



**QEI National Trust**  
Open Space New Zealand  
Ngā Kairauhi Papa

# Annual Report 2009

**Queen Elizabeth the Second National Trust**



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Annual Report 2009

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: QEII Board at Cockayne's Plot 12 on Northburn Station near Cromwell on 19 November 2008

Photo: Tim Hawkins

Tom Pinckney, owner of Northburn Station; Sir Brian Lochore, Chairperson; Yvonne Sharp, Director; James Hunter, Director; Jo Ritchie, Director; Margaret McKee, Chief Executive; Bernard Card, Director; Edward Ellison, Director; and Brian Molloy, High Country Regional Representative.

Below: Eighty-six years earlier on 2 November 1922

Photo: W. D. Reid

A party of inspection at Cockayne's Plot 12 at 800m with Dr Cockayne at the extreme right. The white patches on the depleted slopes in the background are scabweed *Raoulia australis*. With recovery of the vegetation due to fewer rabbits, scabweed no longer covers the slopes.



# Chairperson's and Chief Executive's Report

The ongoing success in protecting natural and cultural features on private land by the Trust, particularly on productive working farms, is outstanding. As a uniquely Kiwi and altruistic model that engages the landowner with commitment and passion, the QEII model continues to be a highly cost-effective and rigorous mechanism for protecting our special areas.

Our natural capital – the magnificent landscapes and our unique biodiversity and habitats that define New Zealand – is continuing to disappear. The Government has made it clear that we must ensure that today's natural farming resources are kept in good condition for the farmers of the future. With the Trust's record of effectiveness, there are huge opportunities for QEII to continue to protect the values that contribute to our economic sustainability.

The 3,000th QEII covenant was registered in October 2008. It took 19 years from when the Trust was set up in 1977 to register the first 1,000 covenants. Eight years later in 2004, the 2,000th was registered. It has taken only a further four years to reach 3,000. Proof that inspired landowners, most of whom are farmers, consider the QEII model an excellent mechanism to protect the resources on private land that our economic prospects rely on – clean water, clean air and unique biodiversity and landscapes.

This year, the Trust registered 278 covenants and approved 216 new covenants, with this number being limited only by funds available for fencing and survey contributions. There are now 3,189 registered covenants. Within the stewardship programme, we monitored 1,542 covenants. Expenditure to manage covenants and enforce terms and conditions is essential. The effectiveness of the rigorous monitoring and management is reflected in the result of 96% of monitored covenants meeting or exceeding agreed terms and conditions. The number of breaches is small with appropriate and remedial action being taken quickly for each occurrence.

Good science is essential and we continue our close working relationship with Landcare Research, in particular, in the multi-layered *Sustaining and Restoring Biodiversity* publicly funded research programme.

The governance of the Trust is strong with directors offering a broad range of expertise. Two positions for directors come up for election in February 2010 and nominations will be called for in late 2009.

Board meetings and covenantors' functions were again held in provincial locations, this year in Kaitia, Cromwell, Raglan and Westport. These events provide the opportunity for directors and staff to meet landowners on their patch and to hear and see the local issues first-hand. The occasions, now a signature of the Trust, are an enormous privilege and honour for us.

This year has been encouraging for bequests and donations to the Trust. Donations in excess of \$100,000 were received from the Estates of MA Southerwood and JRG Hughes. Two dairy farms in Waverley were bequeathed from the Estate of Professor Athol Patterson. One farm has been sold and the other is currently leased. In acknowledgement of this extraordinary bequest, the annual QEII Athol Patterson Bursary has been set up at Massey University for students interested in sustainable farming practices.

Income derived from donations and bequests passes into the Trust's investment portfolio from which the interest and dividends are used for annual operating income.

We look forward to the oncoming year with a small but significant increase in government funding. We acknowledge and thank the Minister of Conservation, the Honourable Tim Groser, and the Director-General of Conservation, Al Morrison, for this support and the recognition that there is still much to be achieved on private land.

To our passionate and generous covenantors, hardworking staff and keen supporters around the country, we sincerely thank you for helping to make our rural landscape a healthier and more productive place.

**Sir Brian Lochore**



*Chairperson*

15 September 2009



**Margaret McKee**



*Chief Executive*

15 September 2009



## QEII highlights

- Covenantor gatherings at Kaitia in the Far North, Cromwell in Central Otago, Aotea Harbour in the Waikato, and Cape Foulwind on the West Coast.
- Number of covenants registered this year: 278 protecting 4,320 hectares.
- The 3,000th covenant registered: Southland riparian treeland protected by John and Rhonda Cowie.
- Record number of covenants monitored: 1,542
- Over 109,000 hectares of New Zealand's unique natural and cultural heritage protected in perpetuity by the wonderful vision and commitment of 3,700 private landowners.



Photo: Loralee Hyde

## Biodiversity highlights

- 79 new approved covenants (1,630 hectares) will protect threatened ecosystems including wetlands, dunelands, frost hollows, old tephra plains, inland outwash gravels, inland sandfields and saline patches, coastal turfs, karst bluffs and limestone caves.
- 95 new approved covenants (960 hectares) will protect primary forest - coastal, semi-coastal, lowland, submontane and montane.
- 103 new approved covenants (1,611 hectares) are in acutely or chronically threatened areas as defined by Land Environments of New Zealand.
- 55 new approved covenants (1,052 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.
- Threatened and at risk indigenous species known to be present in new approved covenants include thirty-one vascular plant, twenty-eight bird, six freshwater fish, six terrestrial invertebrate, two frog, two bat and one freshwater invertebrate species.

Top: Landcorp Farming Limited has eleven registered and approved covenants on the West Coast protecting 1,100 hectares of bush and wetlands. In May 2009, Hon Jim Sutton, Landcorp Chairman, and Sir Brian Lochore, QEII Chairperson, opened the new Totara and Tram Road Dairy Unit covenants protecting over 100 hectares of semi-coastal primary forest remnants and riparian margins on Cape Foulwind Station.



Photo: Tim Hawkins

Middle: In the early 1920s, Dr Leonard Cockayne, one of New Zealand's foremost plant research scientists, set up a number of fenced experimental plots on Northburn Station near Cromwell. Tom Pinckney, who now owns the station, protected ten of the historic plots in 2001 with a covenant totalling 1.3 hectares. At a gathering in the station's woolshed in November 2008, Tom Pinckney explained the protection of the Cockayne Plots to local covenantors and others involved with QEII.



Bottom: As a result of a generous bequest to QEII from the Estate of Professor Athol Patterson, the QEII Athol Patterson Bursary has been set up to support students at Massey University interested in sustainable farming practices. From left, at the handing-over of the bequest in Wanganui in March 2009: Bernard Card, Director; Margaret McKee, Chief Executive; Sir Brian Lochore, Chairperson; Christine Ralph, Prof. Patterson's niece; Lindsay Dunn, Prof. Patterson's nephew; and Bill Hone, Glenn Brown and Paul Coe, trustees.

# Registered and approved covenants as at 30 June 2009

## QEII covenants on Landcare Research Threatened Environments Map

### Summary – 30 June 2009

Protected open space	Number	Hectares
Registered covenants	3,161	90,588
Approved covenants	524	18,672
Formal agreements	28	688
<b>Total</b>	<b>3,713</b>	<b>109,948</b>

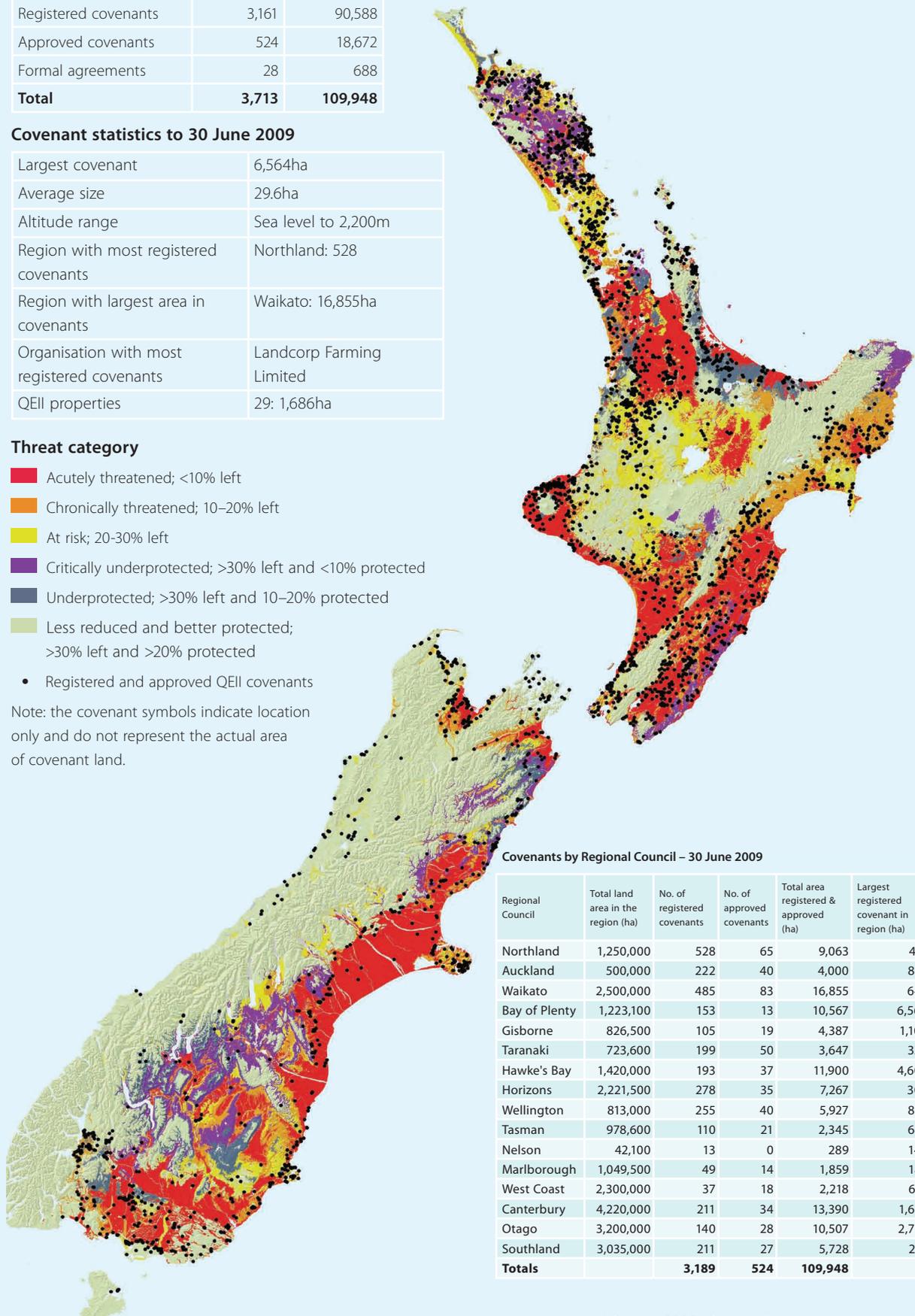
### Covenant statistics to 30 June 2009

Largest covenant	6,564ha
Average size	29.6ha
Altitude range	Sea level to 2,200m
Region with most registered covenants	Northland: 528
Region with largest area in covenants	Waikato: 16,855ha
Organisation with most registered covenants	Landcorp Farming Limited
QEII properties	29: 1,686ha

### 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 2009

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	528	65	9,063	417	15.3
Auckland	500,000	222	40	4,000	841	15.3
Waikato	2,500,000	485	83	16,855	645	29.7
Bay of Plenty	1,223,100	153	13	10,567	6,564	63.7
Gisborne	826,500	105	19	4,387	1,104	35.4
Taranaki	723,600	199	50	3,647	334	14.6
Hawke's Bay	1,420,000	193	37	11,900	4,606	51.7
Horizons	2,221,500	278	35	7,267	306	23.2
Wellington	813,000	255	40	5,927	824	20.1
Tasman	978,600	110	21	2,345	641	17.9
Nelson	42,100	13	0	289	140	22.2
Marlborough	1,049,500	49	14	1,859	182	29.5
West Coast	2,300,000	37	18	2,218	619	40.3
Canterbury	4,220,000	211	34	13,390	1,679	54.7
Otago	3,200,000	140	28	10,507	2,735	62.5
Southland	3,035,000	211	27	5,728	214	24.1
<b>Totals</b>		<b>3,189</b>	<b>524</b>	<b>109,948</b>		<b>29.6</b>

## 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 29 properties protecting 1,686 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. Aroha Island is leased to 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 (approximately 10 full-time equivalents) cover 26 geographical regions throughout the country.

Many habitats and features are found only on privately owned land and can be protected only with the goodwill and action of private landowners. 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.

## Our thanks to ...

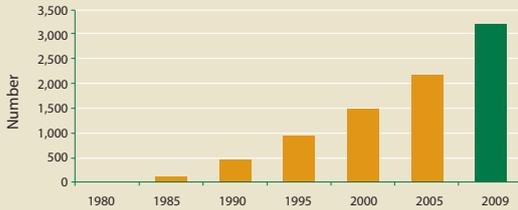
QEII owes a sincere vote of thanks for the support of many organisations and individuals including: J Adams, H & C Aitkenhead, Auckland Regional Council, N Bevin & J Vickerman, Biodiversity Condition and Advice Fund, M Bruss, Department of Conservation, D & G Dowrick, Environment Bay of Plenty, Environment Canterbury, Environment Southland, Environment Waikato, Far North District Council, Federated Farmers of New Zealand, Fencing Contractors Association of New Zealand, Fonterra, C Free, Greater Wellington Regional Council, R M Greenwood, Hawke's Bay Regional Council, Horizons Regional Council, Estate of JRG Hughes, Kaikoura District Council, Kaipara District Council, Kapiti Coast District Council, Landcare Research, Landcorp Farming Limited, W Lehmborg - Manuhiri Ltd, Local Government New Zealand, Marlborough District Council, Ministry for the Environment, Ministry of Agriculture & Forestry, New Zealand Farm Environment Award Trust, Northburn Station, Northland Regional Council, NZ Native Forests Restoration Trust, Otago Regional Council, Pakoka River Station, Estate of Professor Athol Patterson, Porirua City Council, R Sharp, P Simpson, C Smith, South Taranaki District Council, Estate of Marion Alice Southerwood, Takaka Hill Walkway, Taranaki Regional Council, Taranaki Tree Trust, Waiau Fisheries and Wildlife Habitat Enhancement Trust, Whangarei District Council, W Wilks, C & T Williams.

The Trust was saddened by the sudden loss of renowned QEII benefactor, Arthur Dunn, in August 2008.

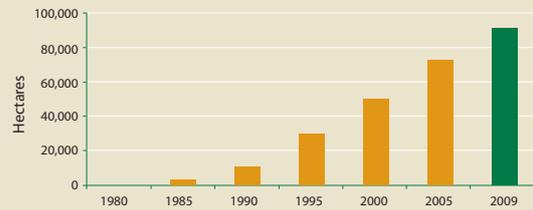
# Statistics

## Covenants

**Total number of registered covenants**



**Total area of registered covenants**



## Monitoring

During the 2008/09 financial year, 1,542 covenants were monitored. Some key results are summarised as shown.

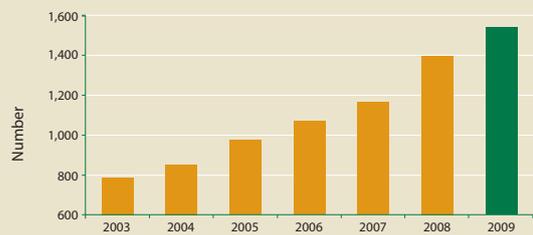
**Adherence** is an assessment of how well the agreed covenant terms and conditions are being met.

- Good:* Exceeds the terms and conditions
- Average:* Satisfies the terms and conditions
- Poor:* Where covenant terms and conditions have been breached.

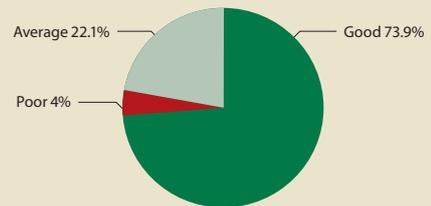
Results show standards of adherence are not affected by changes in ownership. Poor adherence is split equally between originating covenantors and subsequent owners of covenants. Appropriate and remedial action is taken quickly for each occurrence.

**Canopy condition**, where applicable, 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.

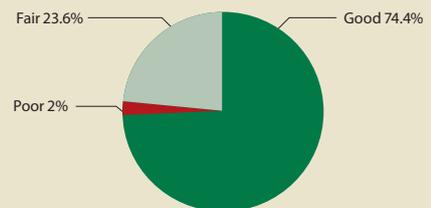
**Number of covenants monitored**



**Adherence 2008–2009**

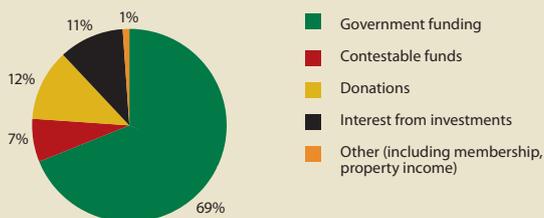


**Canopy condition**

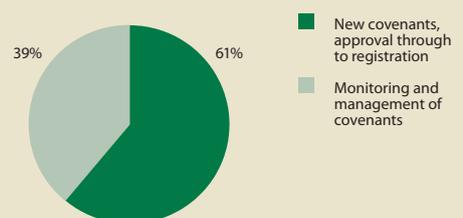


## Financial statistics

**\$ 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 278 registered during the year.



Photo: Rex Webby

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

## Primary lowland forest in the Waikato

Four lowland forest remnants have been protected with an 18ha covenant by John and Heather Taylor on their 235ha dairy grazing farm east of Cambridge. Fenced with contributions from QEII, Environment Waikato and the landowner, seedlings are regenerating now that stock are excluded. With canopies of tawa, titoki, rewarewa, rimu and totara, the remnants provide 'stepping stones' for kereru, tui and bellbirds between other forest fragments and the nearby Maungakawa Reserve.



Photo: Greg Blunden

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

## Far North sand dunes

On the Karikari Peninsula north-east of Kaitiaki, MBR Developments Limited has protected a foredune and a block of manuka shrubland with an 18.5ha covenant. A revegetation project using eco-sourced plants including pohutukawa, flaxes, karo, sedges, toetoe and cabbage trees is transforming the coastal landscape back to what it may have been like originally. Clearing invasive species will help to restore the habitat for native vegetation such as sand daphne *Pimelea arenaria* (D).



Photo: Brian Molloy

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

## Central Otago outwash terrace

On an outwash terrace of the Clutha River, Beau and Ann Trevathan have protected a rare combination of habitats with lag gravels, saline patches, sand dunes, consolidated sands and shallow stony soils with a 4ha covenant. The area is unique to the Upper Clutha Valley with thirteen nationally threatened and uncommon plants including *Leptinella* "Clutha River" (NC), *Daucus glochidiatus* (NC) and *Isolepis basilaris* (NE); nine species of moths, some now nationally uncommon; and six undescribed plants.



Photo: Rob Campbell. Inset: John Barkla

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

## Threatened species habitat in Coastal Otago

North of Aramoana, a coastal podocarp-broadleaf forest and shrubland remnant has been protected by Heyward Point Farm Limited with a 1.4ha covenant. Fenced with contributions from QEII, Otago Regional Council and the landowner, the covenant protects the habitat of Hector's tree daisy *Olearia hectorii* (NE) (pictured), fragrant tree daisy *O. fragrantissima* (D), fierce lancewood *Pseudopanax ferox* (NU) and an array of native insects including the noctuid moth *Meterana exquisita* (GD) whose larvae feed on *O. hectorii*.

Key: NC = Nationally Critical, NE = Nationally Endangered, NV = Nationally Vulnerable, NU = Naturally Uncommon, D = Declining, GD = Gradual Decline

# Collaborations and partnerships

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



Photo: Greg Blunden

## Sharing knowledge on managing animal pests

The 90ha Humphreys Bush covenant owned by Greg and Gay Blunden at Paponga north of Hokianga Harbour is habitat for North Island brown kiwi (NV), kukupa, tomtits and fernbirds (D). An integrated pest management programme has been set up in the covenant with Biodiversity Condition Funding. A field day in March 2009, run jointly by QEII, NZ Kiwi Foundation and the Biodiversity Advice Fund, shared knowledge on how to manage animal pests. From left, covenantors Gay Blunden, Asta Wistrand, Dawn Driver, John Garton, Wendy Sporle, Eddy Gompelman and Misty Gaitens.



Photo: Lynda Fleming

## South Auckland archaeological site consultation

On Awhitu Peninsula, John and Julie McNamara protected Te Kohekohe Pā and a semi-coastal forest remnant with a 22ha covenant in January 2009. Along with six defensive units, each fortified with ditches, banks and steepened scarps, the site has over eighty kumara pits. Consultation on the covenant fencing and management plan was undertaken between the landowners, Auckland Regional Council, Franklin District Council, Historic Places Trust, QEII and Ngāti Te Ata. A light to medium grazing regime provides for continued farming use.



Photos: Miles Giller

## Partners protect Canterbury dryland biodiversity

Alan and Adrienne McKnight protected one of the largest areas of dryland forest and shrubland remaining in the Waikari Ecological District with a 26ha covenant in April 2009. The vegetation, highly representative of native dryland plant communities, contains species uncommon in the locality including *Hebe cheesemanii*, *H. glaucophylla*, *Aristotelia fruticosa*, *Coprosma intertexta* (pictured) and *Grammitis poeppigiana*. Stock are now excluded by a fence constructed with contributions from the Biodiversity Condition Fund, Environment Canterbury, QEII and the landowners.



Photo: Maitland Manning

## Restoring Sherwood Forest in Southland

With Biodiversity Condition Funding, Biodiversity Southland has undertaken weed and pest control and revegetation plantings in Sherwood Forest north-east of Invercargill since 2003. Protected with a 34ha covenant in 1991 by Pat and the late Derek Turnbull, the matai-dominated forest is a nationally significant ecosystem and contains the threatened species *Olearia hectorii* (NE). Planting a matai in April 2009, from left, Gay Munro, QEII Regional Representative, Stuart Collie, Environment Southland Chairperson, and Frana Cardno, Southland District Council Mayor.

## 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.
- The partnership continues between QEII and the New Zealand Farm Environment Award Trust which operates the Ballance Farm Environment Awards. This robust, peer reviewed process has an overall objective of promoting sustainable land management on farms.

# Integrating farm production and protection

During the year, farmers continued to show that by protecting natural features with covenants, New Zealand's biodiversity and habitats can be both restored and enhanced while retaining profitability.



Photo: Neil Phillips

## ▲ South Taranaki dairy farm bush remnants

Graham Mourie's first covenant protected a 1.5ha semi-coastal forest remnant on his dairy farm near Opunake in 1990. A recently purchased adjacent farm is undergoing a development programme to increase production balanced by protecting forest remnants, restoring waterways and revegetation plantings. With fencing funded by QEII, South Taranaki District Council and the landowners, a second 2.6ha covenant was put in place in April 2009. Pictured: Graham Mourie on the right, with equity partners Darrel Weston (and son Caleb) on the left and Mark Bridges.



Photo: Bill Wallace

## ▲ Regenerating forest in Taranua

On her remote 800ha sheep and beef farm south-east of Pongaroa, Janette Walker protected a block of regenerating kanuka forest with a 36ha covenant in July 2008. In steep country along the Makatote Stream, the area was difficult to muster and manage. Retiring this unprofitable piece of land will also help to maintain the health of the stream by excluding stock. The covenant fence was constructed with contributions from QEII, the Greater Wellington Regional Council and the landowner.



Photos: Tom Stein

## ▲ Sustainable dryland management in Marlborough

At Cape Campbell, a remnant of mahoe, ngaio and five-finger forest, manuka forest and tauhinu-*Olearia* shrubland was protected with a 12ha covenant by The Shirt Farm Limited in February 2009. Identified by the Marlborough District Council's Significant Natural Areas (SNA) Project, the covenant was fenced with contributions from QEII, the landowners, the council and the Biodiversity Condition Fund. Working with the council, the landowners have developed a whole farm plan to integrate production and protection values in this dryland environment.



Photo: Miles Giller

## ▲ North Canterbury kanuka forest

Jim and Corina Hazlett have protected 44ha of kanuka and beech forest on their 630ha sheep and beef farm north of Waiau with two covenants. Registered in March 2009, their second covenant protects the catchment of a tributary of Counting Stream which flows into the Waiau River. Funded by QEII, Environment Canterbury, the Biodiversity Condition Fund and the landowners, the covenant fencing has helped to improve farm management as it allows better use of the adjacent land including strip grazing.

# Protecting New Zealand's waterways

When covenants are alongside streams, an added benefit resulting from fencing the area to exclude stock from the protected vegetation is the improvement of water quality in catchment areas.



Photo: Lynda Fleming

## ▲ Contributing to Auckland region water supplies

On their drystock property east of Papakura, John and Marlene Glasgow protected lowland primary forest in an at risk, critically underprotected land environment with a 5.6ha covenant in January 2009. Watercare contributed to the cost of fencing along with the landowners as the covenant protects a stream that feeds into the Hayes Creek Dam catchment. Students from Paparimu, Ardmore and Buckland Beach primary schools are helping with revegetation plantings to enhance the edges of the protected gullies.



Photo: Malcolm Piper

## ▲ Gisborne family protects threatened forest

North-west of Te Karaka, the Savage family has protected podocarp-hardwood forest remnants on the 2,200ha Poututu Station and the 480ha Kowhai-Nui Station since 1997. Registered in August 2008, their latest 29ha covenant protects totara, titoki, kahikatea, kanuka and kowhai in a chronically threatened, critically underprotected land environment. Excluding stock with fencing funded by QEII, the Biodiversity Condition Fund and the landowners will enhance regeneration and improve water quality by reducing siltation in Wheao Stream, a tributary of the Waikohu River. Pictured: Tom Savage.



Photo: Marie Taylor. Inset: Troy Duncan

## ▲ Patoka water catchment in Hawke's Bay

A deeply incised stream system making up the headwaters of the Wai-iti Stream north-west of Napier was protected by John Kamp with a 49ha covenant in August 2008. As excluding stock would improve downstream water quality, preserve vegetation along the waterways and reduce bank erosion, fencing the long finger-like gullies was considered worthwhile. Constructing new fencing and refurbishing existing fences, a total of over 10km in length, was funded by QEII, the Biodiversity Condition Fund, Hawke's Bay Regional Council and the landowner.



Photo: Rebecca Reid

## ▲ Otago Ballance Farm Environment Awards

Winners of the Otago Regional Council Sustainable Resource Management and Gallagher Innovation Awards, Bruce, Denise and Cara McGill have two covenants, a total of 61ha, on Te Taunga, their organic farm at Owaka. The judges were impressed with the McGills' innovative use of covenants to enhance water quality. With fencing funded by QEII, Otago Regional Council and the landowners, their second covenant was registered in December 2008, protecting six podocarp-broadleaf forest remnants and a wetland in the catchment of Sweetwater Creek.

# Statement of Service Performance

for the Year Ended 30 June 2009

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 2008.

## 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 2009, there were 524 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	2007/08 Actual		2008/09 Estimate		2008/09 Actual	
	No.	Hectares	No.	Hectares	No.	Hectares
Approved covenants	238	5,669	200	5,000	216	3,466
Registered covenants	233	3,389	200	5,000	278	4,320 <sup>(1)</sup>
Cost	\$2,299,059		\$2,300,699		\$ 2,281,838	

- 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 protecting 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: Loralee Hyde

### Dairy farm management on Sweetwater Station

Landcorp Farming Limited has continued to protect wetlands and lowland forest throughout the country. This year, 34 covenants protecting 898ha were registered and 14 new covenants (441ha) were approved. In July 2008, QEI directors and staff along with Far North covenantors toured protected wetlands on Sweetwater Station west of Kaitaia. The 2,460ha station has three dairy farms with 3,000 milking cows plus 2,000 cattle on the hills. Pictured: At the far right, Mark Johnson, Sweetwater Station Farm Business Manager, explained how retiring the wetlands has improved farm management. QEI directors Yvonne Sharp and Jo Ritchie are at the left.

# 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, 96% of covenants visited met covenant conditions and 4% of covenants visited had poor adherence where there had been a breach of covenant terms and conditions. Appropriate and remedial action is taken quickly for each occurrence.

Property ownership, either permanent or transitory, is sometimes appropriate to secure protection. QEII Trust currently owns 29 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	2007/08 Actual		2008/09 Estimate		2008/09 Actual	
	No.	Hectares	No.	Hectares	No.	Hectares
QEII owned properties	28	1,582	28	1,582	29 <sup>(1)</sup>	1,686
Monitoring of registered covenants	1,398	41,371	1,350	33,750	1,542	40,421
Cost	\$1,551,014		\$1,376,707		\$1,484,321	

1. Farm bequeathed from the Estate of Professor Athol Patterson and currently leased.

### Unique Southland riparian treeland protected by 3,000th QEII covenant

On their 450ha sheep farm near Winton, John and Rhonda Cowie have protected riparian kowhai-ribbonwood treeland along the meandering Otapiri Stream with a 2ha covenant. Highly representative of the forest that once covered floodplains in Southland, threatened species protected by the covenant include *Olearia hectorii*, *O. fragrantissima*, *Coprosma wallii*, *Pseudopanax ferox* and the mistletoe, *Tupeia antarctica*.

A Department of Conservation planting programme is re-establishing the threatened species in the covenant. In addition, the Southland District Council has protected an adjoining area with a 3.8ha Landscape Protection Agreement. The Cowies have also protected a podocarp-broadleaf forest remnant on a prominent limestone scarp with a 9ha covenant.

Pictured with *O. fragrantissima*, from left: Brian Rance, Department of Conservation, with John Cowie and Janet Gregory, Biodiversity Southland Co-ordinator.



Photo: Gay Munro

## Income Statement for the Year Ended 30 June 2009

2008 Actual \$		Note	2009 Actual \$	2009 Budget \$
<b>Revenue</b>				
2,874,000	Government Grant		2,874,000	2,874,000
378,130	Contestable Funds		266,919	200,000
141,316	Donations and Other Grants		523,571	420,000
29,249	Other Revenue		27,354	24,481
<b>3,422,695</b>	<b>Operating Revenue</b>		<b>3,691,844</b>	<b>3,518,481</b>
<b>Expenditure</b>				
733,329	Field Operations		731,017	724,500
1,249,827	Covenant Expenditure	1	1,240,915	1,357,284
343,993	Contestable Funds		267,535	200,000
1,012,041	Administration	2	1,095,133	1,077,401
15,069	Property Operations		22,931	26,721
148,359	Public Relations		121,581	121,500
121,468	Depreciation	3	82,901	120,000
<b>3,624,086</b>	<b>Operating Expenses</b>		<b>3,562,013</b>	<b>3,627,406</b>
469,794	Investment Income		475,969	450,000
225,987	Investment Expenses		165,688	50,000
<b>243,807</b>	<b>Net Financial Revenue from Investments</b>	4	<b>310,281</b>	<b>400,000</b>
<b>42,416</b>	<b>Net Surplus before Property Acquisitions/Disposals</b>		<b>440,112</b>	<b>291,075</b>
20,400	Property Gifted to the Trust		2,963,577	-
-	Expenses Associated to Gifted Property		38,458	-
<b>20,400</b>	<b>Net Income from Gifted Property</b>	5	<b>2,925,119</b>	<b>-</b>
<b>62,816</b>	<b>Net Surplus</b>	6	<b>3,365,231</b>	<b>291,075</b>

## Statement of Changes in Equity for the Year Ended 30 June 2009

2008 Actual \$		Note	2009 Actual \$	2009 Budget \$
9,899,966	Funds brought forward as at 1 July		9,962,782	9,962,782
62,816	Net Surplus for the year		3,365,231	291,075
62,816	Total recognised revenues and expenses for the year		3,365,231	291,075
<b>9,962,782</b>	<b>Trust Equity as at 30 June</b>	6	<b>13,328,013</b>	<b>10,353,857</b>

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

## Balance Sheet as at 30 June 2009

2008 Actual \$		Note	2009 Actual \$	2009 Budget \$
<b>Equity</b>				
9,962,782	Trust Equity	6	13,328,013	10,253,857
<b>9,962,782</b>	<b>Total Equity</b>		<b>13,328,013</b>	<b>10,253,857</b>
Represented by:				
<b>Current Assets</b>				
8,654	Cash and Bank		50,994	40,000
83,970	Accounts and Other Receivables	7	251,187	90,000
7,168,859	Investments	8	8,796,621	7,400,000
<b>7,261,483</b>	<b>Total Current Assets</b>		<b>9,098,802</b>	<b>7,530,000</b>
<b>Less Current Liabilities</b>				
317,092	Accounts and Other Payables	9	419,427	321,421
36,882	Deferred Revenue	10	176,959	70,000
26,223	Employee Entitlements		24,787	26,222
91,250	Other Current Liabilities		91,250	91,250
<b>471,447</b>	<b>Total Current Liabilities</b>		<b>712,423</b>	<b>508,893</b>
<b>6,790,036</b>	<b>Working Capital</b>		<b>8,386,379</b>	<b>7,021,107</b>
<b>Non Current Assets</b>				
3,189,996	Property, Plant and Equipment	11	4,958,884	3,250,000
<b>Non Current Liabilities</b>				
17,250	Employee Entitlements		17,250	17,250
<b>9,962,782</b>	<b>Net Assets</b>		<b>13,328,013</b>	<b>10,253,857</b>

For and on behalf of the Board of Directors, which authorised the issue of the financial report on 15 September 2009.



**Sir Brian Lochore**

*Chairperson*

15 September 2009



**Margaret McKee**

*Chief Executive*

15 September 2009

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

## Statement of Commitments for the Year Ended 30 June 2009

### Covenant Commitments

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

2009 \$	2008 \$
3,249,100	3,108,412
<b>3,249,100</b>	<b>3,108,412</b>

### 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.

	2009 \$	2008 \$
Less than one year	97,865	95,314
Between one and two years	97,865	97,865
More than two years	8,155	106,020
	<b>203,885</b>	<b>299,199</b>

### Property Endowment Commitments

The Trust holds \$358,022 in property endowments, which have been received for specific properties owned by the Trust (2008: \$362,422).

### Covenant Endowments

The Trust holds \$1,709,509 in covenant endowments, which have been received for specific covenants (2008: \$1,709,509).

### Capital Commitments

The Trust has no capital commitment as at 30 June 2009 (2008: Nil).

## Statement of Contingencies as at 30 June 2009

### 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% (2008: 5%).

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.

2009 \$	2008 \$
6,555,318	6,294,810
<b>6,555,318</b>	<b>6,294,810</b>

# Notes to the Financial Statements

for the Year Ended 30 June 2009

## 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 2009. The financial statements were authorised for issue by the directors on 15 September 2009.

### 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.

The financial statements are presented in New Zealand Dollars (NZD). The financial statements are prepared on the historical cost basis except that investments are stated 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.

### Accounting Standards Issued But Not Yet Effective

Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Trust for the annual reporting period ending 30 June 2009. These are outlined in the table below:

Reference	Title	Summary	Application Date of Standard*	Application Date for Trust*
NZ IAS 1 (Revised)	Presentation of Financial Statements and consequential amendments to other New Zealand Accounting Standards	Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements.	1 January 2009	1 July 2009
Amendments to International Financial Reporting Standards	Amendments to IFRS 7	The amended IFRS 7 requires fair value measurements to be disclosed by the source of inputs, using the following three-level hierarchy: - Quoted prices in active markets for identical assets or liabilities (Level 1); - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and - Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).	1 January 2009	1 July 2009

\* Designates the beginning of the applicable annual reporting period unless otherwise stated.

# Notes to the Financial Statements

for the Year Ended 30 June 2009 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 (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 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.

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)	4-10% diminishing value
Land Fencing	9.5% diminishing value

# Notes to the Financial Statements

for the Year Ended 30 June 2009 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, 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 retaining substantially all the 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 2009 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 2009 continued

## 1. Covenant Expenditure

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

	2009 \$	2008 \$
Fencing	681,719	809,207
Survey	539,950	418,556
Weed/Pest Control	14,145	18,879
Revegetation	5,101	3,185
	<b>1,240,915</b>	<b>1,249,827</b>

## 2. Administration

The Administration figure includes:

	2009 \$	2008 \$
Directors' Fees	20,980	17,713
Audit Fees	29,800	36,945
Rent Expense	95,193	68,353
(Profit)/Loss on Disposal of Fixed Assets	11,647	4,924
Other Administration Expenses	937,513	884,106
	<b>1,095,133</b>	<b>1,012,041</b>

## 3. Depreciation Expense

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

	2009 \$	2008 \$
Furniture and Fittings, Plant and Equipment, Computer and Electronic Equipment	57,812	100,392
Improvements	21,391	16,900
Land Fencing	3,698	4,176
	<b>82,901</b>	<b>121,468</b>

## 4. Net Investment Income

	2009 \$	2008 \$
Interest Income	427,729	435,468
Dividends	48,240	34,326
Investment Income	475,969	469,794
Investment Fees	26,838	25,539
Realised (Gain)/Loss	18,201	22,616
Unrealised (Gain)/Loss	120,649	177,832
Investment Expenses	165,688	225,987
<b>Net Investment Income</b>	<b>310,281</b>	<b>243,807</b>

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

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

# Notes to the Financial Statements

for the Year Ended 30 June 2009 continued

## 5. Net Income from Gifted Property

	2009 \$	2008 \$
Property Gifted to the Trust		
White Road Farm and Waverley Farm, Waverley	2,963,577 *	-
Income from Property Gifted In	2,963,577	20,400
Associated Expenses		
Legal Costs	12,041	-
Valuations	5,488	-
Advertising and Real Estate Commissions	35,304	-
Gain on Sales of Property	(14,375)	-
Total Associated Expenses	38,458	-
<b>Net Income from Gifted Property</b>	<b>2,925,119</b>	<b>20,400</b>

\* Two farms were bequeathed to the Trust from the Estate of Athol James Patterson. White Road Farm was sold in May 2009 for \$1,198,964. Waverley Farm remains in the Trust's book as at 30 June 2009.

## 6. Trust Equity

	2009 \$	2008 \$
Opening Balance	9,962,782	9,899,966
Net Surplus	3,365,231	62,816
<b>Closing Balance</b>	<b>13,328,013</b>	<b>9,962,782</b>

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

## 7. Accounts and Other Receivables

	2009 \$	2008 \$
Accounts Receivables	241,245	54,120
Interest Receivable	9,942	142
Prepaid Expenses	-	3,903
GST Receivables	-	25,805
	<b>251,187</b>	<b>83,970</b>

## 8. Investments

Details of Investments are as follows:

	2009 \$	2008 \$
Fixed Interest - Corporate Bonds	6,225,857	5,131,465
Fixed Interest - NZ Government Bonds	336,050	355,585
Australian/NZ Equities	806,735	527,980
International Equities	940,391	1,050,294
Cash Management Accounts	487,588	103,535
<b>Total Investments</b>	<b>8,796,621 *</b>	<b>7,168,859</b>

\* The market value at 30 June 2009 was \$8,796,621 (2008: \$7,168,859) which includes interest receivable of \$61,919 (2008: \$77,116).

# Notes to the Financial Statements

for the Year Ended 30 June 2009 continued

## 9. Accounts and Other Payables

	2009 \$	2008 \$
Accounts/Trade Payables	355,202	273,487
Accrued for Trade Expenses	33,384	27,110
Staff Wages/Expenses Payable	18,616	16,495
GST Payables	12,225	-
	<b>419,427</b>	<b>317,092</b>

## 10. 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 2009 \$	Deferred Revenue 2008 \$
<b>1,436,359</b>	<b>1,089,990</b>	<b>176,959</b>	<b>36,882</b>

This comprises eight contestable fund rounds with a total of 150 individual projects: 66 projects have been completed, 1 was cancelled and 83 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.

## 11. Property, Plant and Equipment

	Cost \$	Accumulated Depreciation \$	Net Book Value 2009 \$	Net Book Value 2008 \$
Land and Improvements (Note 12)	4,043,501	-	4,043,501 *	2,643,501
Improvements – Gifted and Purchased Buildings (Note 12)	956,867	160,256	796,611 *	377,222
Land Fencing	87,895	52,671	35,224	38,922
Trust Property	5,088,263	212,927	4,875,336	3,059,645
Furniture and Fittings, Plant and Equipment, Computer and Electronic Equipment	459,375	375,827	83,548	130,351
<b>Total Fixed Assets</b>	<b>5,547,638</b>	<b>588,754</b>	<b>4,958,884</b>	<b>3,189,996</b>

\* This includes Waverley Farm property valued at \$1,850,000 (\$1,400,000 as Land and \$450,000 as Improvements).

# Notes to the Financial Statements

for the Year Ended 30 June 2009 continued

## 12. Land and Improvements

	2009 \$ Land	2009 \$ Improvements	2009 \$ Total	2008 \$ Total
Aroha	425,000	315,416	740,416	755,632
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	8,567	80,567	80,924
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	9,409
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	27,128	137,128	138,258
Tumutumu Bush	115,000	-	115,000	115,000
Waiata Bush	25,000	-	25,000	25,000
Waverley Farm	1,400,000	445,500	1,845,500	-
	4,043,501	796,611	4,840,112	3,020,723
Lake Wainamu (Vested)	-	-	-	-
<b>Total Land and Improvements</b>	<b>4,043,501</b>	<b>796,611</b>	<b>4,840,112</b>	<b>3,020,723</b>

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 2009 continued

## 13. Financial Instrument Designation

	Loans & Receivables		Fair Value through Profit and Loss (Upon initial recognition)		Financial Liabilities at Amortised Cost	
	2008/09 \$	2007/08 \$	2008/09 \$	2007/08 \$	2008/09 \$	2007/08 \$
<b>Assets:</b>						
Cash and Equivalents	50,995	8,654	-	-	-	-
Receivables	251,187	80,067	-	-	-	-
Investments	-	-	8,796,621	7,168,859	-	-
	<b>302,182</b>	<b>88,721</b>	<b>8,796,621</b>	<b>7,168,859</b>	-	-
<b>Liabilities:</b>						
Payables	-	-	-	-	367,428	273,487
Other Current Liabilities	-	-	-	-	91,250	91,250
					<b>458,678</b>	<b>364,737</b>

# 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 2009

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 2009.

#### 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 2009;
  - 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 15 September 2009, 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 2009. 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 blue ink, consisting of a large, stylized 'G' followed by a horizontal line and a vertical line extending downwards.

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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Level 4, 138 The Terrace  
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Wellington 6140  
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Email: [info@openspace.org.nz](mailto:info@openspace.org.nz)  
[www.openspace.org.nz](http://www.openspace.org.nz)

## Board of Directors

### *Appointed by Government*

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

### *Elected by members*

James Hunter  
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

Visible from Manawatu Gorge, Graham Bolton's second covenant protects 17ha of lowland primary forest in an acutely threatened, critically underprotected land environment. With contributions from QEII, the landowner and Horizons Regional Council, Graham Bolton constructed new fencing and upgraded existing fences where required.

Photo: Bill Wallace

