



Annual Report 2014

Queen Elizabeth II National Trust



QEII National Trust
Open Space New Zealand
Ngā Kairauhi Papa



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Open Space New Zealand
Ngā Kairauhī Papa

Queen Elizabeth II National Trust (the National Trust) is a registered charity and an independent statutory organisation. Its core activity is to secure long-term protection of natural and cultural heritage on private land.

It works in partnership with landowners to help them legally protect special features on their land with covenants. The National Trust acts as a perpetual trustee to protect those values forever.

The National Trust aims to inspire all New Zealanders to participate in and support protecting and improving natural and cultural values on private land. It works with central and local government, organisations, universities, trusts, and many committed individuals to achieve this goal.

The National Trust is governed by a Board of Directors and is supported by 13 staff based in Wellington. Part- and full-time regional representatives are contracted to cover 28 geographical regions throughout the country.

The National Trust's legal powers are drawn from the Queen Elizabeth II National Trust Act 1977.

Board of Directors



James Guild
(Chairperson)



Megan Balks



Bernard Card



Gina Solomon



James Hunter



Sue Yerex

Protecting our precious places

Annual Report 2014 of Queen Elizabeth II National Trust (QEII) / Ngā Kairauhī Papa. Presented to the House of Representatives pursuant to section 32 of the Queen Elizabeth the Second National Trust Act 1977.

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COVER PHOTO: Walking down Brow Peak Ridge on Coronet Peak Station (refer page 10).

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Our mission

Partnering to protect special places on private land
for the benefit of present and future generations

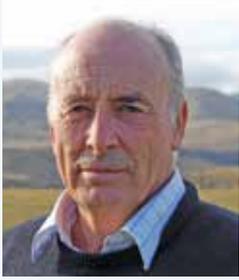


Our vision

Growing the network of protected places in New Zealand



Report from the Chair



This year has been a busy, rewarding year for the National Trust. We have established new management and business systems, introduced a shift in strategic focus for the Board, and vastly increased the area of land protected by covenants.

A major achievement this year has been the redesign of our information management system. It has streamlined administration processes and improved data management, reporting, and communicating with covenantors. I would like to acknowledge the time and energy staff committed to the project.

Despite the extra workload, we have remained focused and successfully delivered on our business objectives. We registered 122 covenants protecting 3,355ha and approved a further 117 covenant proposals. Among this year's approvals is the largest open space covenant proposal ever initiated in New Zealand at 53,000ha. Working in partnership with the landholder and a number of supportive agencies on this extraordinary proposal has been a highlight of our year. (More information about the proposal on page 10.)

Strategic focus

As the number of covenants continues to grow, so too do our related costs. We can support establishing around 120 new covenants each year, but there are at least another 50 landowners wanting to put forward covenant proposals. Consequently, the Board has adopted a policy of prioritising covenant approvals, focusing on those that will protect the rarest and least represented values and which are backed by strong covenantor commitment.

We accelerated the covenanting process by delegating approvals to National Trust management, with the approvals being ratified by the Board.

Funding

We are grateful for the additional \$1 million we received in Government funding in July 2014. The funding boost recognises the national importance of the conservation work being carried out by the National Trust and its covenantors. It has provided a

stronger baseline to manage the demands of an expanding covenant network. However, it is obvious that we cannot depend solely on state funding to protect, monitor, manage, and enhance the mosaic of precious places on the 70% of New Zealand land that is in private ownership. We need to strengthen our covenantor and supporting agency partnerships to include commercial alliances. Over the next financial year, we will be developing fundraising, sponsorship and commercial partnerships to address this.

Fencing goodwill gesture

In response to an appeal sent by the Board, a number of covenantors (listed on page 34) offered to vary their covenant agreements to exclude the perpetual replacement fencing clause that was standard in covenant agreements before 1995. The liability to the National Trust of this fencing obligation has a net present value of over \$9 million dollars. The Board of Directors extends a very special thank you to those covenantors who have waived the clause. Their gesture has relieved the National Trust of some of that liability and we truly appreciate their generosity. We will continue to work closely with our covenantors on reducing this burden.

Defending covenants

During the year, the Board took an unprecedented decision (after negotiations had failed) to enforce legal action against a landowner who destroyed covenants on his property. I was proud of the Board's decision to use the courts to protect the integrity of the covenanting process and the National Trust's role as perpetual trustee. This action, combined with an earlier High Court ruling defining indefeasibility for QEII National Trust covenants, has reinforced the permanent protection status of our covenants.

Patron announced

Earlier in the year we were pleased to announce that the Governor General, His Excellency the Right Honourable Lt General Sir Jerry Mataparae, had agreed to become patron of the National Trust. Vice-regal patronage strengthens our connection with Her Majesty, Queen Elizabeth II, for whom the National Trust is named, and emphasises our independent and apolitical role in protecting New Zealand's natural and cultural heritage.

Acknowledgements

At the time of writing, Bernard Card was due to retire from the Board after 8 years of service. Bernard's encyclopaedic knowledge of New Zealand farming systems and his governance skills have been of immense value to the Board, and his pithy commentary and wise judgement will be missed.

In 2012 and 2013, we held a conference for all Wellington staff, regional representatives, and Board members. I am pleased to say that this has now become a regular fixture. The exchange of ideas, information, and experience at this year's conference demonstrated a new enthusiasm and collegial approach to the National Trust's work. Much of this can be attributed to the leadership of Chief Executive Mike Jebson, whose energy and constant flow of initiatives has kept the Board agendas full and the directors inspired. I am very grateful to him, all the staff, regional representatives, and to my fellow Board members for a very productive and progressive year.

James Guild
Chair QEII National Trust



Report from the Chief Executive



The end of the financial year marks the end of a thoroughly enjoyable 18 months as Chief Executive of the National Trust. It is most rewarding to be working for an organisation whose mission is so closely aligned with my personal interests and values. This year has also marked a watershed in the National Trust's 37-year history, both in what landowners have asked us to protect and in how we are going about that protection.

When I joined the National Trust, its systems and processes were suited to a small organisation. The Board and staff had recognised that this was starting to hamper the National Trust's ability to effectively support land protection. Changes were needed if the National Trust was to keep up with the rapid growth it was experiencing.

Enhancing our business processes

A major undertaking this year has been reviewing our procedures and identifying the technological improvements needed to manage covenanting into the future. This work culminated in developing, testing, and deploying 'QUiC' in March 2014. QUiC is a state-of-the-art application for managing, collating, and retrieving all information on current and proposed covenants. It will greatly enhance our ability to gather data and provide timely and comprehensive information to covenantors on what species are present, the values being protected, and the condition and health trends of their covenants. QUiC will also help us to report more effectively on what is being achieved regionally and nationally by our covenantors. QUiC is a covenanting support tool that is superior to any others I have seen. Deploying it has been a major achievement and a highlight for us this year.

Approving a milestone covenant

Another highlight of our year was the invitation by Soho Property Limited to partner with them to protect, with four large contiguous covenants, 53,000ha of iconic high country pastoral lease land, located between Arrowtown and Wanaka. This is the largest ever covenant proposal to be approved by the National Trust. It is also the first time we have been asked to covenant an entire landscape creating, in effect, New Zealand's first privately funded national park.

The Soho covenants increase the total area of registered and approved covenants by 40%, from around 125,000ha to 180,000ha – an area equivalent in size to Rakiura/ Stewart Island. While we have the expertise and tools to process a covenant proposal of this magnitude, funding 50% of its fencing costs would have been a challenge for us.

We are fortunate that most of those costs have been met by the landholder.

Celebrating covenantors

The Soho covenants demonstrate on a grand scale what many thousands of covenantors are doing around the country to protect natural and cultural values. All covenants protect their own set of special values. There are too many to list here, but gems approved this year include:

- half the known natural population of New Zealand's second rarest native tree, *Olearia gardneri*
- key habitat of the endangered seabird, Hutton's shearwater
- critically threatened coastal environments
- important heritage and cultural sites
- a wetland considered to be one of the top 150 wetlands in New Zealand for the unique values it contains.

We also celebrate Landcorp Farming Ltd whose 150th covenant was registered this year.

Raising our profile

The National Trust's profile is not particularly high outside the rural sector. We are working hard to change this by promoting the work we do in partnership with thousands of National Trust covenantors. Recent TV, radio, and newspaper coverage of the Soho covenants announcement, and coverage of our actions in the High Court to defend the integrity of covenants in Canterbury and the Coromandel, has helped raise awareness of our organisation. We are also becoming more active in social media as a way of sharing information with, and about, our covenantors and supporters.

Funding the future

Despite the welcome increase in our Government grant this year, as interest from landowners grows, the direct cost to the National Trust of establishing covenants is becoming a limiting factor. It currently costs us around \$22,000 to progress the average covenant (30ha in size) to the point

of registration. About 40% of this cost is our contribution to fencing, 16% is the cost of survey, and the balance includes required field work and the legal and processing costs to approve and register the covenant. On top of this, there is also the significant cost of regularly monitoring covenants once they are operative.

For this reason, I have been putting effort over the past 12 months into expanding our support partnerships with local government and the private sector. We:

- have a new MOU with the Greater Wellington Regional Council that enhances covenantor support in that region
- are getting worthwhile support for our covenantors from most regional and district councils (eg, contributions towards establishment costs and/or maintenance or enhancements and/or rates relief).
- are approaching more councils to put the case for helping with covenants and explaining why it is important
- are finalising a sponsorship deal with Steel & Tube (owner of the Hurricane brand of fencing materials) – this will be of direct advantage to our covenantors and will help them establish and maintain covenant fences
- will be approaching our members directly to seek additional support for the work of the National Trust.

We do not want to be in the position of having to say no to quality covenant proposals because of funding constraints.

We look forward to working closely with the wider community and our members to help us grow the network of protected places across our productive landscapes.

Mike Jebson
Chief Executive



Partnering with landowners

The National Trust works in partnership with landowners to help them legally protect special natural, historic, and cultural features on their land with covenants. It operates as the perpetual trustee partner, ensuring the features will be protected by all future owners.

The National Trust offers a relationship with landowners that is independent from local and central government. We provide expert assessments of covenant proposals and manage the legal covenant documentation process. Once covenants are registered our regional representatives monitor them on a regular basis and are on hand to provide support and advice on management issues.

We promote the altruistic conservation work carried out by covenantors on their land and broker support for them whenever we can,

for example, by applying on their behalf for funding grants to help with maintaining or enhancing in their covenants.

At 30 June 2014, 3,934 registered covenants were permanently protecting 109,142ha of special features on private land.

During the financial year, 122 open space covenants were formally registered protecting 3,355ha. The newly registered covenants are protecting landscape values and many different ecosystem, including

forest remnants, wetlands and waterways, and the habitats of threatened species, as well as a number of cultural sites.

An additional 117 proposals covering around 55,199ha were approved for covenanting and are now going through the registration process. New Zealand's largest private covenant proposal ever, at 53,000ha, was approved this year. This covenant proposal is around 46,400ha larger than our next biggest covenant.

“ We are working with many inspired and passionate people who are creating a legacy for future generations ”



PHOTO: Liam Plaisier



Kakariki arrive for a captive breeding programme at the Tui Nature Reserve covenant in the Marlborough Sounds. The breeding programme got the go ahead after a successful funding bid to the Lotteries Grants Board by the National Trust on behalf of the landowners. The landowners are carrying out an ambitious restoration project at the reserve with the goal of establishing a predator proof 'mainland island' sanctuary.



Covenants are monitored on a 2-3 year cycle. This year the National Trust's regional representatives monitored 1,723 covenants.



Covenantors' field days are highlights of the National Trust's events calendar. The days are used to share information and best practice tips for managing covenants. Covenantors have the opportunity to meet one another and the National Trust's directors and staff.





New Zealand's largest ever open space covenant proposal was approved this year.

At 53,000ha the proposal is around twice the size of Abel Tasman National Park. It will protect a suite of values including iconic landscapes, historic and cultural sites, native biodiversity, and high country recreation experiences.

Ecosystems protected by the proposal include montane and alpine tussocklands, cushion fields, wetlands, shrublands, and rocky outcrops. They serve as habitat for a range of rare and endangered native plants and animals such as whipcord hebe, a native dandelion, several species of gecko, New Zealand falcon, and kea.

The proposal areas have extensive cultural and historic values. Māori (Ngāi Tahu iwi) used to travel across the land to the West Coast on pounamu expeditions and in search of seasonal food. There are seven Ngāi Tahu papatipu rūnanga with a mana whenua interest in the area. Several traditional travel routes are associated with the proposal area. Subsequently, there has been a 125-year history of pastoral farming, and this history is represented by a scattering of old huts, early fencelines, and yards. Part of the historic Otago gold rush was centred on gold mining activity that took place here. Archaeological sites

that reflect this history include cottages, tailings, and water races that have been well preserved by the dry climate and open landscape. Some of these sites have historic significance to the New Zealand Chinese community. All archaeological and historic sites that pre-date 1900 are protected under the Historic Places Trust Act 1993 and many are already registered on the Heritage New Zealand database.

The area also hosts a range of recreational uses such as trekking, 4-wheel drive trips, tramping, mountain biking, horse trekking and ski touring. The *Motatapu Challenge* is held here annually, where competitors mountain bike or run marathons or triathalons along set courses and tracks.

The land, which is Crown lease pastoral land, has highly diverse values and has an overseas owner. Because of this, the National Trust has been working with a number of agencies to prepare the covenant proposal with the landholder. Involved parties include the Overseas Investment Office, Commissioner of Crown Lands, Te Rūnanga o Ngāi Tahu, Heritage New Zealand, Department of Conservation, New Zealand Walking Access Commission, Queenstown Lakes District Council, Queenstown Trails Trust, and Central Lakes Trust.





PHOTO: Nan Pullman

Pest control workshop



Working with others

The National Trust works closely with regional and district councils, the Department of Conservation, Heritage New Zealand, and many organisations, trusts, community groups, and individuals committed to protecting and enhancing New Zealand's diverse open spaces.

We engage actively with universities and research organisations in New Zealand to promote ecological science and conservation. We work closely with Massey University on the QEII Athol Patterson Bursary. This bursary is awarded annually to a Massey student who best demonstrates a commitment to environmental studies and sustainable practices in the agricultural sector. We have an important relationship with Canterbury University where the recipient of our QEII Brian Molloy Doctoral Scholarship is resident.

We have an ongoing partnership with the New Zealand Farm Environment Award Trust, which administers the Ballance Farm Environment Awards. This robust, peer-reviewed awards process has an overall objective of promoting sustainable land management on farms.

The National Trust is committed to supporting community conservation initiatives. We also seek opportunities to work with stakeholders, groups, individuals, and businesses to rally greater support

for covenantors and our work. Groups, organisations, and individuals we have worked with this year include: North-West Wildlink, Kiwi Coast, Nature Space, Young Enterprisers Scheme participants, Aroha Island Trust, Landcare Research, Landcare Trust, Lotteries Grants Board, the Community Conservation Partnership Fund, the Million Metres Stream Project, Taranaki Tree Trust, Land and Water Partnership, Predator Free New Zealand and New Zealand Walking Access Commission.

“ We are committed to working with others to protect and enhance New Zealand's natural and cultural heritage ”



Young enterprisers

Students at Aparima College in Southland have set up Effulgent, a community-based business focusing on 'sustainability and environmentally friendly, socially sustainable qualities and ethics'. They are producing a liquid seaweed concentrate to be used as a garden fertilizer. Their business is part of the Lion Foundation Young Enterprisers scheme that encourages young students to set up and run their own business for a year. The National Trust is supporting them with communications and public relations. As part of their business plan, the young enterprisers are donating 25% of their profits to the National Trust.



PHOTO: Malcolm Pulliman



Effulgent's directors Devon Sellwood, Jessica Black and Yogan Pillay.

PHOTO: Effulgent



Kiwi Coast

Coastal kiwi are on the move in eastern Northland thanks to Kiwi Coast, a project that includes 80 National Trust covenantors in its start-up area. The project is concentrating on predator control so kiwi can travel safely between strongholds at Whangarei Heads and the Tukukaka Coast. New Zealand Landcare Trust and WWF New Zealand are project leads. Kiwi Coast is part of the larger Reconnecting Northland programme, which is backed by the Tindall Foundation, HBSC Global Water Fund, and the ASB Community Trust.



Taupo Swamp

Taupo Swamp is a 30ha flax wetland owned by the National Trust. Greater Wellington Regional Council has identified it as a key native ecosystem and has developed a maintenance programme for it together with the National Trust.



North-West Wildlink

The goal of North-West Wildlink is to form corridors of suitable habitat to encourage wildlife movement between the Hauraki Gulf islands and the Waitakere Ranges. Four organisations are involved – Forest and Bird, Gecko Trust, Auckland Council, and Queen Elizabeth II National Trust. They work within their communities and with each other to create safe, healthy 'stepping stones' along the corridors through co-ordinated predator control and restoration programmes.



Protecting biodiversity on private land

The National Trust is uniquely placed to advance the objectives of the New Zealand Biodiversity Strategy 2000 because much of New Zealand's rare and endangered native biodiversity is found on private land.

The Strategy's 'Statement of National Priorities' (developed in 2007 by the Department of Conservation and the Ministry for the Environment) guides decision making around biodiversity protection on private land.

Four ecosystem and habitat types are identified as most in need of protection. The National Trust gives precedence to covenant proposals that fall within these national priority areas.

‘ We give precedence to covenant proposals that advance the objectives of the New Zealand Biodiversity Strategy ’



PHOTO: Jan Doak

Priority 1 example

To protect indigenous vegetation associated with land environments that have 20% or less remaining in indigenous cover.

Tararua and Hawke's Bay coastline covenants

Two covenants were approved this year, joining three others already in place along a coastal strip that straddles Tararua (Horizons) and Hawke's Bay regional councils' boundaries. Together they are protecting around 88ha of land and 5.8km of continuous coastline classified as an acutely threatened and critically underprotected environment. Both councils have contributed funds to support the landowners and the National Trust with the costs of fencing the protected area.



National priorities



Priority 2 example

To protect indigenous vegetation associated with sand dunes and wetlands – ecosystem types that have become uncommon due to human activity.

Significant wetland covenant

A 35ha raupo-reedland wetland, rated as one of the top 150 wetlands in New Zealand, was approved for covenanting this year. The wetland is the most significant mesotrophic-oligotrophic wetland* remaining in Northland because of its size, intactness, and the range of wetland types that it supports. It is habitat to an impressive range of threatened and regionally significant plants and animals, including *Calochilus aff. herbaceus*, *Pomaderris phyllicifolia*, and *Phylloglossum drummondii* (all nationally endangered plants), and the only remaining population of the plant *Schoenus carsei*/Carse's Schoenus (in gradual decline). It is also home to bitterns, fern birds, and the only known viable population of black mudfish (in gradual decline) on the west coast of Northland.

*Mesotrophic water contains moderate plant numbers and nutrient levels; oligotrophic water contains low plant numbers and nutrient levels.

Priority 3 example

To protect indigenous vegetation associated with 'originally rare' terrestrial ecosystem types not already covered by priorities 1 and 2.

Puhi Peaks

Puhi Peaks Station rises from low country near the coast to the crest of the seaward Kaikoura Range. It is the highest altitude land in private ownership in New Zealand.

The large scale, huge altitudinal range, and complex geology of the station presents a number of naturally uncommon ecosystems. These include calcareous cliffs, scarps, tors and screes, boulderfields of calcareous and silicic rocks, and braided riverbeds. Puhi Peaks has one of only two remaining natural breeding colonies of Hutton's shearwater (an endangered burrowing seabird), the southern-most remnant of weeping tree broom (*Carmichaelia stevensonii*), and a strong population of Hector's tree daisy (*Olearia hectorii*), both nationally threatened plants.

With the approval of an additional covenanted area this year, over half of the 1,618ha property is now covenanted to protect its landscape and biodiversity values.



Botanising at Puhi Peaks



National priorities



Olearia gardneri

Priority 4 example

To protect habitats of acutely and chronically threatened indigenous species.

Rare plant discovery in the Wairarapa

Olearia gardneri, or tree daisy, is one of New Zealand's rarest trees. Until the chance discovery of an isolated thicket by the National Trust's Wairarapa regional representative, the total number of known plants in the wild was under 150, a population comparable to the critically endangered kakapo.

The National Trust approved a covenant proposal this year that will protect 240 *Olearia gardneri* trees. With this population secure, the national threat status of the species will lift from Threatened/Nationally Critical, to Threatened/Nationally Endangered. With management, these plants will be able to support the re-establishment of viable populations at other Wairarapa sites.



Corybas cheesemanii orchid



Koura



Gillian Campbell-Snelling and Doug Snelling have a number of covenanted areas on their farm protecting around 90ha of special features. Their covenants contain gullies, streams, wetlands and lakes, forming a rich assortment of wildlife habitats.

Fifty-three bird species have been officially recorded in the covenants, including the North Island pied tomtit, whitehead, bittern, kereru, tui, bellbird, crake, fernbird, dabchick, scaup, morepork, and several cormorant species. Gillian Campbell-Snelling has discovered 12 orchid species including the very small *Corybas cheesemanii* orchid, which has not been recorded in the area since the 1970s. A list of native aquatic species protected in the covenants includes the longfin eel, banded kokopu, koura, and fresh water mussels.

Dealing with feral deer and goat incursions has been a major challenge, but the Snellings have come up with an innovative fencing solution to keep pests at bay. The fences have been designed so goats are unable to squeeze their way through, and a hot wire strung along the top discourages feral deer from jumping into the covenants.

“Covenantors are protecting rare and endangered biodiversity on their land”



Statistics

Registered and approved covenants
as at 30 June 2014

National Trust covenants on Landcare Research Threatened Environments map

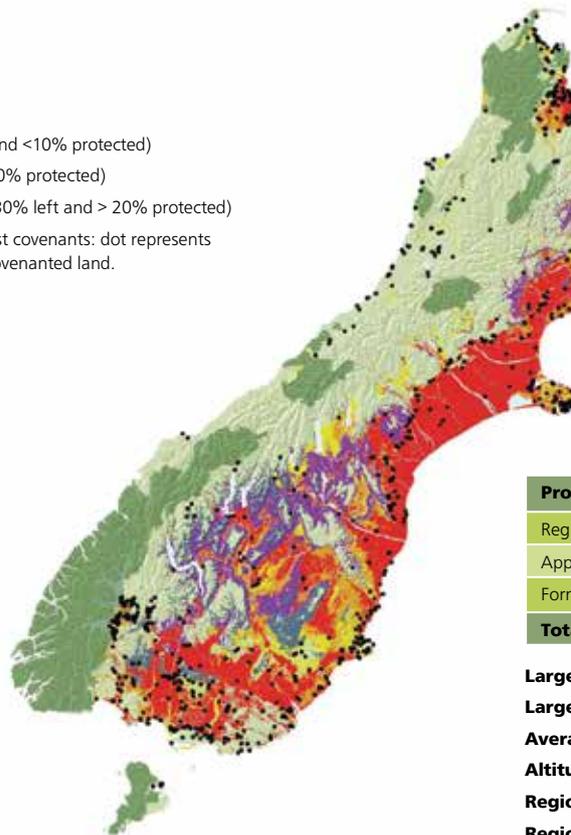
Summary – 30 June 2014

Regional Council	Total land area in region (ha)	Total approved covenants	Total registered and formalised covenants	Total number of covenants (approved, registered and formalised)	Total area approved, registered and formalised covenants (ha)	Largest registered covenant in the region (ha)	Average covenant size (ha)	Median covenant size (ha)
Auckland	500,000	19	263	282	4,454.80	841	15.8	3
Bay of Plenty	1,223,100	9	169	178	9,680.51	6,564	54.4	4.4
Canterbury	4,220,000	59	273	332	18,451.74	1,679	55.6	8.1
Gisborne	826,500	14	131	145	5,160.38	1,104	35.6	8.9
Hawke's Bay	1,420,000	15	233	248	10,769.04	4,606	43.4	10.2
Horizons	2,221,500	35	323	358	8,572.34	352	23.9	7.7
Marlborough	1,049,500	7	68	75	3,916.34	1,056	52.2	7.9
Nelson	42,100	3	13	16	344.85	140	21.6	6.4
Northland	1,250,000	46	620	666	10,249.64	417	15.4	3.7
Otago	3,200,000	28	173	201	64,189.42	2,735	319.4	7.5
Southland	3,035,000	20	295	315	7,447.34	214	23.6	8.9
Taranaki	723,600	58	311	369	8,827.34	542	23.9	2.5
Tasman	978,600	16	144	160	2,695.86	641	16.8	3.9
Waikato	2,500,000	44	577	621	17,144.17	802	27.6	6.5
Wellington	813,000	25	310	335	6,155.86	824	18.4	4.5
West Coast	2,300,000	16	63	79	2,786.15	619	35.3	12
Grand Total		414	3,966	4,380	180,845.77		41.3	4.7



Map threat categories

- Acutely threatened (< 10% left)
- Chronically threatened (10–20% left)
- At risk (20–30% left)
- Critically underprotected (> 30% left and <10% protected)
- Underprotected (> 30% left and 10–20% protected)
- Less reduced and better protected (> 30% left and > 20% protected)
- Registered and approved National Trust covenants: dot represents location only and not actual area of covenanted land.



Protected open space	Number	Hectares
Registered covenants	3,934	109,141.74
Approved covenants*	414	70,860.74
Formal agreements	32	843.29
Total	4,380	180,845.77

Largest registered covenant 6,564ha

Largest approved covenant 53,000ha

Average size of registered and approved covenants 41.3ha

Altitude range Sea level to 2,200m

Region with most registered covenants Northland – 620

Region with largest area in registered and approved covenants
Otago – 64,189.42ha

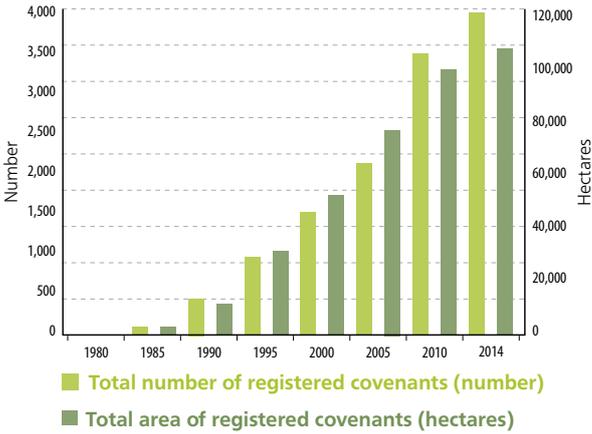
Organisation with most covenants Landcorp Farming Limited – 150

National Trust owned properties 27

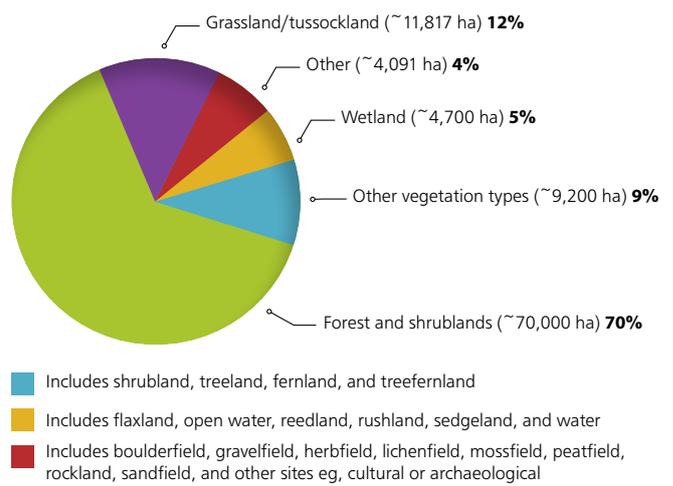
*Not yet registered

Statistics continued

Registered covenants



Main covenant type (percentage of land area protected)



Monitoring report

During the financial year, the National Trust introduced a new information system that includes enhanced functionality for reporting covenant monitoring results.

Monitoring definitions

Good condition – covenant area is in good condition and the landowner is complying with the covenant agreement.

Requires attention (previously called 'poor adherence') – covenant area needs attention. Examples include the deteriorating condition of a covenant or where a landowner is not complying with the terms of the covenant agreement. Where a covenant is recorded as 'requires attention', the National Trust works with the landowner to improve the situation.

If things do not improve, the National Trust may resort to legal action if the issue is a non-compliance matter.

Covenants requiring attention are reported under one of three categories:

- Condition issues** – where the physical condition and environmental health of a covenant is causing concern. 'Condition' is reported when attention is required despite the covenant meeting the obligations of the covenant agreement.
- Legal compliance issues** – where attention is required because the covenant is not meeting the obligations of the covenant agreement.

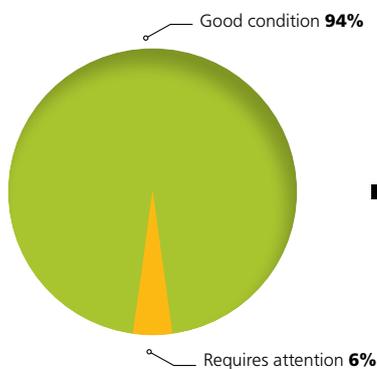
- Significant legal compliance issues** – where the breach of a covenant agreement is such that the National Trust is required to take legal action to address the issue.

Summary of monitoring results

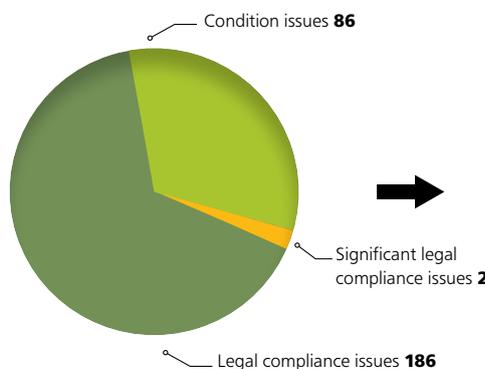
Registered covenants are generally monitored on a 2-yearly cycle. The National Trust's regional representatives monitored 1,723 covenants during the reporting year.

At 30 June 2014, 94% of all monitored covenants were reported as being in good condition and 6% (252) as requiring attention.

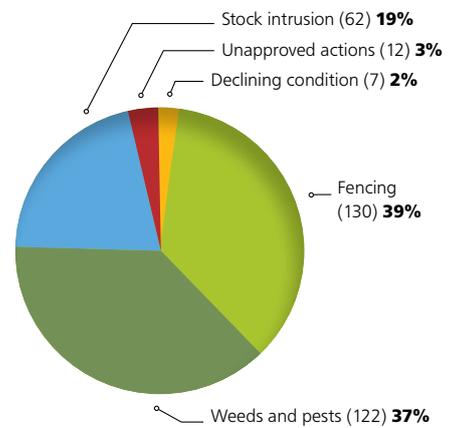
Monitoring results – summary



Requires attention category



Nature of issues requiring attention*



*Some covenants have more than one issue requiring attention. The number of issues raised (333) is therefore higher than the number of covenants reported as requiring attention (252).



Statement of service performance

for the year ended 30 June 2014

The core work of the National Trust is to protect and manage open space and natural values for the benefit of New Zealand. This statement measures performance against goals set at the commencement of the Memorandum of Understanding signed with the Minister of Conservation in June 2013.

1. Identification and implementation of protection for natural and historic places: Implementation of legal protection of natural and historic resources on private or leasehold land.

Open space covenants can protect a range of diverse values: ecological, visual, geological, archaeological, scientific, cultural, recreational, soil and water, and social interest. Covenant proposals are evaluated against set criteria that consider ecological, landscape and other inherent

values. When a proposal is approved, registration with Land Information New Zealand is targeted to be complete within 2 years.

Tasks include: responding to landowner enquiries, evaluating and documenting proposals, Board assessment, processing

documents, fencing, surveys, preparing covenant plans, and registration with Land Information New Zealand.

The area, size, and shape of covenants vary, as do the associated costs, so annual fluctuations in total covenant numbers and hectares can be expected.

Table 1: Numbers and hectares approved for protection and formally protected by registered open space covenants in New Zealand

Legal protection	2012/2013 Actual		2013/2014 Target		2013/2014 Actual	
	Number	Hectares	Number	Hectares	Number	Hectares
Approved covenants	112	3,575	120	3,600	117	55,199
Registered covenants	108	4,090	120	3,100	122	3,355
Cost	\$2,593,733		2,510,190		2,453,921	

Note: The number of approvals is below target. However, the National Trust approved New Zealand's largest ever covenant proposal this year, at 53,000ha. The proposal exceeds the target area for newly approved covenants by 51,599ha.

2. Management services: natural and historic places: Management services for properties with historical or natural significance, including maintenance work, public access, management advice on covenanted land and maintaining the perpetual trustee role for registered covenants.

Table 2: Numbers and hectares for National Trust-owned properties and registered covenants monitored in New Zealand

Management services	2012/2013 Actual		2013/2014 Target		2013/2014 Actual	
	Number	Hectares	Number	Hectares	Number	Hectares
National Trust-owned properties	28	1,524	28	1,524	27*	1,396
Monitored registered covenants	1,718	37,347	1,700	43,000	1,723	39,972
Cost	\$1,842,140		2,286,585		2,124,720	

* Ownership of one property was transferred back to the family.



Financial statements

for the year ended 30 June 2014

Approval of the financial statements

The Board of Directors has authorised the issue of the financial statements of the Queen Elizabeth the Second National Trust set out on pages 22–31 for the year ended 30 June 2014.

For and on behalf of the Board of Directors, which authorised the financial report on 30 September 2014.

James Guild
Chair

Dated: 30 September 2014

Mike Jebson
Chief Executive

Dated: 30 September 2014



Statement of comprehensive income

for the year ended 30 June 2014

2013 Actual \$		Note	2014 Actual \$	2014 Budget \$
	Revenue			
3,274,000	Government grant		3,274,000	3,274,000
156,669	Contestable funds	10	214,713	300,000
37,295	Donations and other grants		48,168	90,000
77,106	Other revenue		55,774	45,325
3,545,070	Operating revenue		3,592,655	3,709,325
	Expenditure			
1,082,735	Field operations		1,240,763	1,299,272
1,384,423	Covenant expenditure	1	1,091,337	1,212,000
175,881	Contestable funds	10	210,315	300,000
1,536,195	Administration	2	1,630,867	1,675,702
12,159	Property operations		12,330	50,000
56,937	Public relations		80,451	101,800
62,660	Depreciation	3	88,858	110,000
4,310,990	Operating expenses		4,354,921	4,748,774
1,177,782	Investment income		979,485	650,000
86,698	Investment expenses		144,736	48,000
1,091,084	Net financial revenue from investments	4	834,749	602,000
325,164	Net surplus/(deficit) before property acquisitions/disposals		72,483	(437,449)
-	Property gifted to the National Trust		-	-
180,302	Gain/(loss) on gifted property		(68,185)	-
38,185	Expenses associated with gifted property		-	-
142,117	Net income (loss) from gifted property	5	(68,185)	-
467,281	Net surplus/(deficit)		4,298	(437,449)
-	Other comprehensive income	5	(10,800)	-
467,281	Total comprehensive income/(expenses)		(6,502)	(437,449)



Statement of changes in equity

for the year ended 30 June 2014

2013 Actual total \$		Note	2014 Actual total \$	2014 Budget total \$
15,108,173	At beginning of period		15,575,454	15,575,454
467,281	Net surplus/(deficit) for the period		4,298	(437,449)
-	Other comprehensive income	5	(10,800)	-
467,281	Total comprehensive income/(expenses) for the period		(6,502)	(437,449)
15,575,454	At 30 June		15,568,952	15,138,005

The accompanying notes form an integral part of these financial statements



Statement of financial position

for the year ended 30 June 2014

2013 Actual \$		Note	2014 Actual \$	2014 Budget \$
	Equity			
15,575,454	National Trust equity		15,568,952	15,138,005
15,575,454	Total equity		15,568,952	15,138,005
	Represented by:			
	Current assets			
925,808	Cash and cash equivalents	6	675,158	909,255
155,201	Accounts and other receivables	7	105,168	160,000
-	Prepaid expenses		39,182	-
12,416,808	Investments	8	12,686,077	12,000,000
13,497,817	Total current assets		13,505,585	13,069,255
	Less current liabilities			
467,975	Accounts and other payables	9	555,219	525,000
476,264	Deferred revenue	10	371,675	450,000
23,438	Employee entitlements		48,224	40,000
91,250	Other current liabilities		91,250	91,250
1,058,927	Total current liabilities		1,066,368	1,106,250
12,438,890	Working capital		12,439,217	11,963,005
	Non-current assets			
3,039,762	Property, plant and equipment	11	2,955,850	3,000,000
96,802	Intangible assets	13	173,885	175,000
3,136,564	Total non-current assets		3,129,735	3,175,000
15,575,454	Net assets		15,568,952	15,138,005

The accompanying notes form an integral part of these financial statements



Statement of commitments

for the year ended 30 June 2014

Covenant commitments

Covenant commitments are funds committed to approved covenants that are still in progress and working towards registration with Land Information New Zealand.

2014	2013
\$	\$
3,939,503	3,389,169

Operating lease commitments

A new head office lease agreement was signed on 24 February 2012. The lease commenced on 1 May 2012 following the completion of a new fitout. The annual rent is \$80,000 plus outgoing expenses. The term of the lease is 9 years with a right of renewal every 3 years. The National Trust also has a photocopier lease that will expire in April 2016. Monthly charges are based on actual usage.

	2014	2013
	\$	\$
Less than 1 year	80,000	66,667
Between 1 and 2 years	80,000	80,000
More than 2 years	386,670	480,003
	546,670	626,670

Property endowment commitments

The National Trust holds \$351,129 in property endowments that have been received for specific properties owned by the National Trust (2013: \$347,915.)

Covenant endowments

The National Trust holds \$1,709,509 in covenant endowments that have been received for specific covenants (2013: \$1,709,509.)

Capital commitments

The National Trust has no capital commitment. (2013: \$179,925, relating to the development of a new database system.)



Statement of contingencies

for the year ended 30 June 2014

Contingent liability for fencing replacement contributions

For calculation purposes, the contingent liability is based on maximum liabilities over 100 years at NPV based on the calculation of the length of fences and the estimated replacement costs. The discount rate is 5% (2013: 5%). The increase in contingent liability reflects the cost of replacement fencing that is due but has not yet taken place.

2014	2013
\$	\$
9,302,464	8,110,424

In some covenant agreements before 1995, the National Trust has a liability to contribute to fencing in perpetuity. It is an objective to reduce this liability over time. On a day-to-day basis, fences are mostly maintained by landowners. From time to time, opportunities arise where it is possible to renegotiate the replacement fencing clause with the landowners.

The accompanying notes form an integral part of these financial statements



Notes to the financial statements

for the year ended 30 June 2014

Statement of accounting policies

Reporting entity

Queen Elizabeth the Second National Trust (the National Trust) is domiciled in New Zealand.

The National Trust's financial statements have been prepared in accordance with Section 41 of the Public Finance Act 1989 and the Queen Elizabeth the Second National Trust Act 1977.

The National Trust operates in one industry across New Zealand – that being the provision, protection, preservation, and enhancement of open space for the benefit and enjoyment of the people of New Zealand.

The financial statements of the National Trust are for the year ended 30 June 2014. The financial statements were authorised for issue by the Board of Directors on 30 September 2014.

Statement of compliance

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with the New Zealand equivalents of International Financial Reporting Standards (NZ IFRS) and other applicable financial reporting standards as appropriate to public benefit entities that apply and qualify for differential reporting concessions.

The National Trust qualifies for differential reporting as it is not publicly accountable and is considered to be 'small' within the New Zealand Framework for Differential Reporting. The National Trust has taken advantage of all differential reporting exemptions, except for the exemption available in NZ IAS 18 Revenue that permits qualifying entities to recognise revenue and expenses on a GST inclusive basis.

The financial statements are presented in New Zealand dollars (NZD). They are prepared on the historical cost basis except for investments, which are stated at fair value through profit and loss.

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

Capital management

The National Trust's capital is represented by its net assets. It manages and maintains its capital by prudently managing revenue, expenses, assets and liabilities to ensure it effectively achieves its objectives and purpose while still remaining a going concern.

Revenue

Revenue is recognised by the National Trust as follows.

Grants revenue – grants revenue is recognised as it becomes receivable, except where a grant is for a specific purpose and there is a legal or constructive obligation to repay it if the specific purpose is not undertaken.

Interest and dividend revenue (investment income) – interest income is recognised as earned. Dividend income is recognised when the right to receive payment is established.

Donations revenue – cash donations are recognised when the cash is received; non-cash donations are recognised at their fair value at the time that ownership rights are transferred to the National Trust.

Membership/sponsorship revenue – membership/sponsorship revenue is recognised when the cash is received.

Other revenue – recognised as earned.

Property, plant and equipment

Land and improvements acquired or gifted to the National Trust before 1 July 2001 are recorded at depreciated book value based on Quotable Value New Zealand Limited valuations performed on these assets in the 3 years before that date. Land and improvements acquired or gifted to the National Trust since 1 July 2001 are recorded at cost for acquired assets, or at fair value for gifted assets.

The cost of new fencing on National Trust properties is capitalised in the year of completion.

Property, plant and equipment (other than land) are measured at cost, less accumulated depreciation and impairment losses. Land is not depreciated.

Restrictions on assets

The only restrictions on assets held by the National Trust are those pertaining to covenants and specific gifts.

The accompanying notes form an integral part of these financial statements



Notes to the financial statements

for the year ended 30 June 2014

Depreciation

Depreciation is charged at the same rate as is allowed by the Income Tax Act 1994 except for buildings.

Depreciation is charged to profit and loss. Land is not depreciated. The following rates have been used:

Computer and electronic equipment	26 – 60% diminishing value
Furniture and fittings, plant and equipment	10 – 50% diminishing value
Improvements (gifted and purchased buildings)	4 – 10% diminishing value
Land fencing	9.5% diminishing value

Investment properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met. It excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and any impairment in value. Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit and loss in the year of retirement or disposal. Transfers are made to an investment property when, and only when, there is a change in use evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from an investment property when, and only when, there is a change in use evidenced by commencement of owner occupation or commencement of development with a view to sale.

Employee entitlements

Short-term employee entitlements: Employee entitlements that the National Trust expects to be settled within 12 months of balance date are measured at undiscounted nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date; annual leave earned, but not yet taken at balance date; retiring and long-service leave entitlements expected to be settled within 12 months; and sick leave. The National Trust recognises a liability for sick leave to the extent that compensated absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date to the extent that the National Trust anticipates it will be used by staff to cover any future absences.

Goods and services tax

All amounts are shown exclusive of goods and services tax (GST), except for receivables and payables that are stated inclusive of GST.

Financial instruments

Non-derivative financial instruments comprise investments, accounts and other receivables, cash and cash equivalents, accounts and other payables, and other current liabilities.

Non-derivative financial instruments are recognised at cost or initially at fair value through profit or loss and any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the National Trust becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the National Trust's contractual rights to the cash flows from the financial asset expire, or if the National Trust transfers the financial asset to another party without retaining control or retaining substantially all risks and rewards of the asset.

The National Trust holds a significant level of bonds and shares as investments. These financial assets are designated upon initial recognition by the National Trust as at fair value through profit or loss. Subsequent to initial recognition, financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss. The fair value is quoted at the bid price at balance date.

Foreign currency

Transactions in foreign currencies that are settled in the accounting period are translated at the settlement rate.

Transactions in foreign currency that are not settled in the accounting period, resulting in monetary assets and liabilities denominated in foreign currencies at balance date, are translated to NZD at the foreign exchange rate ruling at that date. Foreign exchange differences arising on their translation are recognised in the profit or loss.

The accompanying notes form an integral part of these financial statements



Notes to the financial statements

for the year ended 30 June 2014

Accounts receivable

Accounts and other receivables are measured at their amortised cost less impairment losses.

Financial risk management

The National Trust's principal financial instruments comprise cash and cash equivalents and bonds and shares held as part of its normal operations. The National Trust has a policy to only invest in highly liquid investments with S&P or equivalent rating of 'AAA to BBB+'. Equities must be recommended by a registered financial planner or be a recognised investment fund for use by charitable trusts.

The National Trust has various other financial instruments such as receivables and payables, which arise directly from its operations.

Leases

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items, are charged as expenses in the periods in which they are incurred.

Commitments

Future expenses and liabilities to be incurred on contracts that have been entered into at balance date are disclosed as commitments to the extent that there are equally unperformed obligations.

Contingent liabilities

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

Budget figures

The budget figures are those that were approved by the Board of Directors.

Comparative figures

Some comparatives from the previous year have been reclassified to align with current year disclosure.

1. Covenant expenditure

Covenant expenditure relates to fencing, survey, and legal costs incurred on approved covenants as they progress towards registration.

	2014 \$	2013 \$
Fencing	602,721	965,510
Survey	466,993	400,631
Weed and pest control	14,082	17,534
Revegetation	7,541	748
	1,091,337	1,384,423

2. Administration

Administration includes:

	2014 \$	2013 \$
Directors' fees	28,140	25,490
Audit fees	28,358	27,543
Rental expenses	83,856	85,616
Loss on disposal of property, plant and equipment	3,340	977
Other administration expenses	1,487,173	1,396,569
	1,630,867	1,536,195

The accompanying notes form an integral part of these financial statements



Notes to the financial statements

for the year ended 30 June 2014

3. Depreciation

Depreciation has been charged on the following classes of asset:

Furniture and fittings, plant and equipment, computer and electronic equipment
Intangible assets
Improvements
Land fencing

2014	2013
\$	\$
35,090	18,247
36,933	12,484
14,374	29,449
2,461	2,480
88,858	62,660

4. Net investment income

Interest income
Dividends
Realised gain
Unrealised gain
Investment income
Investment fees
Realised loss
Unrealised loss
Investment expenses
Net investment income

2014	2013
\$	\$
423,305	457,387
199,437	174,451
34,976	89,089
321,767	456,855
979,485	1,177,782
42,766	39,995
17,294	14,599
84,676	32,104
144,736	86,698
834,749	1,091,084

Investment income comprises interest, dividend income, and changes in the fair value of financial assets at fair value through profit or loss and foreign currency gains.

Investment expenses comprise foreign currency losses and changes in the fair value of financial assets at fair value through profit or loss.

Investment expenses also include any fees and transaction costs associated with maintaining the investment portfolio.

5. Net profit/(loss) from gifted property

Property gifted to the National Trust
Gain/(loss) on gifted property
Expenses associated with gifted property
Net profit/(loss) from gifted property

2014	2013
\$	\$
-	-
(68,185)	180,302
-	38,185
(68,185)	142,117

Ownership of one property was transferred back to the family. This loss has been written off. Decrease of \$10,800 in 'Other comprehensive income' reflects the reversal of capital revaluation of a property that has been returned to the family.

6. Cash and cash equivalents

Cash and cash equivalents: \$675,158 (2013: \$925,808).

7. Accounts and other receivables

Accounts receivable
Interest receivable
GST receivable

2014	2013
\$	\$
94,662	146,130
10,506	5,233
-	3,838
105,168	155,201

The accompanying notes form an integral part of these financial statements



Notes to the financial statements

for the year ended 30 June 2014

8. Investments

Details of investments are as follows:

	2014	2013
	\$	\$
Fixed interest – corporate bonds	5,913,955	6,578,858
Term deposits	1,250,000	1,400,000
Australian/NZ equities	3,949,294	3,325,752
International equities	1,572,828	1,112,198
Total investments	12,686,077*	12,416,808

* The market value at 30 June 2014 was \$12,686,077 (2013: \$12,416,808), which included interest receivable of \$58,770 (2013: \$75,121). Investment growth reflects market value increases.

9. Accounts and other payables

	2014	2013
	\$	\$
Accounts payable	493,135	448,481
Accrued for trade expenses	24,926	19,494
GST Payable	37,158	-
	555,219	467,975

10. Deferred revenue/contestable funds

In the financial year 2013/14, the National Trust spent a total of \$210,315. This is more than the amount spent in 2012/13 as the focus was on large fencing projects in Canterbury, Southland, and Gisborne. Large fencing projects tend to be more expensive than smaller weed and pest projects.

Funds have been approved for specific projects as stated in the project deeds. Some projects may take a year or more to complete.

At the end of each financial year, money received for projects but unspent is reported as deferred revenue.

Total deed amount	Project income to date	Deferred revenue 2014	Deferred revenue 2013
\$	\$	\$	\$
2,234,209	1,624,394	371,675	476,264

Deferred revenue comprises:

- 64 individual projects from 6 contestable fund rounds from the Biodiversity Condition and Advice Fund (32 projects completed, 30 in progress, 2 cancelled with the money to be returned to BCAF at the closing of the round)
- 3 individual projects from Lotteries Environment and Heritage Fund (all active)
- 26 individual projects from regional council funds (4 projects completed, 21 in progress, 1 cancelled with money to be returned to the regional council).

The National Trust has had 5 projects approved for funding in the first round of the newly formed Community Conservation Partnership Fund to the value of \$136,944. The first instalment of this money will be invoiced in the 2014/15 financial year.



Notes to the financial statements

for the year ended 30 June 2014

11. Property, plant and equipment

	2014			2013		
	Cost \$	Accumulated depreciation \$	Net book value \$	Cost \$	Accumulated depreciation \$	Net book value \$
Land and improvements (Note 12)	2,571,501	-	2,571,501	2,643,501	-	2,643,501
Improvements – gifted and purchased buildings (Note 12)	505,704	(221,995)	283,709	512,689	(208,635)	304,054
Fencing	90,095	(66,764)	23,331	90,095	(64,302)	25,793
National Trust property	3,167,300	(288,759)	2,878,541	3,246,285	(272,937)	2,973,348
Furniture and fittings, plant and equipment, computer and electronic equipment	236,510	(159,201)	77,309	202,445	(136,031)	66,414
Total property, plant and equipment	3,403,810	(447,960)	2,955,850	3,448,730	(408,968)	3,039,762

12. Land and improvements

	2014		2013	
	Land \$	Improvements \$	Total \$	Total \$
Aroha	425,000	261,589	686,589	698,737
Awapikopiko Reserve	42,000	-	42,000	42,000
Bowman's Bush	63,000	-	63,000	63,000
Dunns Bush	150,000	-	150,000	150,000
Ernest Morgan Forest Reserve	140,000	-	140,000	140,000
Hann Bush	18,000	-	18,000	18,000
Hartree Forest	-	-	-	79,276
L'Anson Reserve	434,000	-	434,000	434,000
Ira Menzies Duneland	250,000	-	250,000	250,000
Mara Point	80,000	-	80,000	80,000
Maungaruahine Bush	74,000	-	74,000	74,000
Miro Bay	100,000	-	100,000	100,000
Mokotahi Hill	9,000	-	9,000	9,000
Parkinson's Bush	143,000	-	143,000	143,000
Pouawa Sandhills	66,000	-	66,000	66,000
Robbs Bush	33,500	-	33,500	33,500
Robert Houston Memorial Reserve	50,000	-	50,000	50,000
Sheps Park	1	-	1	1
Snells Bush	36,000	-	36,000	36,000
Spencer Reserve	16,000	-	16,000	16,000
Sunset Bay	45,000	-	45,000	45,000
Tata Headland	17,000	-	17,000	17,000
Taupo Swamp	98,000	-	98,000	98,000
Te Harakiki Swamp	32,000	-	32,000	32,000
Tokatea	110,000	22,120	132,120	133,041
Tumutumu Bush	115,000	-	115,000	115,000
Waiata Bush	25,000	-	25,000	25,000
	2,571,501	283,709	2,855,210	2,947,555
Lake Wainamu (vested)	-	-	-	-
Total land and improvements	2,571,501	283,709	2,855,210	2,947,555

All land (including improvements) is subject to restrictions on use as set out in the original deeds of gift or covenant.

The accompanying notes form an integral part of these financial statements



Notes to the financial statements

for the year ended 30 June 2014

13. Intangible assets

	2014			2013		
	Cost	Accumulated amortisation	Net book value	Cost	Accumulated amortisation	Net book value
	\$	\$	\$	\$	\$	\$
Software	216,305	(42,420)	173,885	329,651	(232,849)	96,802
Total intangible assets	216,305	(42,420)	173,885	329,651	(232,849)	96,802

* The National Trust has invested in developing a new web-based covenant management system to improve its covenanting processes. The development of the application was completed and the application went live in March 2014. Amortisation started in March 2014 when the project went live. Costs in 2013 included the cost of the legacy system (\$229,077) and its accumulated amortisation (\$225,771). The legacy system has now been written off and replaced by the new information system.

14. Financial instrument designation

	Loans and receivables		Fair value through profit and loss (upon initial recognition)		Financial liabilities at amortised cost	
	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13
	\$	\$	\$	\$	\$	\$
Assets						
Cash and equivalents	675,158	925,808	-	-	-	-
Receivables	105,168	151,363	-	-	-	-
Investments	-	-	12,686,077	12,416,808	-	-
	780,326	1,077,171	12,686,077	12,416,808	-	-
Liabilities						
Payables	-	-	-	-	493,135	448,481
GST Payable	-	-	-	-	37,158	-
Other current liabilities	-	-	-	-	91,250	91,250
					621,543	539,731

The accompanying notes form an integral part of these financial statements

INDEPENDENT AUDITOR'S REPORT
TO THE READERS OF
QUEEN ELIZABETH THE SECOND NATIONAL TRUST'S
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

The Auditor-General is the auditor of Queen Elizabeth the Second National Trust (the Trust). The Auditor-General has appointed me, David Morrow, using the staff and resources of Ernst & Young, to carry out the audit of the financial statements of the Trust on her behalf.

We have audited the financial statements of the Trust on pages 22 to 31 that comprise the statement of financial position as at 30 June 2014, the statement of comprehensive income and statement of changes in equity for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

Opinion

In our opinion the financial statements of the Trust on pages 22 to 31:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect the Trust's:
 - financial position as at 30 June 2014; and
 - financial performance for the year ended on that date.

Our audit was completed on 30 September 2014. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Directors and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Trust's financial statements that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Directors;
- the adequacy of all disclosures in the financial statements; and
- the overall presentation of the financial statements.

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

We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Directors

The Directors are responsible for preparing financial statements that:

- comply with generally accepted accounting practice in New Zealand, and
- fairly reflect the Trust's financial position and financial performance.

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Directors are also responsible for the publication of the financial statements, whether in printed or electronic form.

The Directors' responsibilities arise from section 32 of the Queen Elizabeth the Second National Trust Act 1977.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 32 of the Queen Elizabeth the Second National Trust Act 1977.

Independence

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

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



David Morrow
Ernst & Young
On behalf of the Auditor-General
Wellington, New Zealand



Thank you

The National Trust sincerely thanks the many individuals and organisations that have supported its work throughout the year, including: Ron and Edna Greenwood Environment Trust, RM Greenwood, Mr R McCaw, Langley Twigg (JM Reed Estate), Roger Gilbert, Mrs BA Tennyson, Mr RH Parkin, Ms J Simmons, Mr JR Purey-Cust, Mr D Alexander, Dr M Taylor, Mr Lloyd J East, Department of Conservation, Federated Farmers of New Zealand, Landcorp Farming Limited, New Zealand Farm Environment Award Trust, Biodiversity Condition and Advice Fund, the Community Conservation Partnership Fund, Lotteries WWI Commemorations Environment and Heritage Fund, New Zealand Walking Access Commission, Heritage New Zealand, Friends of Mokotahi, Taranaki Tree Trust, Tutukaka Landcare Coalition Trust, Landcare Trust, Waiau Trust, Southland Fish & Game, Heddon Bush and Limehills schools Southland, Northland Regional Council, Auckland Council, Whangarei District Council, Horizons Regional Council, Waikato Regional Council, Waikato River Authority, South Taranaki District Council, New Plymouth District Council, Taranaki Regional

Council, Bay of Plenty Regional Council, Hawke's Bay Regional Council, Masterton District Council, Kapiti Coast District Council, Greater Wellington Regional Council, Carterton District Council, Wellington City Council, Hutt City Council, Marlborough District Council, Kaikoura District Council, Environment Canterbury, Selwyn District Council, Dunedin District Council, Southland District Council, Environment Southland, all the National Trust's financial members and donors, and all those who have generously volunteered their time to help with National Trust projects.

The National Trust also sincerely thanks covenantors who have waived the pre-95 fencing obligation in their covenant agreement. The names below are those whose covenant agreement variations had been registered at 30 June 2014:

Jack Harper, Alan Henry, Rudolf de Monchy and Kathinka de Monchy, Ian and June Wilson and Johnston O'Shea Trustees Ltd, Owen and Mary Stevens, John and Margaret Hodge, Levin and Co Ltd, Guy Livingston, Nevil Boyd Twist and DAC Twist Trustee Company Ltd, Twist WHK Trustee

Company Ltd, Derek and Leigh Sampson and NKS Trustees Ltd, Graham Mourie, William and Valerie Donald, Michael and June Edwards, Johannes Lindeman, Alan, John, and Karyn Roberts, Tony Maultsaid and Dan Druzianic, Leslie Tilbury, Patricia Tilbury and Cullinane Steele Trustees (2003) Ltd, Ashburton District Council, Francis and Josephine Wilding, Graham Cooke, Anna Moore and Antony Hamel, Roger and Sarah Frost, John and Nan Fogarty and Collow Family Company Ltd, Douglas Snelling and Gillian Campbell-Snelling, Richard and Karen Kershaw of Moiki Farm Ltd, Pamela Hartree and William Hartree, Stephen Skinner and Helen Skinner and the late Mary Skinner, Graeme and Deborah Mills, Mapunui Farms Ltd.

The National Trust acknowledges new partnerships and the special support of Steel & Tube and Central Lakes Trust.





Directory

Queen Elizabeth the Second National Trust is an independent statutory organisation and a registered charitable entity under the Charities Act 2005. Registration number: CC28488.

Office

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Board of Directors

Appointed by the Minister of Conservation

James Guild (Chair)
Bernard Card
Gina Solomon
Sue Yerex

Elected by members of the National Trust

Megan Balks
James Hunter

Patron

His Excellency Lieutenant General
The Right Honourable Sir Jerry Mateparae GNZM, QSO,
Governor-General of New Zealand.

Chief Executive

Mike Jebson

Finance and Business Manager

Tony Beret

Auditor

Ernst and Young on behalf of the Auditor General

Bankers

Bank of New Zealand

Solicitors

Gibson Sheat Lawyers

Insurer

AON New Zealand



Protecting our precious places

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QEII National Trust
Open Space New Zealand
Ngā Kairauhī Papa