, design, planning and delivery phases of change programmes. In the most recent change programme a large number of employees have had significant input into the initial model design, structure design, alignment of systems and processes, culture and management of change programmes, to name a few. This approach has helped to engender a deep understanding and commitment to the new operating model and structure.

Transition workshops (described earlier) were designed to ensure that all employees have a clear understanding of the new operating model and future direction; what’s expected of them and how they need to work together to be successful. All tiers 2, 3 and 4 leaders participated in, and cascaded ‘transition’ workshops to teams across the Department, which necessitated a high level of understanding of the key messages and concepts.

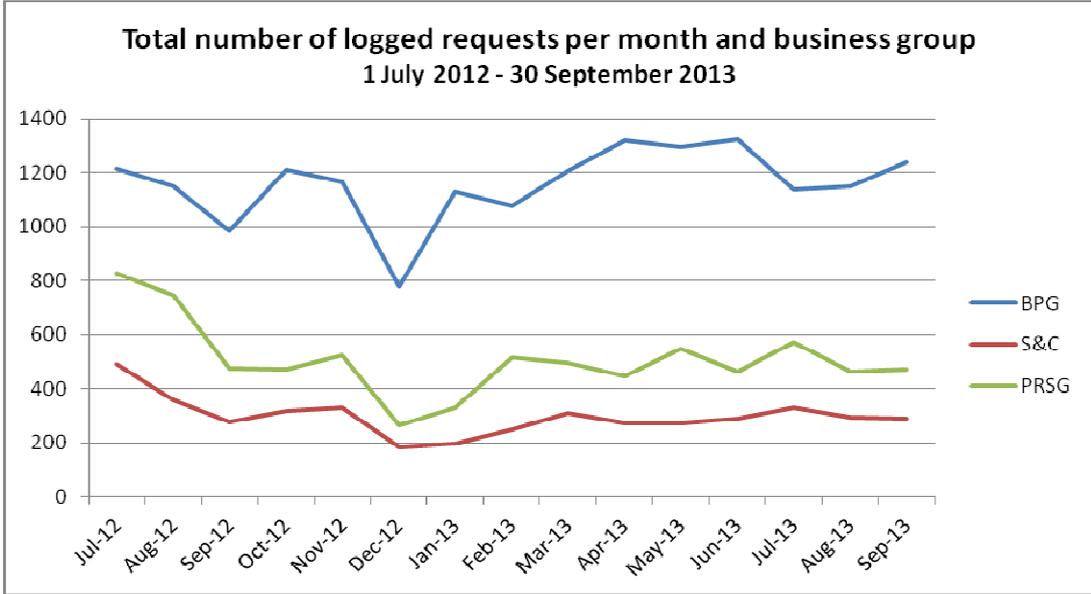
Systems and Processes

Changes to the DOC structure have been introduced to ensure a more **integrated** approach to systems, processes, planning and prioritization across all of intermediate outcome areas.

One example is the introduction of a dedicated Planning Unit to ensure that planning and prioritization is integrated and aligned across all of intermediate outcomes. With the detailed work planning and effective management of capital work programmes, coupled with the implementation of the Integrated Planning System (IPS) in 2014, greater transparency and consistency of planning and performance will be made possible.

With the reporting capability of the recently implemented shared services IT system “Assyst,” (see for example ‘Total Logged Assyst Requests’ below) the department is deepening its understanding of the efficiency and effectiveness of the shared services model.

Figure X: Total Logged Assyst Requests (1 July 2012 – 30 September 2013)



The department has also been taking advantage of the opportunity to better integrate systems and share expertise **across the sector**. For example, DOC is working in collaboration with the Natural Resources Sector (NRS) on the development of NaPALIS (the National Property Land Information System), which aims to deliver a 'one stop shop' depository of authoritative information on public land.

Further cross-sector initiatives include DOC's contribution to Better Public Services Result 10 and the New Zealand Government Cloud Programme, as well as the NRS website, which was launched in the first week in September 2013.

Capacity

The number of full time equivalent staff employed in each Business Group and location is provided below.

Table x: Number of full time equivalent staff employed in each Business Group and location as at 30 September 2013^[3]

Business Group	Permanent staff	Temporary staff ^[4]	Vacancies	Total FTE
Business Performance	126.12	30.70	4.00	160.82
Science and Capability	242.25	50.37	5.00	297.62
Kahui Kaupapa Atawhai	24.00	19.00	5.00	48.00
Policy and Regulatory Services	123.69	20.02	8.00	151.71
Conservation Services	753.99	217.67	141.44	1113.10
Conservation Partnerships	248.87	2.00	112.95	363.82
Total FTE	1518.92	339.76	276.39	2135.07

^[3] This table shows the new operating model following the Delivery Project implementation and sets out distribution of actual staff and vacancies across all Business Groups.

^[4] Temporary staff numbers fluctuate during the year to recognise increased seasonal work demands over the September to April 'summer' field season.

[11]

[11]

Financial summary

Operating – Departmental

	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Current operating expenditure baseline	359.521	336.875	337.429	337.960	339.064
Add any indicative allocation advised of					
Equals Total funding level for planning	359.521	336.875	337.429	337.960	339.064
Financial movements					
Add cost of new activity to be funded from current baselines	0.542	0.642	0.542	0.542	0.542
Add total cost pressures	0.359	16.360	13.210	18.274	23.401
Subtract significant changes that will generate savings	- 0.901	- 9.002	- 13.752	- 18.816	- 23.943
Add or Subtract vote transfers	-	-	-	-	-
Subtract any indicative allocation advised of (as above)	-	-	-	-	-
Equals Total funding level for planning	359.521	344.875	337.429	337.960	339.064

Operating – Non Departmental

	2013/14 \$0.000m	2014/15 -	2015/16 -	2016/17 -	2017/18 -
Current operating expenditure baseline	48.560	22.278	22.278	22.278	22.278
Add any indicative allocation advised of					
Equals total funding level for planning	48.560	22.278	22.278	22.278	22.278
Financial Movements					
Add cost of new activity to be funded from current baselines	0.250	0.250	-	-	-
Add total cost pressures	-	-	-	-	-
Subtract significant changes that will generate savings	- 0.250	- 0.250	-	-	-
Add or Subtract vote transfers	-	-	-	-	-
Subtract any indicative allocation advised of (as above)	-	-	-	-	-
Equals Total Funding level for Planning	48.560	22.278	22.278	22.278	22.278

Capital - Departmental

	Increase (Decrease)				
	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Operating baseline funding available	59.857	58.329	52.529	45.465	38.401
Add depreciation funding received	34.829	35.967	36.403	37.356	37.356
Add receipts from sale of assets	-	-	-	-	-
Add other - Agreed Capital Injections	17.833	17.833	17.833	17.833	17.833
Equals total baseline funding available	112.519	112.129	106.765	100.654	93.590
Subtract capital investments funded from baselines	- 49.900	- 53.600	- 53.800	- 49.300	- 49.300
Equals closing baseline funding available	62.619	58.529	52.965	51.354	44.290

Capital – Non Departmental

	Increase (Decrease)				
	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Baseline funding available for the purchase or development of Crown capital assets	5.647	2.100	2.100	2.100	2.100
Add capital investments in organisations other than departments	-	-	-	-	-
Equals total	5.647	2.100	2.100	2.100	2.100

[10,11]

[11]

[10,11]

Otago marine reserve – this follows the Minister’s decision in August 2013 to establish a Marine Protection Planning Forum to advise on marine protection in the Otago region. Discussions with the Ministry of Primary Industries on cost sharing continue.

Kauri dieback – the partnership with local councils and iwi and the Ministry of Primary Industries to manage the fungus (kauri dieback) will lose funding in June 2014. The work required is research, visitor management, track improvements and publicity.

[10,11]

Old Government Buildings – significant earthquake repairs to the Old Government Buildings to cover non-structural damage to ceilings and facades caused by the Wellington earthquake.

Beech masting – a significant beech flowering (or ‘masting’) event will drive large increases in beech seeding, and in response, eruptions in pest numbers which must be met by moving resources around geographically and across seasons in response. We are currently working through options to fund this cost pressure.

[11]

[11]

Operational efficiencies - the Department's new operating model was the culmination of major changes over the past 2 years and aims to make the most gains from the earlier improvements, including centralisation of the finance function, a new shared services model, procurement savings and an externally focussed business model to improve consistency and collaboration across groups. These changes have resulted in ongoing savings.

Recreation revenue growth - the new operating model moves DOC to a more customer-focused department, including a commercial partnerships unit. The Department will be growing sales channels and using online booking engines to enable connection to businesses and customers to sell conservation experiences. We envisage that new products and sales channels will increase visitor numbers as popularity and participation grow.

Concession revenue growth & cost recovery – with a stronger focus on understanding customer needs and working closer with the partnerships group, there are opportunities for operators to increase the natural heritage and recreation conservation products and product suites. Growing popularity and increasing participation is expected to increase the profitability of concessionaires. The Department benefits from increases in non-departmental concessions revenue by receiving an equivalent budget increase.

Property cost savings – work continues under the co-ordination of the Property Management Centre of Expertise hosted by the Ministry of Social Development. The Department’s operating model now has a centre-led national Property and Fleet Management Services operation that is expected to make long-term overhead cost savings.

Efficiency savings from LEAN - the new operating model of a more customer-focused department is due to grow investment and participation in conservation. The future change programme will be one of continuous improvement and efficiency savings using the principles of LEAN, a practice that considers the expenditure of resources for the creation of value or something that customers are willing to pay for. We expect savings to be across the board as we seek efficiencies in our management and back office functions.

Depreciation savings from reduction in Visitor Asset capital expenditure – increasing participation requires a focus on growing demand for outdoor recreation opportunities involving more accessible “front country” places while maintaining back country areas. This requires a change from the widespread back country investment to one that meets current and future demand, which is likely to mean a geographic shift and changes to the types of opportunities provided. DOC will be reducing capital expenditure in some areas and will become more strategically targeted in capital spending.

[8]

[8]

5.2.4 Vote transfers

There are no anticipated vote transfers for this Four Year Plan.

Annex 5.3 Budget initiatives

This template should be used for budget bids for 2014 only.

None Requested

Budget 2014

Funding Sought at Budget 2014	2014/15 <i>\$0.000m</i>	2015/16 <i>\$0.000m</i>	2016/17 <i>\$0.000m</i>	2017/18 <i>\$0.000m</i>
<i>Operating</i>				
Operating funding sought	-	-	-	-
<i>Capital</i>				
Capital funding sought	-	-	-	-

Annex 5.4 Anticipated out-year funding requests

None Requested

Budget 2015

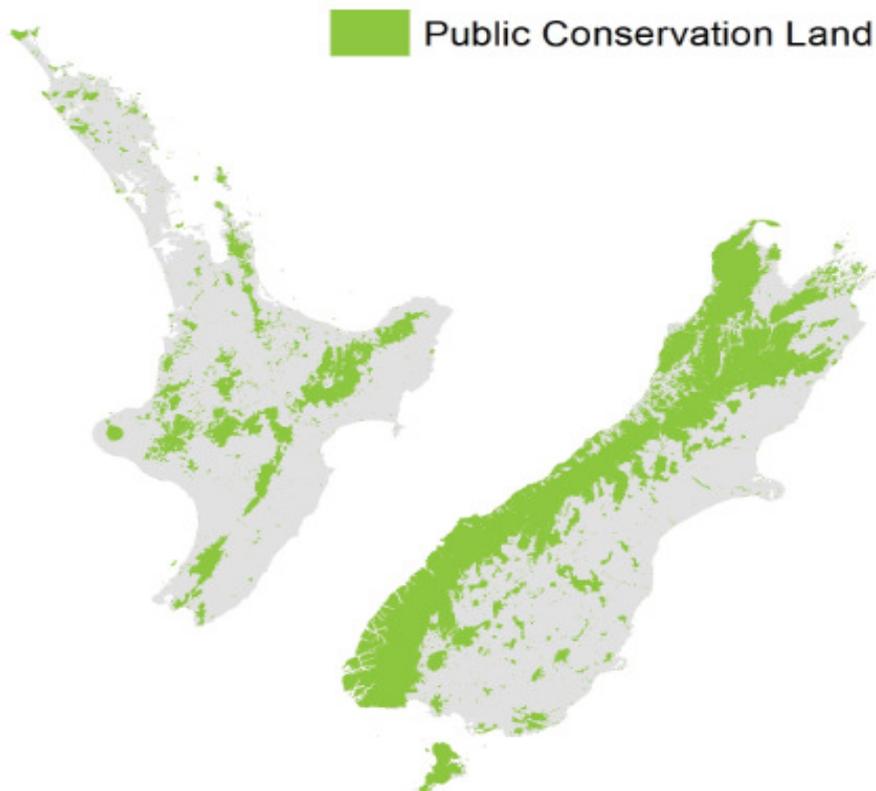
Expected Funding Request (Budget 2015)	2015/16 <i>\$0.000m</i>	2016/17 <i>\$0.000m</i>	2017/18 <i>\$0.000m</i>	2018/19 <i>\$0.000m</i>
<i>Operating</i>				
Operating funding sought	-	-	-	-
<i>Capital</i>				
Capital funding sought	-	-	-	-

Annex 5.5 Capital Intentions

The Department manages over 33% of the land area of New Zealand as Public Conservation Land (PCL). The New Zealand economy benefits from the ecosystem services derived from PCL as contributors to the primary industry sector (incl. Agriculture, mining, forestry, and fisheries) which accounts directly and indirectly for a large component of New Zealand's GDP (50% of exports), and the service industry sector contribution through tourism accounts for another 15%.

PCL is largely found in the upper (>1,300 m elevation) and midland portions, with relatively minor lowland (<400 m) area. Indigenous forests cover about 58% of PCL, and the remainder 42% is non-forested ecosystem.

Lowland areas (<400 m elevation) in the North Island and eastern South Island remain poorly protected and vulnerable to development.



The condition of this land and its ability to continue to provide various ecosystem services (its functionality) is critical to New Zealand's prosperity and sustainable future. Further, the land is valued at \$5.4bn and represents a significant capital investment by New Zealand. As for any investment, an adequate level of maintenance is an expected commitment. The current \$83m (direct costs only) per annum spent on land equates to 1.53 % of this value, a relatively low level of asset maintenance.

"Ecological Integrity" is the widely accepted scientific concept developed to measure the "health" of the ecosystems on land. A high level of ecological integrity ensures that ecosystem services will be provided to the community.

In the most recent assessment, ecosystems on PCL have been classified on the basis of their relative value for delivering biodiversity outcomes. All but the most threatened categories of land are judged to be available for their intended purpose and moderately well utilised in providing a range of ecosystem services.

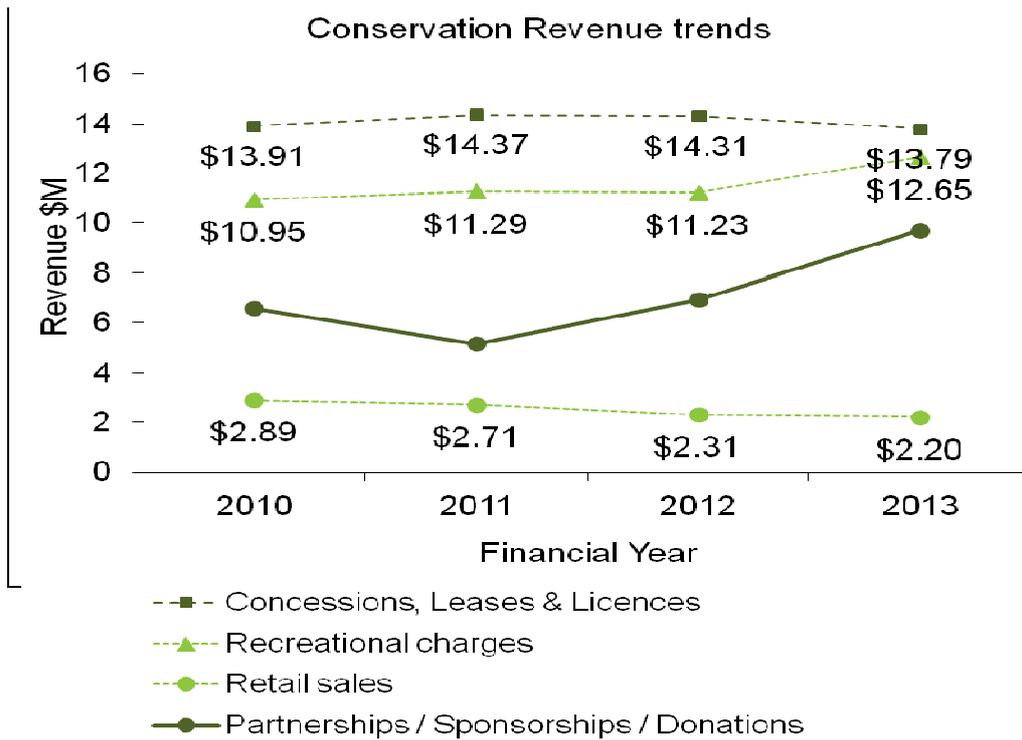
The presence of natural species and natural ecological processes are compromised by, for example, animal and plant pests. The implementation of new prioritisation systems is likely to change where conservation work is done on PCL, which may cause some adverse public reaction.

Overall the land condition and functionality are assessed currently to be "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 has "average" condition and "moderate" functionality. As the threats such as pests are not being actively managed, this functionality deteriorates over time.

The Department is progressively implementing a biodiversity monitoring and reporting system that will provide a comprehensive, evidence-based assessment of the condition of terrestrial biodiversity on public conservation lands. In 2011/12, the Department systematically measured the general health of forests on public conservation land for the first time, while in 2012/13 it extended this dataset to non-forested ecosystem on PCL. Results are set out in the Department's Annual Report for 2011/12 and 12/13.

Over the past year the Department has made organisational changes that will enable it to increase conservation efforts by working more effectively with others. DOC is working with business, communities, iwi, whanau and hapu, to take conservation beyond DOC's traditional boundaries and out onto farms, and into communities and people's back gardens.

As the Department progressively implements its strategy of engaging others in conservation, business is increasingly entering new partnerships and building on established relationships, including some high profile companies New Zealanders will be familiar with. This is resulting in the delivery of substantial outcomes for conservation, and businesses have been able to reach out to their customers in new ways. The Department now works with over 4,000 concessionaires that contribute to the local economy.



Recreation/Historic

The Department manages a network of 14,000 km of walking track, 967 huts and more than 1,750 toilets. There are approximately 13,500 bridges, boardwalks and other structures. Visitor and Historic assets have a NBV of \$365m and an annual maintenance expenditure of \$49m (direct cost only) or 13% of the asset value.

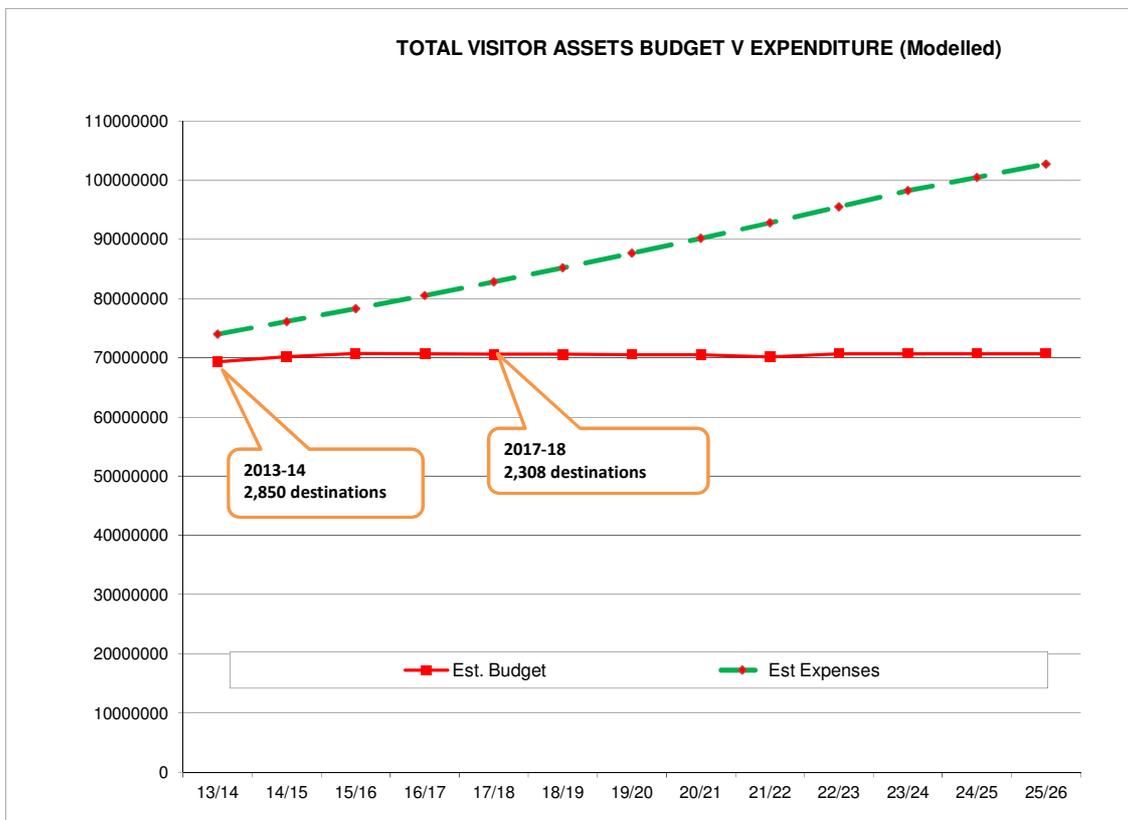
The Department is just over half way through the \$349m 20 year programme established in 2002. Capital expenditure is approximately \$30m per annum. This investment and the impact of revaluations has resulted in growth of the net book value of visitor assets with a flow on increase in depreciation. Cost pressures also impact on the maintenance and operating costs of these assets. The Department is developing an asset management plan for Visitor Assets and Historic Assets which will enable prioritisation of the level of capital investment in order to best manage lifecycle costs.

The condition and functionality of the visitor assets 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 cannot be fully implemented. For the majority of the assets, their availability and utilisation is currently estimated at 80% and 70%, but this will slowly decline to 70% and 50% if visitation reduces or remains at very low levels. This is the case for a large part of the backcountry network and for many of the remote road-accessible rural destinations.

The key risk in recreation capital asset management is the increasing costs that mean the Department in time will not be able to sustain the current asset network. Parts of this network have very low levels of visitation which creates a very low benefit to cost ratio especially where costs are

high. A critical part of the Department strategy is to reduce its input costs by engaging with others to deliver recreation opportunities (e.g. community groups and businesses managing facilities). If this does not occur it is likely that there will be (over the next 5 years), an overall reduction in visitor assets, as the cost of depreciation and maintenance of the core network increases. This poses a high risk of adverse public reaction to decommissioning and closing facilities, increasing stakeholders perception that their recreation opportunities are being degraded.

The following graph and table are **models only** based on historic assumptions – they are not reflective of the future impact of the Department’s strategy to engage others in visitor opportunities. The figures summarise the likely impact of the estimated budget (Est. Budget) against the modelled cost (Est. Expenses) for all current assets, and shows a \$4.5 million shortfall in 2013-14 rising to \$12 million in 2017-18. The drivers of the modelled shortfall of budget are inflation, and public/stakeholder expectations that the entire asset base will be maintained.



MODELLED: Estimate of Destination Affordability in Out Years (based on historic assumptions)			
	2012-13 (baseline)	2013-14	2017-18
Number of Icon sites	55	55	55
Number of Gateway Sites	115	115	115
Number of Local Treasure Sites	1 377	1 268	1 036
Number of Backcountry Sites	1 626	1 412	1 102
Total	3 173	2 850	2 308

To increase the appeal of outdoor recreation to a wider audience, the quality of facilities and services at some places has to be improved, especially parts of the tourism network and places for families and people new to the outdoors. Continued pressure can be expected from tourism and recreation user groups to maintain the existing portfolio and to develop new or enhanced opportunities. This will require very careful prioritisation of investments to match current demand with the obvious demographic changes occurring as New Zealand's population becomes more ethnically diverse, is aging, more urbanised and concentrated in the northern half of the North Island.

Ministerial priorities for the next 3 years include enhancing recreational opportunities on public conservation lands through the National Cycle Trails initiative and the expansion of cycle-ways and the provision of more camping grounds

Annex 5.6 Government ICT Strategy and Action Plan to 2017 - Alignment of agency ICT Strategies to Destination 2017

5.6.1 Information sought from agencies

Alignment of DOC strategies to Destination 2017 Overview

The Department of Conservation has been progressively transitioning over the last several years towards the future delivery model as outlined in the 2013 Government ICT Strategy and Action Plan. This transition has included: establishing (along with the New Zealand Transport Authority) the All of Government programme to respond to the expiry of Windows XP and Office 2003; infrastructure being highly virtualised to enable easy transition to third parties; structuring the ICT team to differentiate between future state business engagement and management of commodities; being actively involved in several across Government activities, including Better Public Services Result 10, NZ Cloud programme, Enterprise Content Management, New Zealand Geospatial Office, and IT Managed Services; and actively collaborating with other agencies where there is mutual benefit for working together.

The collaborative way of working and commoditisation of services as outlined in the ICT Strategy and Action Plan has been a key driver for DOC's organisational changes undertaken over the last five years. This collaborative approach is expected to mature as people gain increased experience in working in this environment.

While this may lead to workforce impacts, the Department's approach is not a labour-saving measure but a way to expand the range of sites and products online without adding staff, for example in the Department's 'Chargeables' project. Digital delivery of information likewise does not reduce staffing but improves access to, and timeliness of, that information to customers.

Services are Digital by Default

Increasing use of digital channels is core to DOC's way of working. DOC's audience is world-wide, where people have an expectation that they will be easily able to engage over conservation activity and issues. This includes commercial entities requesting permits to undertake activity on DOC managed land; New Zealander's wanting to access reputable and authoritative information about New Zealand (DOC) experiences; international visitors wanting to initiate and manage their experiences from a wide variety of locations; people wanting to share their memories of their DOC experiences with others; scientists wanting to access and share information across boundaries to support conservation outcomes; or groups of volunteers, both within New Zealand and internationally, wanting to easily communicate with each other to support conservation goals. DOC's audience is world-wide, invariably technology literate, and driving the need for increased digital interaction.

There are several streams to support the *Digital by Choice* goal:

- An eServices Strategy was signed off in mid 2012 with a focus of promoting digital channels by default. This included a roadmap for progressive implementation of various business processes over time. Implementation of the eServices strategy commenced with e-enabling recruitment for more effective potential employee interactions, combined with providing a more effective customer experience with booking DOC assets (e.g. camp grounds and huts). The latter activity is also part of Better Public Services Result 10 - "*New Zealanders can complete their transactions with government easily in a digital environment*". Moving to a digital environment, especially with external customers, is part of the fundamental framework for how DOC works.
- A variety of externally facing geospatial applications and data have been delivered to support external customers. This includes establishing the DOC Geoportal so people can view a selection of DOC's geospatial data; publishing the Recreational Web Application (including mobile) for people to view

details about NZ locations and experiences supported by DOC; working with Google to record the 'Great Walks' experiences so they are available on Google Maps; developing a 'Great Walk' mobile application for iOS and Android in conjunction with Air New Zealand; and supporting mobile interactions to the Whio Recovery programme.

- Establishing executive leadership for the 'digital channel by default'. A second tier executive has oversight and responsibility for digital being 'DOC's way of working'.
- Developing '*Life as a Ranger*' which is a discussion illustration to outlines a possible future digital experience for people working on conservation activity, whether internal conservation delivery personnel or partnership teams delivering conservation outcomes. This illustration is a core artefact for promoting digital by default and is key to the development of the Department's Information Systems Strategic Plan (ISSP).
- Developing the architecture frameworks to provide guidance on toolsets to support DOC's organisational model and work style. This activity is progressively evolving during 2013 and 2014 which will align the All of Government thinking with business aspirations to provide a roadmap for future activity.
- A variety of geospatial applications have been developed to support internal processes, including fire management; identification and management of pests and weeds; and the ability to plan work activities in the Department's environment. These digital activities are likely to evolve to other agencies and external personnel.
- Implementing the Conservation Information Ecosystem programme to ensure that information is protected, more easily found and allows people to connect, with digital being the default means of working.
- Undertaking a project to more actively manage mobile devices to support a mobile and digitally engaged workforce

The variation to the "digital by default" concept may be required in the radio space. As yet, there are no suitable digital radio technologies available within the NZ market place that meets all of DOC's needs. On that basis, we cannot fully implement digital radio technologies across the DOC radio network.

Information is Managed as an Asset

The primary stream for increasing the effectiveness of managing information is the Conservation Information Ecosystem (CIE) programme. This programme will, over the next 3 years, transform the way in which DOC manages and shares information. The end result is a world-wide ecosystem for exchanging information from multiple sources to more effectively deliver increased conservation across boundaries. CIE leverages the All-of-Government "ECM as a service" procurement, to which the Department contributed significantly. As one of the first in this space the Department is sharing its learning with other agencies for example MfE and NZTA. There are several threads to achieving the programme outcomes:

Foundation. Is a prerequisite for the other projects - we need to make sure we get the foundation right before we change technology. The project will examine policies, governance and architectures for how we manage information - including what information should be shared and what should be protected. It will include making sure there is better support and advice to help you manage information.

Enterprise Content Management. The ECM project will initially replace docDM and enable the policies and structures established in the Foundation project. It will make it easier to find, share and store information, including making it possible to access files in a safe and secure way. The new system will also be built with the future in mind, and be capable of incorporating other information tools, such as digital asset management, web content management and collaboration tools.

Digital Assets. This project is examining how we manage our digital assets (images, videos, audio etc) and will deliver bulk uploading of information and improving speed of access outside of National Office.

Search. This thread is to significantly increase the search capability across all information repositories to enable information to be more readily and consistently found. A prerequisite for this is tagging the data through the metadata, oncology and taxonomy developed as part of the Foundation thread.

Collaborative Workspaces. This thread supports DOC achieving the new work paradigm which is fundamental to the organisational changes that have been undertaken over the last several years. This paradigm is based upon supporting effective partnerships – both internal and external to DOC, where sharing information in a managed way is the norm. These tools enable world-wide virtual workgroups to be established and maintained where people collaborate to increase conservation.

In addition to the CIE programme, the Department has been actively contributing to the world body of knowledge⁷ through the Department's Geoportal where there are 27 datasets covering biodiversity, land status and management, and recreational asset information available to be consumed by others (<http://geoportal.doc.govt.nz/geoportal/catalog/main/home.page>). In addition TFBIS funding has been provided to groups to support the New Zealand Biodiversity Strategy and DOC has supported the development of the NZ Organisms Register.

Investment and Capability are Shared

The Department of Conservation has been actively pursuing a shared approach for the last several years and is expecting to continue with this approach. In general service uptake results in better performance and reduction of risks, though not necessarily save money. This shared approach has included:

- Being an early adopter of the One.Govt network.
- Recently transitioning the DOC primary data centre to be co-hosted with the Infrastructure as a Service (IaaS) provider as a transition to adopting IaaS over time.
- Being an active participant in syndicated procurement activities for IT Managed Services and Enterprise Content Management and subsequently adopting the IT Managed Services.
- Partnership between LINZ and the Department for the development of a shared service for land management (NaPALIS).
- Initiating, along with NZTA, the all of government approach respond to the aging of Windows XP and Office 2003, which morphed to the NZ Cloud Programme where the Department is on the Governance body.
- Actively engaging with managers from other public sector agencies to share ideas and capability, but more importantly to line up investment options and integrate planning. This has included having a senior ICT manager from another agency acting as DOC's CIO; sharing information for the desktop upgrade across several agencies; active contribution to the natural resources geospatial working group; Chairing the Natural Resources Sector CIO forum; and supporting the changes to occur with the New Zealand Geospatial Office.
- Evolving the organisational design for DOC's ICT business to clearly differentiate between the management and improvement of service commodities (with the intent to outsource commodities over time) and the more future focus of engagement, strategies and frameworks to support DOC's strategies and business activity.
- DOC's project and programme methodology maturing to provide greater emphasis and rigour on benefit realisation, total cost of ownership, and governance. This is to ensure that the right investments are being made, at the right time, in the right way with risks being managed.
- Contributing club funding for the Result 10 programme.
- Having Archives NZ personnel as part of the CIE programme to support shared outcomes.
- Actively engaged in the Whole of Government Radio Network (WGRN) working group.

⁷ Managing the authoritative source of information is achieved through standards compliance, and the ongoing review of data quality undertaken as a business as usual function.

Leadership and Culture Deliver Change

The Department of Conservation has demonstrated leadership across the public sector for the last several years. This has included:

- Being an active participant in syndicated procurement activities for IT Managed Services and Enterprise Content Management.
- Partnership between LINZ and the Department for the development of a shared service for land management (NaPALIS).
- Actively engaging with managers from other public sector agencies to share ideas and capability, but more importantly to line up investment options and integrate planning. This has included having a senior ICT manager from another agency acting as DOC's CIO; sharing information for the desktop upgrade across several agencies; actively contributing to the natural resources geospatial working group; and Chairing the Natural Resources Sector CIO forum.
- Initiating cross agency business discussions to identify possibilities for standardising business processes and sharing business wisdom
- Being an active contributor to, and governance member of, Better Public Services Result 10.

System Assurance

The Department is a low risk organisation regarding data security, as it stores very little sensitive data. Though the sensitive data needs to be managed appropriately, there is a wider reputational risk that needs to be managed regarding the safety and security of its externally facing systems. Any significant security event will potentially detrimentally impact the public's perception of both the Department and government systems.

To this end it has been undertaking an extensive review of its externally facing systems to provide assurance that the level of security is fit for purpose, with a new security model being implemented as an integrated part of releasing new applications to production. Core to this security model is raising security awareness, classification of information, knowledge of good security hygiene and effective physical security.

The Department's Security Committee ensures that the Department implements a successful roadmap towards better systems and practices around security with an initial programme to promote an appropriate security culture within the DOC user community, maintain an oversight of security initiatives affecting DOC.

In regard to assurance on delivering ICT enabled business solutions and delivering to business and Government outcomes, the ICT leadership team recognise this as one of the top risks – not having enough resource, skills and process to meet business outcomes has resulted in a range of approaches targeting early input into the planning cycle, prioritisation model development, kanban boards, and resource management planning.

Annex 5.7 Risks that could lead to a fiscal impact

5.7.1 Strategic & Operational Risks:

See the Strategic and Operational Risk section

5.7.2 Resilience:

The Department has an Emergency Response Plan and an Incident Response Plan. It has also recently engaged a Business Continuity practitioner to ensure each of the five business groups that make up the Department have business continuity plans in place to cover all the Department's key business processes. This work will also build on the draft National Office Strategic Business Continuity Plan.

These plans will put the Department in a good position to respond to any major disruptive event that would impact on its ability to delivery business as usual.

This work is in progress and will be completed by March 2014. At that point the Department of Conservation will have robust business continuity capability in place that will allow the Department to recover from shocks that could impact on its ability to deliver key business.

5.7.3 Risks to the sustainability of the 4YP beyond 17/18:

The Department has not yet completed an exercise aimed at identifying these long-range risks. It is possible that sustainability beyond 17/18 will be improved by implementing continuous improvement programmes.

There is no doubt however that the current shape of the Department will continue to change over these medium-term timescales dependant on the success of the engagement strategy and the involvement of others in conservation. While the Department's core services are focused on enhancing and preserving nature for its intrinsic value, how that work will be undertaken is rapidly evolving. Not enough is yet known about the success and impacts of the engagement growth strategy to be able to identify and suggest management approaches to mitigate possible medium-term risks beyond the term of the current plan.

Annex 5.8 Government priorities

5.8.1 Delivering Better Public Services

The Department is one of 10 partner agencies in the Better Public Services Optimise Finance programme which has a goal of establishing an efficient and effective finance function that can drive overall agency performance. The Department strongly supports the aim of the Optimise Programme.

The Department has a programme in place to enable the public to complete bookings online for a range of visitor services. The programme will make more of DOC's recreational assets bookable online and will improve the back-end management of bookings. In the future, it will also make it easier for other parties – including travel agents and travel booking websites – to sell DOC recreation experiences.

Customers will be able to book DOC experiences in the way that best suits them; whether that's through selected online booking sites, travel agents, tourism operators, DOC visitor centres, or online on the DOC website

Currently about 28% of hut and track bookings are completed on-line. This responds to the Government's Result 10 target "New Zealander's can complete their transactions with government easily in a digital environment".

	2012/13	2013/14	2014/15	2015/16
Result 10 (Chargeables) Project	-	Capex \$1.1m Opex \$256k	Opex \$379k	Opex \$379k

5.8.2 Canterbury rebuild

The Department is one of the nine larger departments returning to the Christchurch CBD in order to support Christchurch's revitalisation. This work continues under the co-ordination of the Property Management Centre of Expertise hosted by the Ministry of Social Development.

(Resources: please outline the resources committed to this priority and any resources shifted across agencies [\$ amount, workforce (FTE), and/or other resources (which may include capital, ICT, office space)].)

	2012/13	2013/14	2014/15	2015/16
Resources committed	Part of Canterbury Integrated Accommodation Initiative (see Table 5.2.2.4)			

5.8.3 Building a more productive and competitive economy (Business Growth Agenda work-stream)

The Department is working with the 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. This work involves:

- guidance on biodiversity offsetting, to assist businesses to achieve economic and environmental objectives;
- growing the number of new business opportunities on public conservation land, such as species tourism, in order to deliver increased economic prosperity and conservation gain;
- engage with local councils to improve coordination and more effectively manage biodiversity and ecosystem services

(Resources: please outline the resources committed to achievement of this priority and any resources shifted across agencies [\$ amount, workforce (FTE), and/or other resources (which may include capital, ICT, office space)].)

	2012/13	2013/14	2014/15	2015/16
Resources committed	Funded as part of business as usual			