



QEI National Trust
Open Space New Zealand
Ngā Kairauhi Papa

Annual Report 2008

Queen Elizabeth the Second National Trust



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Annual Report 2008

Queen Elizabeth the Second National Trust (QEII)

Ngā Kairauhi Papa

Presented to the House of Representatives pursuant to section 32 of the Queen Elizabeth the Second National Trust Act 1977.

Cover: Southland peat bog

Photo: Margaret McKee

West of Gore, three blocks of lowland forest, shrubland and peatland are protected with a 51ha covenant by Jim, Rosalie and Anthony Copland on their 2,100ha sheep and beef farm. The QEII directors visited the covenant in November 2007 to celebrate the protection of over 5,000ha in Southland with QEII covenants in perpetuity.

Below: Coastal dune lakes

Photo: South Taranaki Star

At Manutahi in South Taranaki, Ross and Raewyn Symes have protected coastal dune lakes and a flax gully with a 4.3ha covenant on their 600ha sheep and beef farm. In March 2008, Andrew and Ross Symes discussed the replanting of native species in the covenant with Sir Brian Lochore, QEII Chairperson.



Chairperson's and Chief Executive's Report

With droughts and floods, this climatically challenging year served as a powerful reminder of our need to respect our environment and the natural processes that shape it. Environmental issues are now in the mainstream, with recognition that systems that lose resilience are vulnerable to shocks. Integrating conservation in our rural landscape with habitation, recreation and sustainable production will strengthen resilience. QEII has a significant role within this matrix.

This year, the Trust registered 233 covenants and approved 238 new covenants, with this number being limited only by the funds available for fencing and survey contributions. In total, there are 2,889 registered covenants protecting 86,652 hectares. We monitored 1,398 covenants with 95% being in average or good condition and less than 5% in poor adherence. We continue to be proud of this record of asset management and the ongoing testimony of the rigour of the QEII model for voluntary protection.

While the amount of open space protected in perpetuity is notable, there is still a vast opportunity for the protection of significant natural and cultural features on private land. The urgency of this is reflected in the Government's *Statement of national priorities for protecting rare and threatened biodiversity on private land* and the report *Environment New Zealand 2007*.

The new Board has settled in well, bringing a fresh perspective coupled with a healthy respect for the Trust's achievements over the last 31 years. The Regional Representatives and the Wellington office staff are committed and focussed in their work. A key priority is working towards the registration of our 596 approved covenants including landowners signing documentation and survey plans and completing fencing.

Board meetings held around New Zealand in conjunction with covenantors' functions are most successful. It is a privilege to visit so many special places and the diversity and uniqueness never cease to make an impression. This year, we met inspired covenantors and saw outstanding protected open space in the Bay of Islands, Southland, South Taranaki and Gisborne.

Our environmental decision making is underpinned by good science and we continue to work and liaise closely with Landcare Research. We have also developed a partnership with the New Zealand Farm Environment Award Trust which promotes and recognises sustainable and profitable farming practice.

Funding remains a key strategic issue. Government funding has been flat for three years which constrains the number of new covenants the Trust can commit to. We are pleased councils are increasing contributions to assist landowners who legally protect private land. Availability of Biodiversity Condition contestable funds supports weed and pest control projects

and fencing. Bequests and donations are a vital funding component and we thank the generosity of those who give to the Trust. These funds go into the QEII investment portfolio, the dividends from which provide an important contribution towards the annual operating capital. In particular, this year we thank the Estate of Dawn and Nancy Ward of Raglan.

Councils and the community are increasingly involved in preserving and enhancing open space. In May, the Governor-General opened Atiu Creek, an Auckland Regional Park protected by an 841 hectare covenant. Aroha Island, a QEII owned property near Kerikeri, is now managed by a community group, the Aroha Island Charitable Trust. Simple accommodation, camping and kiwi night walks continue to be available. Community members and school students take part in covenant revegetation and weed and pest control. Some covenants on private land allow public access to a special area, allowing people to experience our diverse heritage.

Our identity as a nation is embodied in the beauty of our unique environment. Protecting and enhancing open space involves us all; as private landowners, community members, local government, central government and most of all, our individual pride as New Zealanders.

Sir Brian Lochore



Chairperson

16 September 2008



Margaret McKee



Chief Executive

16 September 2008



QEII highlights

- Covenanter gatherings in Russell in the Far North, Hokonui in Southland, Manutahi in South Taranaki, and Nicks Head Station in Gisborne.
- Number of covenants registered this year: 233 protecting 3,389 hectares.
- Record number of covenants monitored: 1,398
- Over 106,000 hectares of New Zealand's unique natural and cultural heritage protected in perpetuity by the wonderful vision and commitment of nearly 3,500 private landowners.



Photo: Loralee Hyde



Photo: Supplied by Jim Copland



Photo: Auckland Regional Council

Biodiversity highlights

- 74 new approved covenants (1,944 hectares) will protect threatened ecosystems including wetlands, dunelands, cliffs, rock outcrops, limestone country and a geothermal system.
- 116 new approved covenants (1,632 hectares) will protect primary forest – coastal, semi-coastal, lowland, submontane and montane.
- 105 new approved covenants (1,278 hectares) are in acutely or chronically threatened areas as defined by Land Environments of New Zealand.
- 56 new approved covenants (1,359 hectares) are in the six districts where significant loss of indigenous cover in threatened environments is ongoing: Far North, Gisborne, Hastings, Marlborough, Central Otago and Southland.
- Acutely or chronically threatened indigenous species known to be present in new approved covenants include twenty-three vascular plant, eighteen bird, five freshwater fish, three reptile, two terrestrial invertebrate, one bat and one freshwater invertebrate species.

Above left: Nicks Head Station takes in the hills of the nationally significant landscape feature of Young Nicks Head. A 147ha covenant covers the hill country which forms the headland. At a gathering in the woolshed on the station in May 2008, Sir Brian Lochore acknowledged the generosity of Gisborne and Wairoa landowners who are protecting special areas with QEII covenants.

Middle left: On a walk through protected red tussock peatland west of Gore in November 2007, landowner Jim Copland discussed the high biodiversity and conservation values of the covenant with the QEII directors. From left: Yvonne Sharp, Jo Ritchie, Bernard Card, James Hunter, Jim Copland, Edward Ellison and Sir Brian Lochore.

Below left: On 5 April 2008, the Governor-General The Honourable Anand Satyanand officially opened Atiu Creek Regional Park which is protected by an 841ha QEII covenant. From left, His Excellency with Pierre and Jackie Chatelanat, who gifted the farm on the Kaipara Harbour to the people of New Zealand in an extraordinary gesture of generosity, QEII Chairperson Sir Brian Lochore and Auckland Regional Council Chairman Michael Lee.

Registered and approved covenants as at 30 June 2008

QEII covenants on Landcare Research Threatened Environments Map

Summary – 30 June 2008

Protected open space	Number	Hectares
Registered covenants	2,867	85,975
Approved covenants	596	19,820
Formal agreements	22	677
Total	3,485	106,472

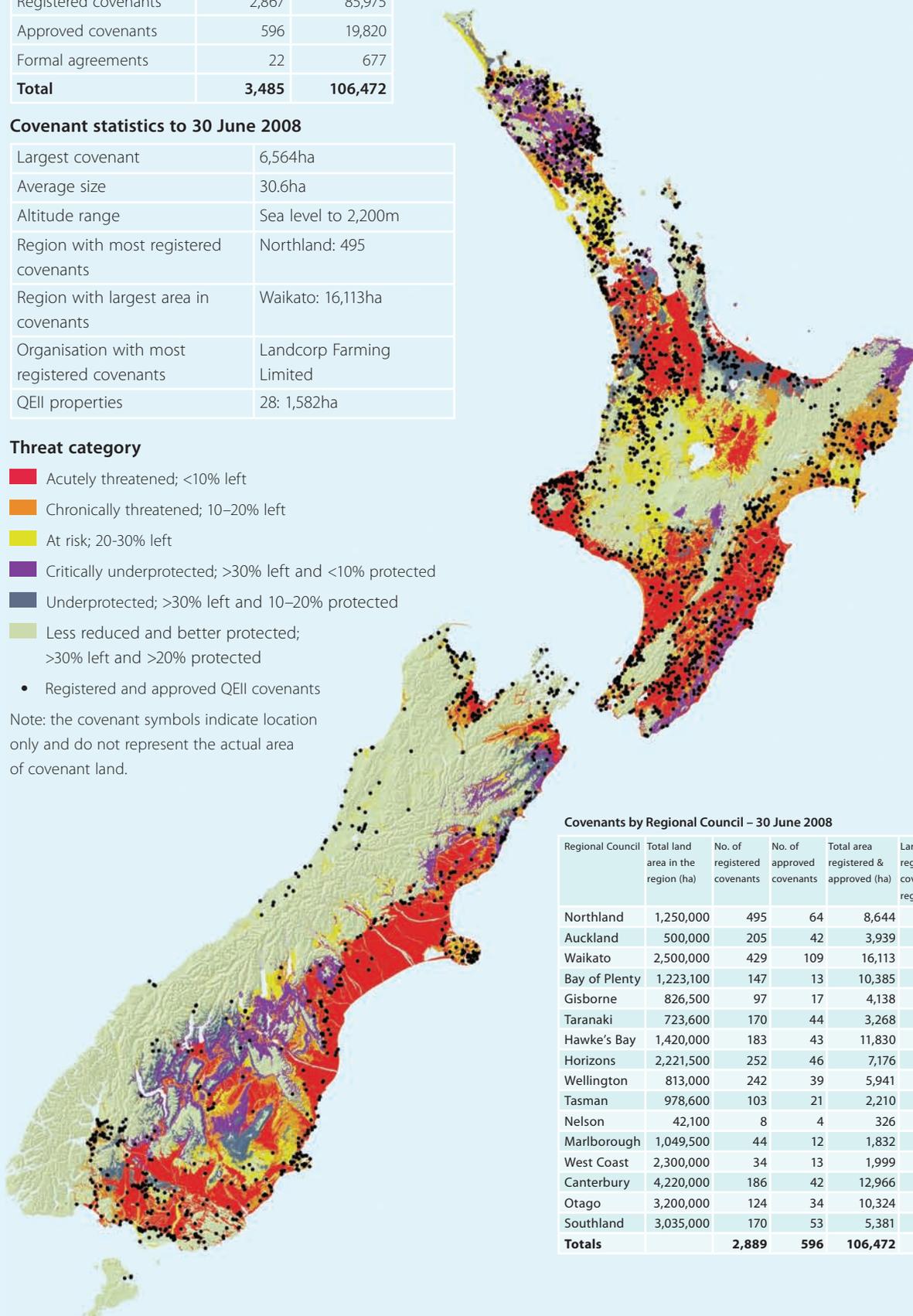
Covenant statistics to 30 June 2008

Largest covenant	6,564ha
Average size	30.6ha
Altitude range	Sea level to 2,200m
Region with most registered covenants	Northland: 495
Region with largest area in covenants	Waikato: 16,113ha
Organisation with most registered covenants	Landcorp Farming Limited
QEII properties	28: 1,582ha

Threat category

- 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 QEII covenants

Note: the covenant symbols indicate location only and do not represent the actual area of covenant land.



Covenants by Regional Council – 30 June 2008

Regional Council	Total land area in the region (ha)	No. of registered covenants	No. of approved covenants	Total area registered & approved (ha)	Largest registered covenant in region (ha)	Average covenant size (ha)
Northland	1,250,000	495	64	8,644	417	15.5
Auckland	500,000	205	42	3,939	841	15.9
Waikato	2,500,000	429	109	16,113	645	29.9
Bay of Plenty	1,223,100	147	13	10,385	6,564	67.9
Gisborne	826,500	97	17	4,138	1,104	36.3
Taranaki	723,600	170	44	3,268	334	15.3
Hawke's Bay	1,420,000	183	43	11,830	4,606	52.3
Horizons	2,221,500	252	46	7,176	276	24.1
Wellington	813,000	242	39	5,941	824	21.1
Tasman	978,600	103	21	2,210	641	17.8
Nelson	42,100	8	4	326	140	27.2
Marlborough	1,049,500	44	12	1,832	182	32.7
West Coast	2,300,000	34	13	1,999	619	42.5
Canterbury	4,220,000	186	42	12,966	1,679	56.9
Otago	3,200,000	124	34	10,324	2,735	65.3
Southland	3,035,000	170	53	5,381	214	24.1
Totals		2,889	596	106,472		30.6

What we do

QEII National Trust was set up in 1977 to encourage and promote, for the benefit of New Zealand, the provision, protection, preservation and enhancement of open space.

The Trust offers landowners legal protection of natural and cultural features, usually in the form of an open space covenant, and acts as a perpetual trustee to ensure the values remain protected forever.

The QEII National Trust is an independent statutory organisation whose core activity is to secure long-term protection of natural and cultural heritage on private land.

QEII helps landowners to identify and protect special features on their land including landscapes, forest remnants, wetlands, lakes, threatened species habitats, coastlines, geological features and cultural heritage sites.

An open space covenant is the most common means of protection. It is a legal protection document registered on the title to the land. Each covenant is unique. A covenant can apply to the whole property, with different management areas, or to just part of the property. Conditions can be very specific where vulnerable species or features are being protected. A covenant is voluntary, but once in place binds the current and all subsequent owners in perpetuity. The landowner retains ownership of the land and management responsibilities. Some covenants have a primary objective of allowing public access to a special area, but in most cases public access is subject to the landowner's prior permission.

Other means of protection used in certain situations include *Formal Agreements* where land might not have title such as roadside areas, *Life of the Trees* where individual trees are

protected in a managed landscape where they may not be self-generating, and *Kawenata* on Māori land which recognises tino rangatiratanga.

QEII also uses property ownership, either permanent or transitory, to facilitate or secure protection of natural and cultural values. QEII currently owns 28 properties protecting 1,582 hectares. A number of these have been gifted to the Trust because the previous landowners regarded QEII as the most suitable repository for their land. Two properties protected under open space covenants have formal management agreements with councils and three others have been divested to councils in the last five years. Aroha Island is now managed by a community group, the Aroha Island Charitable Trust.

Working in partnership with councils, QEII offers an independent relationship with landowners, covenant documentation expertise and ongoing monitoring of covenants. As an environmental and resource management tool, QEII covenanting is robust, simple and highly cost-effective.

The Trust is supported by 12 staff based in Wellington. Regional representative contractors (10 full-time equivalents) cover 27 geographical regions throughout the country, evaluating new covenant proposals, regularly monitoring the health of covenants and providing practical management advice.

QEII plays a key role in the New Zealand Biodiversity Strategy as it is uniquely placed to advance the protection in perpetuity of the threatened environments that occur on private land.

Many habitats and features are found only on privately owned land and can be protected only with the goodwill and action of private landowners. Small remnants of natural habitat are vital for maintaining biodiversity. This year, QEII received \$1.55M of Government funding targeted specifically for biodiversity protection.

Our thanks to ...

QEII owes a sincere vote of thanks for the support of many organisations and individuals including: H & C Aitkenhead, Auckland Regional Council, B & C Hewett Charitable Trust, Biodiversity Condition and Advice Fund, J & R Copland, Department of Conservation, D & G Dowrick, Environment Bay of Plenty, Environment Canterbury, Environment Southland, Environment Waikato, Far North District Council, Federated Farmers of New Zealand, Fencing Contractors Association of New Zealand, Fonterra, Greater Wellington Regional Council, R M Greenwood, Hawke's Bay Regional Council, D Heighway, Horizons Regional Council, Kaikoura District Council, Kaipara District Council, Kapiti Coast District Council, Kyoto Forests of New Zealand Limited, Landcare Research, Landcorp Farming Limited, Local Government New Zealand, R McCaw, Marlborough District Council, Ministry of Agriculture & Forestry, Ministry for the Environment, New Zealand Farm Environment Award Trust, New Zealand Lottery Grants Board, New Zealand National Parks and Conservation Foundation, Nicks Head Station, O Niven, Northland Regional Council, NZ Native Forests Restoration Trust, Otago Regional Council, Porirua City Council, I Prior, Royal Forest & Bird Protection Society, P Simpson, C Smith, South Taranaki District Council, R & R Symes, Takaka Hill Walkway, Taranaki Regional Council, Taranaki Tree Trust, J Thomas, TIFBS, Waiau Fisheries and Wildlife Habitat Enhancement Trust, Estate of Nancy and Dawn Ward, Whangarei District Council, WWF – New Zealand.

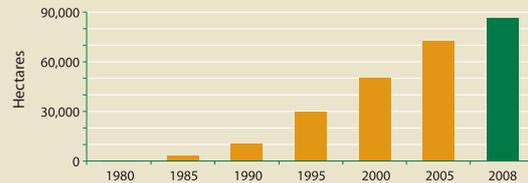
Statistics

Covenants

Total number of registered covenants



Total area of registered covenants



Monitoring

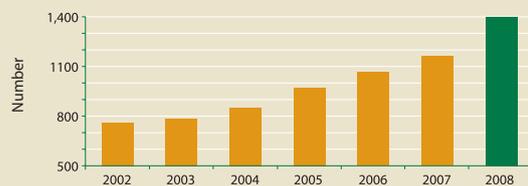
During the 2007/08 financial year, 1,398 covenants were monitored. Some key results are summarised as shown.

Adherence is an assessment of how well the agreed covenant terms and conditions are being met.

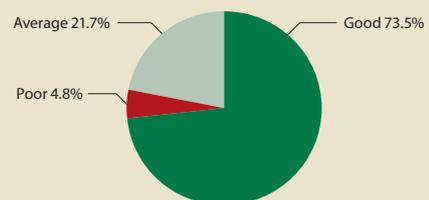
- Good:* Exceeds the terms and conditions
- Average:* Satisfies the terms and conditions
- Poor:* Remedial action required to ensure terms and conditions are being met.

Canopy condition assesses the state of the dominant vegetation layer, which will vary according to the type of protected habitat. For instance, a forest canopy is formed by the taller trees and may be affected by possum browse. A tussock grassland canopy is formed by the tussocks and may be impacted upon by grazing or fire.

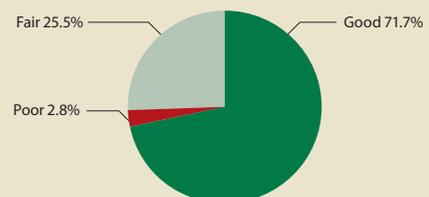
Number of covenants monitored



Adherence 2007-2008

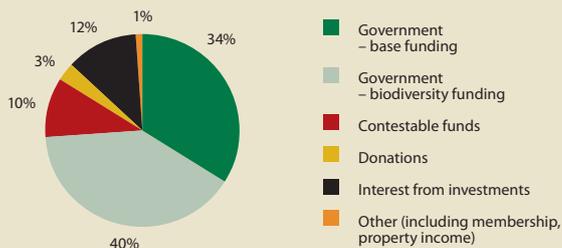


Canopy condition

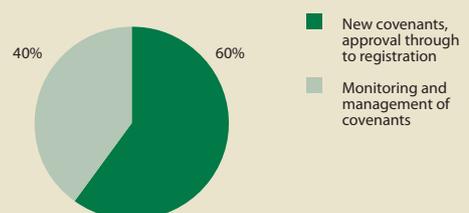


Financial statistics

\$ Income



\$ Expenditure



Protecting biodiversity on private land

The Trust continues to give precedence to covenant proposals that fall within the national priorities for protecting rare and threatened native biodiversity on private land. These covenants are representative of the 233 registered during the year.



Photo: Marie Taylor

National Priority 1: To protect indigenous vegetation associated with land environments, (defined by Land Environments of New Zealand at Level IV), that have 20 percent or less remaining in indigenous cover.

Regenerating lowland forest in Hawke's Bay

Steep kanuka-clad gorges along Kaiwaka Stream have been protected with covenants totalling 81ha by John and Fiona Wills on their 1,134ha sheep and beef farm in Te Pohue. The kanuka vegetation with emergent titoki, matai, rewarewa and kowhai is typical of the lower part of the Maungaharuru Ecological District. The covenants, fenced with contributions from QEII, Hawke's Bay Regional Council and the landowners, protect the habitat of a diverse range of native birds including karearea (NV) and kereru (GD).



Photo: Brian Molloy

National Priority 2: To protect indigenous vegetation associated with sand dunes and wetlands; ecosystem types that have become uncommon due to human activity.

Ahuriri spring-fed wetland and peat dome

South-west of Twizel, the 1.7ha Ben Avon Springs covenant protects a high altitude spring-fed wetland and associated indigenous flora and fauna. The wetland supports a network of small streams and seepages fed by springs emanating from the truncated face of a large gravel fan. An unusual peat dome is probably fed by a spring, resulting in a small area of free water. The regular flow of water maintains a range of riparian, aquatic and bog plant communities.



Photos: Stephen Hall

National Priority 3: To protect indigenous vegetation associated with 'originally rare' terrestrial ecosystem types not already covered by priorities 1 and 2.

Rotorua geothermal site

On Rotomahana Station south of Reporoa, Landcorp Farming Limited has protected a geothermal wetland and scrubland with a 10ha covenant. Geothermal features protected include a lake, sink holes and vents. The vegetation includes prostrate kanuka *Kunzea ericoides* var. *microflora* which occurs only in geothermal areas. Geothermal sites are rare and unusual and are of national significance ecologically. This site is in an acutely threatened, critically underprotected land environment.



Photos: Miles Giller

National Priority 4: To protect habitats of acutely and chronically threatened indigenous species.

Threatened species habitat in Hurunui

In an area representative of the dryland biodiversity of the Culverden basin, 15ha of montane shrubland and scrub have been protected by Mount Alexander Farm Limited. The covenant includes the habitat of *Muehlenbeckia astonii* (NV) (pictured), *Muehlenbeckia ephedroides* (S) and *Coprosma intertexta* (S). Very little of the east coast dryland hill country is formally protected. Fenced with contributions from QEII, the landowner and Hurunui District Council, this threatened species habitat is now sustainable.

Key: NE = nationally endangered, NV = nationally vulnerable, SD = serious decline, GD = gradual decline, S = sparse

Collaborations and partnerships

QEII works closely with the Department of Conservation, regional and district councils, and other organisations and individuals committed to protecting and enhancing New Zealand's diverse open space.

Photo: Margaret McKee
Photo Inset: Rod Morris, Crown Copyright, DOC



Kiwi habitat in the Bay of Islands

Near Russell, Antonio Pasquale and Stefania Muraro have protected the entire catchment of Waitata Bay with two covenants. The 15ha of regenerating coastal forest and *Pittosporum umbellatum* kanuka/manuka shrubland is habitat for North Island brown kiwi (SD), weka (NE), kukupa (GD) and the snail *Amborhytida* aff. *Forsythi* (GD). On a tour of the covenants in July 2007, QEII directors and Chris Jenkins, Department of Conservation Northland Conservator, discussed the significant biodiversity and conservation values with Antonio Pasquale.

Photo: Neil Phillips



Enhancing Taranaki forest remnant

South of New Plymouth on their 220ha dairy farm, Murray and Zoe Barrett have protected a semi-coastal primary forest remnant with a 2ha covenant. This type of forest was once found throughout the Egmont Ecological District but due to intensive farming the majority has been cleared. Enhancement plantings have been undertaken with contributions from the Taranaki Tree Trust.

Pictured: Rob Phillips, Taranaki Regional Council, and Donald McIntyre, Karen Schumacher and Michael Joyce from the Taranaki Tree Trust with Murray Barrett.

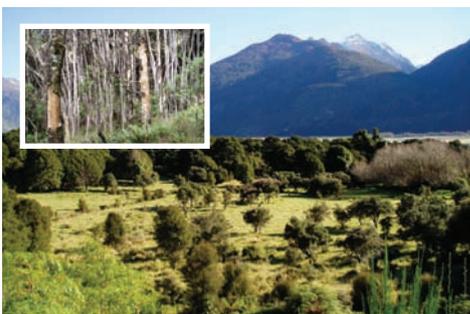
Photo: Margaret McKee



Partners protect Wellington kohekohe

Adjoining Long Gully Bush Reserve which is protected with covenants by the Wellington Natural Heritage Trust, 22ha of kohekohe and rewarewa forest in South Karori was fenced with contributions from the Wellington City Council, Greater Wellington Regional Council and QEII. The Wellington Natural Heritage Trust managed the fencing project. With goats, feral pigs and possums having access to the bush, the health of the native vegetation was in steep decline. The new fence will secure the bush from pigs and goats.

Photos: Brian Molloy



Joint protection of Otago biodiversity

Heather Pennycook's 34ha montane forest, scrub and grassland covenant at Makarora protects primary silver beech forest, rich birdlife including kaka (NE) and kakariki (GD), abundant mistletoes, a wide range of terrestrial and aquatic habitats, and healthy and vigorous kanuka. With funding from the Biodiversity Condition Fund and Otago Regional Council, sycamores and wildings including silver birch, Douglas fir and crack willow are being controlled in a three-year programme. Inset: Treated pole sycamores. The bulk of the sycamores have now been killed. Re-treatment and ongoing surveillance for new seedlings will continue.

Other partnerships

- QEII is one of the project partners in the Landcare Research programme *Sustaining and Restoring Biodiversity* with representation by the Chief Executive on the Governance Board. The research is publicly funded by the Foundation for Research, Science and Technology.
- A partnership has been developed between QEII and the New Zealand Farm Environment Award Trust which operates the Ballance Farm Environment Awards. This is a robust, peer reviewed process with the aim of promoting and recognising sustainable and profitable farming practice.

In the community



Photo: Malcolm Pullman

▲ Restoring biodiversity link in Whangarei

A restoration project at Ailsa Duffy's 13ha covenant at Ocean Beach is now in its fourth year. Volunteers are transforming the weed covered hill back to coastal forest, with 10,000 native trees planted so far. The revegetated covenant will provide an important biodiversity link to Bream Head Reserve. Partners with QEII are the Northland Regional Council, Whangarei District Council, Biodiversity Condition Fund and Honda TreeFund.

Pictured: Ailsa Duffy with Geoff Pointon, Northern Honda Manager.



Photo: Jenny Campbell

▲ Southland wetland covenants recognised for international importance

The 19,500ha Awarua Wetland is recognised by the Ramsar Convention on Wetlands as being internationally important. At a celebration in May to congratulate local communities for their commitment to maintaining Awarua Wetland, which includes private as well as public land, three QEII wetland covenants were recognised for being part of the site.

Pictured: Second from left, Hon Steve Chadwick, Minister of Conservation, with QEII covenantors Ian and Jenny Gamble, Chris and Brian Rance, and Russell Nicol with their Ramsar certificates.



Photo: Olive Piper

▲ Crimson corridor vision for Tolaga Bay

The Tatarahake Cliffs are protected by Roger Cottle, Nicholas and Patricia Girling-Butcher and Karaka Bay Station Limited with QEII covenants. With Biodiversity Condition Funding and donations from Project Crimson, Simon Cottle, grandson of an original covenantor, Noel Cottle, and Malcolm Piper, QEII Gisborne Regional Representative, have organised community plantings of pohutukawa and other native species on the cliffs. Their vision is to create a crimson corridor flanking the bush. Tolaga Bay Area School students are helping with the planting, creating a young local interest in the future of this prominent landscape.



Photos: Bill Wallace

▲ Threatened species protected in Tararua

As a school project in 2006, 12-year-old Khan Coleman researched protecting an area of bush in Wimbledon. During his field research, Khan found two specimens of the rare peripatus. Khans Bush is now protected with a 0.3ha covenant by landowner Brian Hales. Weber School students laid the fence line and on each post is a nameplate of the child who laid it. Carved totara guardians in the bush represent those involved with the protection including QEII and Horizons Regional Council. Inset: The peripatus.

Access to open space

QEI covenants protect natural and cultural features on private land. Some landowners allow public access to their protected areas. These covenants are examples of where public access was provided or enhanced during the year.



Photos: Brian Molloy

▲ Wanaka kanuka stand walkway

Walkers along Lake Wanaka can explore the Blennerhassett Kanuka Reserve opened in December 2007 by Queenstown Lakes Deputy Mayor John Wilson. Jill and John Blennerhasset protected the area with a 24ha covenant for future generations to enjoy. School students and community members helped with weed clearance and path construction to enhance the reserve. Inset: Access is from the public walkway along Lake Wanaka. Behind the fence is the protected kanuka reserve with Mt Alpha and Roys Peak beyond.



Photo: Gay Munro



Photos: Johlene Kelly

▲ Accessible open space in the Waikato

In October 2007, John and Gail Mitchell protected semi-coastal forest and the 20m high limestone Vivian Falls south of Tuakau with a 7ha covenant. This connects to the 21ha Harker Reserve protected in 1985 by Rowan and Elaine Harker. Vivian Falls are accessible via public walking tracks through the covenants. The local Harker Reserve committee has undertaken enhancement plantings and Environment Waikato has contributed to possum control and track maintenance. This partnership between landowners, the community and the regional council is an excellent example of improving biodiversity and public access on a key ecological site protected by QEI covenants.

Key: GD = gradual decline, S = sparse

▲ Enhancing Southland kowhai reserve

The Kowhai Reach stretch of Winton Stream is protected with covenants by Louise Shand-Wilson and Wally Wilson, Richard, John and Ann England, Joelrosa Limited, Terry and Louise Forde and the Southland District Council. Limehills School students have assisted with enhancing the reserve including planting native species such as eco-sourced *Teucrium parvifolium* (GD) and *Olearia lineata* (S). On World Environment Day in June at the opening of a circular public track developed with funding from the council, Mayor Frana Cardno congratulated the students for their contributions.



Photo: Miles Giller

▲ Access extended on the Port Hills

On Banks Peninsula, the 63ha Gibraltar Covenant on the Port Hills was protected by the Gama Foundation in February 2008, providing a link for public access between the Foundation's Omaha Bush and Gibraltar Rock covenants, four Summit Road Society covenants and council reserves. With superb views from the public walkway of Gibraltar Rock and the Canterbury Plains, the covenant also protects historical and visual landscape values.

Statement of Service Performance

for the Year Ended 30 June 2008

The core work of the Trust is the protection and management of 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 July 2007.

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, considering ecological, landscape and other inherent values. When a proposal is approved, registration with Land Information New Zealand is targeted to be complete within two years. At 30 June 2008, there were 596 covenants with approved status progressing towards registration.

Tasks include: responding to landowner enquiries, evaluation and documentation of proposals, Board assessment, processing of documents, fencing, survey, preparation of covenant plans and registration with Land Information New Zealand.

The area, size and shape of covenants vary enormously, 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	2006/07 Actual		2007/08 Estimate		2007/08 Actual	
	No.	Hectares	No.	Hectares	No.	Hectares
Approved covenants	309 ⁽¹⁾	6,102	240	6,000	238 ⁽¹⁾	5,669
Registered covenants	224	6,063	200	5,000	233	3,389 ⁽²⁾
Cost	\$2,265,008		\$2,247,086		\$ 2,299,059	

1. The number of new covenants approved is limited only by funding available. For 2006/07, the number of approved covenants appears high as the figure is distorted due to two blocks of land being split into multiple covenants by subdivision.
2. The number of hectares is less than estimated due to the high variability in covenant size. Average size is trending down, partly due to Government priorities for protection tending to be rare and discrete areas.

Generally, fencing costs per covenant have increased due to:

- An increase in fencing costs – materials, labour and transport.
- More irregular covenants with longer boundaries due to:
 - Increase in riparian covenants
 - A trend for multiple block covenants
 - More sophisticated farming practices with more paddock subdivision
 - Fewer large covenants.
- A focus on high biodiversity areas and rare ecosystems which tend to be smaller and more expensive to establish.



Photo: Ian James

West Coast dairy farm management

Landcorp Farming Limited has continued to protect wetlands and lowland forest throughout the country. This year, 18 covenants protecting 452ha were registered, including the 129ha Tangonge Wetland on Sweetwater Station in Kaitaia, and 31 new covenants (1,186ha) were approved. On Souters Farm, a dairy farm at Kotuku, native forest remnants and streams left undisturbed when earthworks were undertaken to establish new pasture, fences and buildings, were protected with a 30ha covenant in July 2007 (pictured). This covenant complements the nearby 619ha Deep Creek covenant and the approved Flat Creek covenant; fine examples of landscape and biodiversity protection and responsible farm management.

Statement of Service Performance continued

2. Management Services: Natural and Historic Places:

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

QEII maintains the perpetual trustee role for covenants. Registered covenants are monitored not less than once every 24 months to ensure the agreed covenant objectives are being met by the landowner. This year, 95.2% of covenants visited met covenant conditions and 4.8% of covenants visited had poor adherence where remedial action was required.

Property ownership, either permanent or transitory, is sometimes appropriate to secure protection. QEII Trust currently owns 28 properties with natural, cultural, scientific and aesthetic values. They are managed in accordance with approved management plans.

Table 2: Numbers and hectares for QEII owned properties and registered covenants monitored in New Zealand.

Management Services	2006/07 Actual		2007/08 Estimate		2007/08 Actual	
	No.	Hectares	No.	Hectares	No.	Hectares
QEII owned properties	27	1,286	28	1,582	28	1,582
Monitoring of registered covenants	1,162	31,213	1,280	32,000	1,398	41,371
Cost	\$1,181,729		\$1,409,599		\$1,551,014	

Archaeological and cultural site management on the East Coast

The McRae Trust has three covenants protecting 15ha of lowland forest and the Waitahora Pa of Te-O-Tane near Frasertown. Waitahora Pa was built in the confluence of the Wairoa River and Waitahora Stream with the steep banks providing a natural defence. A series of trenches and other fortifications were constructed along with several house sites and storage pits. The locations of these are still clearly visible and well defined. Together with local iwi and QEII, the McRae Trust is developing a management plan with the objective of improving access and the surroundings for the public while minimising impact at this historic site.

Pictured standing behind the defensive wall at Waitahora Pa with the Wairoa River behind: Pita Robinson, Wairoa Taiwhenua, Dennis Munro, McRae Trust Chairperson, Malcolm Piper, Gisborne QEII Regional Representative and Margaret McKee, QEII Chief Executive.



Photo: Liz Greenslade

Income Statement for the Year Ended 30 June 2008

2007 Actual \$		Note	2008 Actual \$	2008 Budget \$
Revenue				
1,319,000	Government Grant – Base Funding		1,319,000	1,319,000
1,555,000	Government Grant – Biodiversity		1,555,000	1,555,000
432,156	Contestable Funds		378,130	305,000
282,109	Donations and Other Grants		141,316	110,000
49,713	Other Revenue		29,249	30,111
3,637,978	Operating Revenue		3,422,695	3,319,111
Expenditure				
1,033,402	Field Operations		733,329	723,000
1,112,969	Covenant Expenditure	1	1,249,827	1,319,255
286,909	Contestable Funds		343,993	275,000
649,754	Administration	2	1,012,041	1,032,857
63,423	Property Operations		15,069	8,803
155,382	Public Relations		148,359	147,770
113,135	Depreciation	3	121,468	120,000
3,414,974	Operating Expenses		3,624,086	3,626,685
451,003	Finance Income		469,794	450,000
31,763	Finance Expenses		225,987	30,000
419,240	Net Financial Revenue from Investments	4	243,807	420,000
642,244	Net Surplus before Property Acquisitions/Disposals		42,416	112,426
(85,000)	Property Gifted out by Trust		–	–
23,751	Property Gifted to Trust		20,400	–
580,995	Net Surplus	5	62,816	112,426

Statement of Changes in Equity for the Year Ended 30 June 2008

2007 Actual \$		Note	2008 Actual \$	2008 Budget \$
9,318,971	Funds brought forward as at 1 July		9,899,966	9,899,966
580,995	Net Surplus for the year		62,816	112,426
580,995	Total recognised revenues and expenses for the year		62,816	112,426
9,899,966	Trust Equity as at 30 June 2008	5	9,962,782	10,012,392

The accompanying accounting policies and notes form an integral part of these financial statements.

Balance Sheet as at 30 June 2008

2007 Actual \$		Note	2008 Actual \$	2008 Budget \$
Equity				
9,899,966	Trust Equity	5	9,962,782	10,012,392
9,899,966	Total Equity		9,962,782	10,012,392
Represented by:				
Current Assets				
22,580	Cash and Bank		8,654	22,500
84,017	Accounts and Other Receivables	6	83,970	85,500
94,600	Term Receivable		–	–
7,129,522	Investments	7	7,168,859	7,150,000
7,330,719	Total Current Assets		7,261,483	7,258,000
Less Current Liabilities				
363,651	Accounts and Other Payables	8	317,092	279,358
90,624	Deferred Revenue	9	36,882	30,000
26,223	Employee Entitlements		26,223	27,750
91,250	Other Current Liabilities		91,250	91,250
571,748	Total Current Liabilities		471,447	428,358
6,758,971	Working Capital		6,790,036	6,829,642
Non Current Assets				
3,158,245	Property, Plant and Equipment	10	3,189,996	3,200,000
Non Current Liabilities				
17,250	Employee Entitlements		17,250	17,250
9,899,966	Net Assets		9,962,782	10,012,392

For and on behalf of the Board of Directors, which authorised the issue of the financial report on 16 September 2008.



Sir Brian Lochore

Chairperson

16 September 2008



Margaret McKee

Chief Executive

16 September 2008

The accompanying accounting policies and notes form an integral part of these financial statements.

Statement of Commitments for the Year Ended 30 June 2008

Covenant Commitments

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

2008 \$	2007 \$
3,108,412	2,915,741
3,108,412	2,915,741

Operating Lease Commitments

The Trust's Head Office operating lease agreement extends to 31 July 2011 with the right of renewal for one further term of 3 years.

	2008 \$	2007 \$
Less than one year	95,314	67,253
Between one and two years	97,865	67,253
More than two years	106,020	140,111
	299,199	274,617

Property Endowment Commitments

The Trust holds \$362,422 in property endowments, which have been received for specific properties owned by the Trust (2007: \$353,219).

Covenant Endowments

The Trust holds \$1,709,509 in covenant endowments, which have been received for specific covenants (2007: \$1,709,509).

Capital Commitments

The Trust has no capital commitment as at 30 June 2008 (2007: Nil).

Statement of Contingencies as at 30 June 2008

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 fence and the estimated replacement costs. The discount rate is 5% (2007: 4%).

The Trust has a liability to contribute to fencing in covenant agreements prior to 1995. The fences are mostly maintained by the landowner on a day to day basis. It is an objective to reduce this liability over time. From time to time opportunities arise where it is possible to renegotiate the replacement fencing clause with the landowners.

2008 \$	2007 \$
6,294,810	6,270,240
6,294,810	6,270,240

Notes to the Financial Statements

for the Year Ended 30 June 2008

Statement of Accounting Policies

Reporting Entity

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

The 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 Trust operates in one industry and geographical segment – 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 Trust are for the year ended 30 June 2008. The financial statements were authorised for issue by the directors on 16 September 2008.

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 to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards as appropriate to public benefit entities that qualify for and apply differential reporting concessions.

The Trust qualifies for differential reporting as it is not publicly accountable and is considered to be "small" under the NZ Differential Reporting framework. The 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.

These are the Trust's first NZ IFRS financial statements and NZ IFRS 1 has been applied.

The financial statements are presented in New Zealand Dollars (NZD). The financial statements are prepared on the historical cost basis except that the following assets are stated at their fair value: cash denominated in foreign currencies, and investments at fair value through profit and loss upon initial recognition.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing an opening NZ IFRS Balance sheet at 1 July 2006 for the purposes of transition to NZ IFRS.

Application of Accounting Standards

The following new standards, amendments to standards or interpretations have been issued but not yet effective for the year ended 30 June 2008, and have not been applied in preparing these financial statements:

NZ IAS 1 Presentation of Financial Statements (revised): effective for annual periods beginning on or after 1 January 2009.

This standard will only effect financial statement disclosures.

Notes to the Financial Statements

for the Year Ended 30 June 2008 continued

Revenue

Revenue is recognised by the Trust as follows.

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

Interest & dividend revenue (finance 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 the ownership rights are transferred to the Trust. Recognition is not dependent on whether or not donations have specific purposes attached to them.

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

Other revenue – recognised as earned.

Property, Plant and Equipment

Land and improvements acquired or gifted to the Trust prior to 1 July 2001 are recorded at depreciated book values based on Quotable Value New Zealand Limited valuations performed on these assets in the three years prior to that date. Land and improvements acquired or gifted to the Trust since 1 July 2001 are recorded at cost, for acquired assets, or at fair value for gifted assets. Under previous GAAP, the values of these assets were measured at their depreciated book value, acquired cost, fair value or at their revalued amount. These values have become deemed cost at 1 July 2006.

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

Other fixed assets are measured at cost, less accumulated depreciation and impairment losses.

Restrictions on Assets

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

Depreciation

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

Depreciation is charged to the Income Statement. 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)	10% diminishing value
Land Fencing	9.5% diminishing value

Notes to the Financial Statements

for the Year Ended 30 June 2008 continued

Employee Entitlements

Short-term employee entitlements: Employee entitlements that the Trust expects to be settled within 12 months of balance date are measured at undiscounted nominal values based on accrued entitlements at current rate 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 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 the Trust anticipates it will be used by staff to cover any future absences.

Long-term employee entitlements: Entitlements that are payable beyond 12 months, such as long service leave and retirement leave have been calculated on an actuarial basis. The calculations are based on the likely future entitlements accruing to staff, based on years of service, years to entitlements, the likelihood that staff reach the point of entitlement and contractual entitlements information.

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

The Trust holds a significant level of bonds and shares as investments. These financial assets are designated upon initial recognition by the 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 the Balance Sheet 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 the Balance Sheet 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 Income Statement.

Notes to the Financial Statements

for the Year Ended 30 June 2008 continued

Accounts Receivable

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

Financial Risk Management

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

The Trust has various other financial instruments such as receivables and accounts 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.

Comparative Figures

Certain comparative information in these financial statements have been reclassified to reflect current year disclosure.

Notes to the Financial Statements

for the Year Ended 30 June 2008 continued

1. Covenant Expenditure

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

	2008 \$	2007 \$
Fencing	809,207	677,924
Survey	418,556	405,227
Weed/Pest Control	18,879	25,677
Revegetation	3,185	4,141
	1,249,827	1,112,969

2. Administration

The Administration figure includes:

	2008 \$	2007 \$
Directors' Fees	17,713	18,338
Audit Fees	36,945	27,950
Rent Expense	68,353	66,905
(Profit)/Loss on Disposal of Fixed Assets	4,924	(89,415)
Other Administration Expenses	884,106	625,976
	1,012,041	649,754

3. Depreciation Expense

Depreciation Expense has been charged on the following classes of assets:

	2008 \$	2007 \$
Furniture and Fittings, Plant and Equipment, Computer and Electronic Equipment	100,392	89,541
Improvements	16,900	15,423
Land Fencing	4,176	8,171
	121,468	113,135

4. Net Finance Income

	2008 \$	2007 \$
Interest Income	435,468	425,523
Dividend	34,326	25,480
Finance Income	469,794	451,003
Investment Fees	25,539	13,905
Realised (Gain)/Loss	22,616	(21,994)
Unrealised (Gain)/Loss	177,832	39,852
Finance Expenses	225,987	31,763
Net Finance Income	243,807	419,240

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

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

Finance Expenses also includes any fees and transaction costs of maintaining the investment portfolio.

Notes to the Financial Statements

for the Year Ended 30 June 2008 continued

5. Trust Equity

	2008 \$	2007 \$
Retained Earnings		
Opening Balance	9,899,966	9,318,971
Net Surplus	62,816	580,995
Closing Balance	9,962,782	9,899,966
Trust Equity	9,962,782	9,899,966

The Trust's Equity comprises of funds for operations, covenants still in progress, properties, covenant endowments and other fencing commitments.

6. Accounts and Other Receivables

	2008 \$	2007 \$
Accounts Receivables	54,120	34,726
Interest Receivable	142	5,887
Prepaid Expenses	3,903	-
GST Receivables	25,805	43,404
	83,970	84,017

7. Investments

Details of investments are as follows:

	2008 \$	2007 \$
Fixed Interest - Corporate Bonds	5,131,465	5,005,717
Fixed Interest - NZ Government Bonds	355,585	333,068
Australian/NZ Equities	527,980	627,368
International Equities	1,050,294	933,779
Cash Accounts	103,535	229,590
Total Investments	7,168,859*	7,129,522

* The market value at 30 June 2008 was \$7,168,859 (2007: \$7,129,522) which includes interest receivable of \$70,304 (2007: \$77,116).

Notes to the Financial Statements

for the Year Ended 30 June 2008 continued

8. Accounts and Other Payables

	2008 \$	2007 \$
Accounts/Trade Payables	273,487	325,145
Accrued for Trade Expenses	27,110	26,945
Staff Wages/Expenses Payable	16,495	11,561
	317,092	363,651

9. Deferred Revenue

Deferred Revenue refers to funds received from contestable funding bids from the New Zealand Biodiversity Condition and Advice Funds, but not yet spent.

These funds are approved for specific projects as stated in project deeds. The project(s) may take a year or more to complete. At the end of each financial year, the monies received for each project but not spent are reported as deferred revenue.

Total Deed Amount \$	Project to-date Income \$	Deferred Revenue \$
1,628,717	1,164,104	36,882

This comprises of nine contestable fund rounds with a total of 188 individual projects; 122 projects have been completed, 11 were cancelled and 55 projects are in progress. Projects are very susceptible to delay due to weather and other circumstances. Estimated project life varies from one to three years to completion.

10. Property, Plant and Equipment

	Cost \$	Accumulated Depreciation \$	Net Book Value 2008 \$	Net Book Value 2007 \$
Land and Improvements (Note 11)	2,643,501	–	2,643,501	2,528,501
Improvements – Gifted and Purchased Buildings (Note 11)	516,087	138,865	377,222	357,167
Land Fencing	88,954	50,032	38,922	43,959
Trust Property	3,248,542	188,897	3,059,645	2,929,627
Furniture and Fittings, Plant and Equipment, Computer and Electronic Equipment	528,079	397,728	130,351	228,618
Total Fixed Assets	3,776,621	586,625	3,189,996	3,158,245

Notes to the Financial Statements

for the Year Ended 30 June 2008 continued

11. Land and Improvements

	2008 \$ Land	2008 \$ Improvements	2008 \$ Total	2007 \$ Total
Aroha	425,000	330,632	755,632	733,638
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	72,000	8,924	80,924	81,295
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	9,408	9,409	9,801
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	28,258	138,258	139,434
Tumutumu Bush	115,000	-	115,000	-
Waiata Bush	25,000	-	25,000	25,000
	2,643,501	377,222	3,020,723	2,885,668
Lake Wainamu (Vested)	-	-	-	-
Total Land and Improvements	2,643,501	377,222	3,020,723	2,885,668

All land and improvements are subject to restrictions on use as set out in the original deeds of gift or covenant.

Notes to the Financial Statements

for the Year Ended 30 June 2008 continued

12. Financial Instrument Designation

	Loans & Receivables		Fair Value through Profit and Loss (Upon initial recognition)		Financial Liabilities	
	2007/08	2006/07	2007/08	2006/07	2007/08	2006/07
Assets:						
Cash and Equivalents	8,654	22,580	-	-	-	-
Receivables	80,067	84,017	-	-	-	-
Term Receivable	-	94,600	-	-	-	-
Investments	-	-	7,168,859	7,129,522	-	-
	88,721	201,197	7,168,859	7,129,522	-	-
Liabilities:						
Payables	-	-	-	-	273,487	325,145
Other Current Liabilities	-	-	-	-	91,250	91,250
					364,737	416,395

13. Transition to NZ IFRS

There are no changes to the Trust's Net Surplus or Equity as a result of transition to NZ IFRS.

Auditor's Report



AUDIT REPORT

TO THE READERS OF THE QUEEN ELIZABETH THE SECOND NATIONAL TRUST'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

The Auditor-General is the auditor of the Queen Elizabeth the Second National Trust (the 'Trust'). The Auditor-General has appointed me, Grant Taylor, using the staff and resources of Ernst & Young, to carry out the audit of the financial statements of the Trust, on his behalf, for the year ended 30 June 2008.

Unqualified opinion

In our opinion the financial statements of the Trust on pages 10 to 23:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
 - the Trust's financial position as at 30 June 2008;
 - the results of its operations for the year ended on that date; and
 - its service performance achievements measured against the performance targets adopted for the year ended on that date.

The audit was completed on 16 September 2008, and is the date at which our opinion is expressed.

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

Basis of opinion

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

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

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

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

Auditor's Report continued



Audit procedures generally include:

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

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

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

Responsibilities of the Board and the Auditor

The Board is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the Trust as at 30 June 2008. They must also fairly reflect the results of its operations and service performance achievements for the year ended on that date. The Board's responsibilities arise from the Public Finance Act 1989.

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

Independence

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

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

A handwritten signature in black ink, appearing to read 'Grant Taylor'.

Grant Taylor

Ernst & Young

On behalf of the Auditor-General

Wellington, New Zealand

Directory

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

Office

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Email: info@openspace.org.nz
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Board of Directors

Appointed by Government

Sir Brian Lochore Chairperson
Mrs Yvonne Sharp Deputy Chairperson
Mr Bernard Card
Mr Edward Ellison

Elected by members

Mr James Hunter
Ms Jo Ritchie

Chief Executive

Margaret McKee

Accountant

Tony Beret

Auditor

Ernst and Young
on behalf of the Auditor General

Bankers

Bank of New Zealand

Solicitors

GreenwoodRocheChisnal

Insurer

Marsh

South of Mangawhai Village in Kaipara, the 3ha semi-coastal wetland and forest covenant owned by Donn and Jill Olsson and Irene Geddes is in an at risk, critically underprotected land environment. The fence protecting the covenant was funded by QEII, the landowners and the Northland Regional Council.

Photo: Nick Matich

