

Report on Government Objectives
for the South Island High Country:
For the three years ended 30 June 2008



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Te Papa Atawhai

Land Information New Zealand
Toitu te whenua 



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Executive Summary

The Crown currently owns about 1.7 million hectares (ha) of environmentally sensitive land in the South Island high country, stretching from Southland to Marlborough. This land is in addition to the conservation estate and properties managed by State Owned Enterprises (SOEs). The land is managed for pastoral production purposes through leases or occupation licences. The majority of the land is covered by pastoral leases that have been in place since the passage of the Land Act 1948 (Land Act), and is now also subject to the Crown Pastoral Land Act 1998 (CPLA).

Since the middle of the 19th century, the high country has been grazed and various measures have been implemented to protect the land. These measures included making leases perpetually renewable and introducing consent requirements for land disturbance activities such as the establishment of tracks and cultivation.

In 2003, Cabinet agreed on 10 objectives for the South Island high country (government's high country objectives). They are:

1. promote the management of the Crown's high country land in a way that is ecologically sustainable;
2. enable reviewable land that is capable of economic use to be freed of current management constraints;
3. protect significant inherent values of reviewable land by the creation of protective measures; or preferably by the restoration of the land concerned to full Crown ownership and control;
4. secure public access to and enjoyment of high country land;
5. take into account the principles of the Treaty of Waitangi;
6. take into account any particular purpose for which the Crown uses, or intends to use, the land;
7. ensure that conservation outcomes for the high country are consistent with the New Zealand Biodiversity Strategy;
8. progressively establish a network of high country parks and reserves;
9. foster sustainability of communities, infrastructure and economic growth and the contribution of the high country to the economy of New Zealand; and
10. obtain a fair financial return to the Crown on its high country land assets.

This report contains information on progress in achieving these objectives in relation to pastoral leases, pastoral occupation licences and special leases, since the passage of CPLA in 1998 and specifically for the three financial years from 1 July 2005 to 30 June 2008.

Tenure review under the CPLA, and lease purchase by the Crown, are important tools being used by the Government to achieve its high country objectives.

Outcomes of tenure review under the CPLA and lease purchase

- From the passage of the CPLA in 1998 to 30 June 2008, tenure review under the Act has been completed or unconditionally agreed for 66 of 303 leases (56 completed, 10 agreed), and four whole leases have been purchased¹ by the Crown for conservation purposes;
- As at 30 June 2008, 233 properties were continuing as pastoral leases, with 96 of these in some stage of tenure review;

¹ Also referred to as whole property purchase, or whole lease purchase.

- Through the tenure review process, 191,286 ha of land has been disposed of to freehold title and 177,690 ha has been restored to full Crown ownership and control (a 52/48 split);
- In addition, 49,242 ha of land has been restored to full Crown ownership and control through whole property purchases, and about 22,500 ha through partial property purchases;
- The total land for which tenure had been reformed as at 30 June 2008 was about 441,000 ha, or 21% of the original CPLA land area of about 2.1 million ha.

Progress and issues in the three years ended 30 June 2008

Outcomes of tenure review and lease purchase

- Of the 56 tenure reviews completed under the CPLA to 30 June 2008, 38 were completed during the three year reporting period;
- During the period, Land Information New Zealand (LINZ) expended (or committed to expend) \$36.038 million (GST excl) on purchasing lessee interests in land that was to be returned to full Crown ownership. LINZ received (or would receive) \$4.137 million (GST excl) from lessees for the purchase of the Crown's interests in land that was to be freeholded;
- During the period, four whole properties (three leasehold, one freehold) were purchased by the Crown for conservation and high country park purposes. The Nature Heritage Fund (NHF) made two of the purchases and a third jointly with LINZ, and expended a total of \$14.355 million (GST excl) on them. LINZ made the fourth purchase;
- Three new high country parks were opened (Ruataniwha, Hakatere and Ka Whata Tu o Rakihouia) with land from tenure review and lease purchase being combined with existing conservation land;
- 88,377 ha of the highest priority land environments of New Zealand were protected²;
- 54 species, including the nationally endangered Kea and the nationally critical Otago Skink and Black Stilt, were better protected on 18 properties;
- 44 public access easements were created covering an estimated total length of 166 kilometres;
- Recreational opportunities, ranging from lake and river access to backcountry skiing and mountain biking, were secured for the public;
- New conservation lands have produced community benefits through the provision of recreation, tourism and ecosystem services (maintenance and storage of clean water supplies, carbon storage, soil erosion reduction and biodiversity conservation) and the promotion of healthy lifestyles;

Policy and process changes for tenure review

- In June 2007, Cabinet agreed that the Commissioner of Crown Lands (CCL) should be asked to report to the Minister for Land Information on all new properties due to enter into tenure review, with the Minister to consult with the Minister of Conservation before providing comment to the CCL;
- Cabinet also agreed that before any tenure review proposal (preliminary or substantive) can proceed, it must receive funding approval from the Minister for Land Information, who would consult the Minister of Conservation on both the proposed outcomes of the review and the funding; and that tenure review land would also need to go through the "land of potential interest" process for the disposal of "sensitive" Crown land;
- Cabinet further agreed that pastoral lease properties with highly significant lakeside, landscape, biodiversity or other values that are unlikely to be protected to the satisfaction of the Crown by the tenure review process should be excluded from the process;

² See p 21 for description of the Land Environments of New Zealand (LENZ) classification.

- In November 2007, the government announced that tenure review funding for 65 lakeside properties would be considered only if a lessee is prepared to meet certain conditions, including lakeside land being retained by the Crown, or the lessee accepting restrictions on the land's future use and development;
- As at 30 June 2008, 20 lakeside properties had re-entered tenure review under these conditions, with a final tenure review agreement having been reached on one lakeside property;

Administrative changes

- Since February 2008 pastoral leases and the tenure review process have been administered by a LINZ Pastoral Unit, in response to changes in government high country policy and the likelihood of LINZ being a long term administrator of pastoral leases;
- LINZ is taking a more direct role in the day to day administration of pastoral leases and licences to ensure that the rights of the Crown and lessees are understood and complied with;
- Ten percent of pastoral lease and licence properties are being inspected each year on a rolling basis to monitor good husbandry indicators. A report on an initial sample of 37 leases states that these properties had compliance rates of between 91 and 100 percent for these indicators;

Rents

- A review of high country pastoral lease rental issues was completed in 2006 with the Government concluding that a proper interpretation of section 131 of the Land Act 1948 requires amenity values to be retained in the land exclusive of improvements (LEI) value, which is the basis for rent setting;
- To assist lessees in meeting higher rents, the Crown offered rent adjustment in exchange for additional land husbandry or heritage protection activities/improvements, or provision of enduring public access;
- The Government advised that if a lessee has nothing of value to the Crown to exchange for a rent adjustment, and an increased rent is unaffordable, the Crown would still consider reducing the rent;
- By agreement between LINZ and lessee representatives, a test case of the methodology of land valuation for the purpose of rent assessment was lodged with the Land Valuation Tribunal (and is due to be heard in October 2008);

High country communities

- The profitability of high country farming has declined in recent years with low wool and lamb prices, drought, and rising costs;
- There is a shift from merino to crossbreds or composite breeds due to improved lambing and growth rates. Tenure review is reinforcing this trend as the retirement of high altitude land is directly associated with a decline in merino wether numbers;
- There continues to be a strong emphasis on maintaining high country properties within a family, and ensuring that the next generation has the capacity to sustain and improve the land. Tenure review has aided this process to some extent, as it has required farmers to review their operations (in total), and to determine the longer term potential of the land;
- Catchment and intake areas for irrigation and domestic water supply have been protected by new conservation land;
- The overall high country population has been sustained over the last ten years by growth around the major lakeside communities related mainly to the expansion of lifestyle blocks, residential development and tourism opportunities.

Background

The Crown has retained a large estate of high country land in the South Island outside the conservation estate. This land is generally held under lease or licence, and a significant proportion is above 600m in altitude. While these properties are located throughout the South Island, the majority are in Otago and Canterbury. When the CPLA was enacted in 1998, the land consisted of:

- 303 high country leases (totalling 2,177,571 ha) granted for 33 years with perpetual rights of renewal. The leases differ from standard property agreements in that the Crown interest is exclusive of improvements (i.e. a bare farming platform). The lessee funds the farming business, which includes all property improvements, such as tracks, fences, land development and buildings;
- 16 special leases (totalling 237,807 ha) with a range of terms and renewal conditions covering land classified as pastoral land under the Land Act (this includes Molesworth Station³); and
- seven pastoral occupation licences (totalling 25,597 ha) issued for a maximum of 21 years with a possible extension of five years.

This land has a long history of pastoral use, having been grazed from the mid 19th Century, and is considered both environmentally sensitive and economically important. The Land Act 1948 increased incentives to manage the land in a sustainable manner by providing for perpetual rights of renewal and exclusive occupancy. The lease arrangements provided lessees with the right to undertake pasturage but restricted other forms of commercial activity, including subdivision. These rights and restrictions were carried over in the CPLA, with an increase in the controls the Crown can exercise.

The consent of the Commissioner of Crown Lands (CCL) is required for discretionary actions such as farming activities that disturb soil or vegetation and for non-pastoral economic activities (e.g. forestry or commercial recreation).

In August 2003, the Government adopted 10 high country objectives in order to ensure that Crown land in the high country is managed in accordance with Government policy [POL Min (03) 19/7, CAB Min (03) 27/3].

Tenure review under the CPLA, and whole property purchases are important tools to enable the government to achieve these objectives. From the passage of the CPLA to 30 June 2008, 226,932 ha⁴ of high country land has been restored to full Crown ownership and control by these two methods. The return of these lands allows the Department of Conservation (DOC) to manage the significant inherent values⁵ present on the land. Over the same period, 191,286 ha⁶ has been transferred into freehold estate.

³ In 2003 Cabinet agreed that Molesworth should become a recreation reserve administered by the Department of Conservation (DOC) and farmed by Landcorp Farming Ltd, subject to a special lease under the Land Act. [CAB Min (03) 38/4 and POL Min (03) 30/9] Molesworth Station was transferred to DOC on 7 July 2005.

⁴ See Table 2, page 12. This figure is made up of Substantive proposals accepted by lessee (54,369 ha), Review complete (123,321 ha) and Whole property purchase (49,242 ha).

⁵ Section 2 of the CPLA provides:

“Inherent value”, in relation to any land, means a value arising from –

(a) A cultural, ecological, historical, recreational or scientific attribute or characteristic of a natural resource in, on, or forming part of, or existing by virtue of the conformation of, the land, or

(b) A cultural, historical, recreational, or scientific attribute or characteristic of a historic place on or forming part of the land:”

“Significant inherent value”, in relation to any land, means inherent value of such importance, nature, quality or rarity that the land deserves the protection of management under the Reserves Act 1977 or the Conservation Act 1987.”

⁶ See Table 2, page 12. This figure is made up Substantive proposals accepted by lessee (16,108 ha) plus Review complete (175,178 ha).

In addition to the tools of tenure review and whole property purchases, the Government can also use a range of other tools⁷ to achieve its high country objectives including:

- the CCL's powers as "landlord" of pastoral lease land, including authorising or declining proposed land uses or disturbances, requiring good husbandry, and providing diligence clauses in leases and licences;
- covenants under the Historic Places Act 1993, Queen Elizabeth the Second National Trust Act 1977 and the Reserves Act 1977; and easements under the Soil Conservation and Rivers Control Act 1941;
- sections 60, 117 and 167 of the Land Act, which respectively provide for the Crown to create easements through leasehold land, resume leasehold land for any public purpose, or set apart any Crown land for reserve purposes if desirable in the public interest; and
- requiring conditions of public access and protection of conservation values when pastoral leases are sold to overseas buyers under the Overseas Investment Act 2005.

In December 2003, Cabinet directed officials to report each year to the Cabinet Policy Committee on progress against the Government's objectives for the high country (and issues relating to them) and to specifically report on: stakeholder responses to progress; lessee participation in tenure review; socio-economic effects of specific park proposals [CBC Min (03) 10/3]. A report was produced for the period ending 30 June 2005 and the reporting date for the second report was deferred to 31 July 2008 [POL Memo (08) 1/1].

This report has been prepared by officials from DOC, LINZ and the Ministry of Agriculture and Forestry (MAF).

The report includes some information on progress with other parts of the Government's high country estate, i.e. pastoral occupation licences and special leases. However, the primary focus of the report is on the 303 high country leasehold properties that were eligible for inclusion in the programme of tenure review under the CPLA.

⁷ Many of these tools can be used as part of or independent of the tenure review process.

Government Objectives for the South Island High Country

In August 2003 the Government agreed to the following South Island high country objectives:

1. promote the management of the Crown's high country land in a way that is ecologically sustainable;
2. enable reviewable land that is capable of economic use to be freed of current management constraints;
3. protect significant inherent values of reviewable land by the creation of protective measures; or preferably by the restoration of the land concerned to full Crown ownership and control;
4. secure public access to and enjoyment of high country land;
5. take into account the principles of the Treaty of Waitangi;
6. take into account any particular purpose for which the Crown uses, or intends to use, the land;
7. ensure that conservation outcomes for the high country are consistent with the New Zealand Biodiversity Strategy;
8. progressively establish a network of high country parks and reserves;
9. foster sustainability of communities, infrastructure and economic growth and the contribution of the high country to the economy of New Zealand; and
10. obtain a fair financial return to the Crown on its high country land assets.

This document reports on nine of the ten high country objectives. Objective 6 is difficult to report on specifically, and therefore for the purpose of this report it is assumed that it is a general statement of purpose that relates to all the other objectives.

Management of High Country Land

This section reports on objectives 1, 2 and 3:

1. *Promote the management of the Crown's high country land in a way that is ecologically sustainable*
2. *Enable reviewable land that is capable of economic use to be freed of current management constraints*
3. *Protect significant inherent values of reviewable land by the creation of protective measures or preferably by the restoration of the land concerned to full Crown ownership and control*

Management of high country land includes Crown pastoral leases, special leases and occupation licences.

Pastoral leases – tenure review

Tenure review under the CPLA remains an important tool for the achievement of the high country objectives. Tenure review enables:

- the protection of significant inherent values (SIVs) on pastoral lease land either through protective mechanisms or through the return of pastoral lease land to Crown ownership and control⁸; and
- the disposal of land capable of economic use in freehold title (either with or without protective measures/mechanisms such as easements and covenants).

The tenure review process for pastoral leases is voluntary for both the lessee and the Crown, and is a negotiated agreement between them. Consequently the realisation of the protection of SIVs or the disposal of economic land is the result of trade-offs between the parties. For example, some areas that are capable of economic use in a freehold state may be retained by the Crown for protection of SIVs. Conversely some land that may contain SIVs may be freeholded (possibly subject to protective measures) in order to gain agreement on other land requiring stricter protection.

The tenure review process⁹ reaches an unconditional contractual stage when a “substantive proposal” has been agreed. A substantive proposal sets out what parts of the property will become public conservation land and what parts of the property will be freeholded.

In the three years under review, a number of changes were made that affected the tenure review process.

Ministerial approval of tenure review proposals

Until mid 2006, the disposal of Crown land as fee simple in tenure review was handled by the CCL or LINZ officials to whom he delegated his powers.

In August 2006 the LINZ Chief Executive implemented a new process whereby the Minister for Land Information would be provided with a report on each tenure proposal at two key points in the process, i.e. prior to putting both the preliminary proposal and the substantive proposal to

⁸ When land becomes “conservation land” following tenure review, it can be designated for its conservation value under the Conservation Act 1987.

⁹ Tenure review is a four step process. Following a request for tenure review from a lessee, information on the property is gathered (Step 1). A Preliminary Proposal (PP) is then developed from the information and the lessee, DOC, Fish and Game and iwi are consulted on this first draft. When the lessee and Land Information New Zealand (LINZ) agree on the PP, the proposal is advertised for public submissions (Step 2). Views raised in public submissions are considered and a Substantive Proposal (SP) is put to the lessee who has to make a decision on whether to accept the proposal or not (Step 3). If accepted by the lessee, the SP is implemented (Step 4).

the lessee. This would provide the Minister with an opportunity for comment should he/she wish.

This process was consistent with the CCL's discretion under s 26 of the CPLA to consult at the preliminary and substantive proposal stages of the tenure review process. The decision on any review remains one for the CCL.

In June 2007 Cabinet [CBC Min (07) 10/12, CAB Min (07) 20/1] noted this process and agreed that before any tenure review proposal can proceed, it must receive funding approval from the Minister for Land Information, who would consult the Minister of Conservation on both the proposed outcomes of the review and the funding.

Cabinet also agreed in June 2007 that the CCL should be asked by the Minister for Land Information to report to the Minister on all new properties due to enter into tenure review before the CCL makes a decision about whether or not to undertake the review, and that the Minister consult with the Minister of Conservation before providing comment to the CCL.

In late 2006 LINZ and DOC established a "Tenure Review Quality Assurance Board", comprising senior managers and an independent member, to advise the CCL on preliminary and substantive proposals before the CCL reports them to the Minister for Land Information.

Tenure review and "land of potential interest" process

In April 2007, for reasons unrelated to tenure review, Cabinet agreed to a reporting process (initially interim, subsequently made permanent in August 2007) for the disposal of "sensitive" Crown land. LINZ administers this "land of potential interest" process, independently of tenure review. In June 2007 Cabinet agreed [CBC Min (07) 10/12] that tenure review land would also need to go through this further process.

A proposed "sensitive" Crown land disposal is reported to three Ministers, namely the Minister for Land Information, the Minister responsible for the land, and the Minister for State Owned Enterprises. The SOEs Minister is involved even if SOE land is not. In the case of pastoral lease land, the Minister for Land Information is also the Minister responsible for the land.

The land of potential interest process occurs only once for a particular piece of land. For pastoral lease land, that is normally after the Minister for Land Information has given funding approval to a preliminary tenure review proposal. In some cases, it has followed funding approval of a substantive proposal, because the preliminary proposal was already underway when the land of potential interest process was introduced.

The net effect in the case of tenure review land is that a third Minister, namely the SOEs Minister, becomes involved in approving the disposal of land; and that there are three (rather than two) separate points at which Ministerial approval is required for such a disposal. The tenure review process generates a considerable information base that is also available for the land of potential interest process.

Protection of lakeside, landscape, biodiversity and other values

In June 2007 Cabinet agreed [CBC Min (07) 10/12] that pastoral lease properties with highly significant lakeside, landscape, biodiversity or other values that are unlikely to be protected to the satisfaction of the Crown by the tenure review process be excluded from the process. Cabinet further agreed that lakeside properties should be excluded from tenure review, and other means used to protect those values, unless it was clear that tenure review would not significantly impact on the values and would demonstrably be in the public interest.

In November 2007 Cabinet identified 65 such lakeside properties [CBC Min (07) 23/19, CAB Min (07) 40/1] and the Government announced the withdrawal of tenure review funding for 36 of the 38 lakeside properties then in the process, because it was unlikely that important values would be satisfactorily protected once land was freeholded.

The Government said, however, that a lakeside property might still be considered for funding for tenure review if a lessee is prepared to meet certain conditions on the land's future use and development, including lakeside land being retained by the Crown, or the lessee accepting restrictions on the land's future use and development¹⁰.

As at 30 June 2008, 20 lakeside properties had re-entered tenure review under these conditions. Agreement has been reached on one lakeside property tenure review (Mt Cook) and another (Allandale/Greenvale) is at the preliminary proposal stage. Others are in the early stages of tenure review.

Land excluded from tenure review will continue to be managed as pastoral lease, which prevents subdivision of the land and restricts what can be done with it.

Financial outcomes of tenure review

Table 1 below sets out government expenditure and revenue for the three years ended 30 June 2008. The capital expenditure records the amount paid by the Crown to lessees to purchase their interests in leases and their improvements (e.g. fencing, tracking and land development) on the leasehold land that is to become conservation land¹¹. The revenue represents the amount paid by lessees to purchase the freehold title to the underlying land (exclusive of improvements) from the Crown¹².

Capital expenditure is recorded for tenure review at the time that a substantive proposal is agreed, even though the actual payments for any particular property are not finalised until settlement of the tenure review for that property is implemented.

Table 1: Tenure Review and Whole Property Purchase Programme – Capital expenditure and revenue by year – Vote: Lands

Year ended:	Expenditure (\$000)	Revenue (\$) (\$000)
30 June 2006	5 772	2 597
30 June 2007	9 282	519
30 June 2008	21 331	1 021
Total: 3 years ended 30 June 2008	36 385	4 137

The figures include those properties at the Substantive Proposal accepted and Review complete stages of the tenure review process, and also include whole property purchases (Michael Peak, Twinburn), and are exclusive of Goods and Services Tax. The 30 June 08 figures are based on the final unaudited results.

¹⁰ As at 30 June 2008, 20 properties had met or agreed in writing to meet the funding conditions and the reviews are proceeding (with one now accepted). 17 properties have been suspended from the programme and 1 has been withdrawn by the Crown.

¹¹ This includes LINZ's expenditure on fencing where this is a condition of the agreed substantive proposal.

¹² The capital and revenue figures for each tenure review are made publicly available. It should be noted that a direct comparison of the cost per hectare of purchases of lessee interests by the Crown and sale of lessor interests to the lessee is not meaningful for several reasons. Firstly, both parties enter the transaction with an existing interest in the land – the lessee with their ownership of the perpetually renewable lease, the Crown with its ownership of the underlying land. This affects the ultimate price the parties pay to purchase freehold title. Secondly the expenditure in Table 1 includes the cost of purchasing not only freehold interest in the land, but also access required over any land freeholded and improvements on the land (which are owned by the lessee) purchased by the Crown.

Current tenure review status for pastoral leases

Sound progress was made in tenure review during the period 1 July 2005 to 30 June 2008. In this period, 38 tenure reviews completed implementation. Table 2 below shows the status of the 303 properties eligible for the tenure review process, as at 30 June 2008¹³.

In summary, from the inception of tenure review under the CPLA to 30 June 2008, tenure review had been completed or unconditionally agreed for 66 of the 303 leases, and four whole leases had been purchased by the Crown for conservation purposes. That left 233 properties continuing as pastoral leases, with 96 of these in some stage of tenure review.

The land for which tenure had been reformed as at 30 June 2008 comprised about 441,000 ha, or about 21% of the original CPLA land area of about 2.1 million ha. This included around 72,000 ha purchased, either by the NHF or LINZ, for public conservation land through whole property purchases (49,242 ha), or partial property purchases (about 22,500 ha).

Tenure reviews under the CPLA accounted for 368,976 ha, of which 52% (191,286 ha) has been, or will be, disposed of as freehold to lessees, and 48% (177,690 ha) has been, or will be, returned to full Crown ownership and control as public conservation land (or from time to time a few ha as public road etc).

Table 2: CPLA tenure review programme status as at 30 June 2008.

Tenure Review Status:	30 June 2008			
	No.	Crown	Freehold	Total⁽¹⁾
Category		<i>Hectares</i>	<i>Hectares</i>	<i>Hectares</i>
Not in Tenure Review	137	-	-	1,229,782
Information Gathering for Preliminary Proposal	19	-	-	90,120
Consultation with Lessee for Preliminary Proposal	63	-	-	328,026
Preliminary Proposals Advertised	12			55,768
<i>% of total</i>				
Substantive Proposals Put to Lessee (<i>but not yet accepted</i>)	2			8,661
<i>% of total</i>				
Substantive Proposals Accepted by Lessee	10	54,369	16,108	
<i>% of total</i>		77%	23%	
Review complete	56	123,321	175,178	
<i>% of total</i>		41%	59%	
Whole Property Purchase	4	49,242	0	
<i>% of total</i>		100%		
Sub Total		226,932	191,286	418,218
		54%	46%	
Total	303			2,130,575

As at 30 June 2008:

- of the 303 pastoral leases in the CPLA tenure review programme, 56 have been disposed of through tenure review and 4 have been purchased by the Crown for conservation purposes;

¹³ The programme scope of 304 pastoral leases has been adjusted to 303 to align with the number of leases recorded for statutory land management purposes by consolidating the 2 Rainbow properties as 1. The Rainbow pastoral lease straddles 2 land districts (Marlborough and Nelson), is consequently split into 2 titles and had therefore been recorded as 2 properties for tenure review purposes. However, for statutory land management purposes, the property is administered as 1 lease.

- 10 unconditional substantive proposals are being implemented, with a further 2 put and pending acceptance by the lessee;
- LINZ is consulting on matters raised in public and iwi submissions and developing substantive proposals for 12 pastoral leases;
- a total of 177,690 ha of land had been restored to full Crown ownership and control through the tenure review process¹⁴;
- a total of 49,242 ha of land had been restored to full Crown ownership and control through whole property purchases¹⁵; and
- a total of 191,286 ha of land had been disposed of to freehold title.

The reasons for suspending or withdrawing a property from tenure review can be unique for each property. As at 30 June 2008, 70 properties in total have been either suspended or withdrawn from tenure review:

- 29 reviews have been suspended;
- 19 have been ceased;
- 14 have been withdrawn by the lessee; and
- 8 have been withdrawn by the Crown.

Prior to the CPLA, tenure review was conducted under the Land Act (for 36 leases), and resulted in about 107,000 ha (61%) of land being freeholded and about 69,000 ha (39%) of land being returned to full Crown ownership as public conservation land.

Status of special leases

There are 16 special leases in the South Island high country covering a total of 56,903 ha. These special leases cover land classified as pastoral land under section 51 of the Land Act. Special leases are for various purposes and individual leases have a range of different terms and conditions.

Special leases have generally been granted where, for a range of reasons, it is desirable for the land to remain in Crown ownership (from the land being erosion-prone to small areas of hilltop land being required for public utilities such as television and telecommunications equipment).

As a result, tenure review may not be an appropriate tool for advancing the Government's objectives for the South Island high country for all 16 special leases. However, as at 30 June 2008, tenure review was underway on two special leases (Henroost and Erewhon Park). LINZ was consulting on matters raised in public and iwi submissions and developing substantive proposals for both these leases.

Status of occupation licences

Under Part 3 of the CPLA, LINZ is required to undertake reviews of any land held under unrenewable¹⁶ pastoral occupation licences and may also review any unused, unoccupied, Crown pastoral land. There were 7 properties of this type covering a total of 25,597 ha. As at

¹⁴ Substantive proposals accepted by lessee (54,369 ha) plus Review complete (123,321 ha)

¹⁵ The Government, through DOC and the Nature Heritage Fund (NHF), or through LINZ, purchases whole or parts of pastoral leases outside of the tenure review process to achieve its objectives for the South Island high country. Whole lease purchases enable the Government to achieve conservation outcomes over the whole property. Whole property purchases also provide the Crown with additional flexibility when negotiating with neighbouring properties, as there can be potential to exchange parcels of land, and achieve better outcomes for all parties. Partial lease purchases enable the Government to achieve conservation outcomes over part of a property and for the balance of the land to remain as pastoral lease land, which may in the future go through tenure review.

¹⁶ An unrenewable occupation licence is an occupation licence granted under section 66AA of the Land Act or section 14(7) of the Crown Pastoral Land Act 1998.

30 June 2008, one substantive proposal was adopted and another is under consideration¹⁷. The Mt Gladstone preliminary proposal draft is being considered. The complete figures as at 30 June 2008 are set out in Table 3 below.

Table 3: Review of other Crown land - CPLA Part 3 reviews as at 30 June 2008.

Status	Number of properties	Crown hectares	Freehold hectares	Total hectares
Information Gathering for Preliminary Proposal	3	0	0	10,391
Preliminary Proposals Advertised	1	0	0	4,450
Substantive Proposals Adopted by CCL	2	8,976	0	8,976
Implementation Completed	1	1,780	0	1,780
Total	7	1,780	0	25,597

LINZ management of pastoral land – Pastoral Unit

In February 2005, the government [POL Min (05) 2/9] made it clear it was willing for the Crown to remain a high country pastoral lessor indefinitely where doing so is consistent with its high country objectives.

As at 30 June 2008, 137 (45%) of the 303 leases covered by the Crown Pastoral Land Act 1998 (CPLA) were not in tenure review. Many of those have never been in tenure review. Others have been withdrawn from the process by either the lessee or the Crown. In other cases still, the government has decided not to fund tenure review unless certain criteria are met to protect significant biodiversity outcomes or landscapes (e.g. around lakesides).

The tenure review process is subject to Crown funding constraints, because any payment by the Crown to purchase a lessee's interests has to be affordable within the overall amount of funding for tenure review provided by Parliament.

Pastoral leases and the tenure review process are administered within the Business Support group of LINZ. A restructuring was implemented in February 2008 to recognise the separate Crown property and pastoral lease management requirements. The Pastoral Unit, based in Christchurch, now provides a specific focus on pastoral leases and reports directly to a member of the LINZ senior executive team (General Manager Business Support and Chief Financial Officer).

This restructuring was a response to changes in government high country policy and recognised the likelihood of LINZ being a long term administrator of pastoral leases.

With the new structure in place, the Pastoral Unit has worked on building its relationships with lease and licence holders and with other parties who carry out activities on Crown pastoral land. Regular meetings are held with lessee representatives.

The Pastoral Unit has also taken on a greater role in the day to day administration of pastoral leases and licences to ensure that the rights of the Crown and lessees are understood and complied with. Pastoral Unit members are now the first point of contact for lessee enquiries, a role previously carried out by service providers. Pastoral land processes (such as applications for consents and recreation permits) are now directly managed by LINZ.

¹⁷ The Mount Ida Syndicate SP has been adopted and an SP for Soldiers Syndicate is under consideration. LINZ is currently considering public submissions to develop an SP; however there is a legal challenge being considered in regards to this review.

LINZ's management role is also more active than in the past. For example, a pastoral inspection programme, established after a pilot study in 2007, monitors management according to indicators of good husbandry on pastoral leases and licences. A report on an initial sample of 37 leases states that these properties had compliance rates of between 91 and 100 percent for these indicators. Ten percent of properties are to be inspected each year on a rolling basis.

These changes mean that LINZ can be more responsive to lessee enquiries and issues because it has better access to information about pastoral land activities and processes than in the past.

Public Access to and Enjoyment of High Country Land

This section reports on objective 4 by providing data on, and examples of, public access and recreational opportunities achieved:

4. *Secure public access to and enjoyment of high country land*

Public access

Examples of access/recreational opportunities from tenure review/lease purchase

The high country parks that have been created provide many access and recreational opportunities. For example, the Ahuriri and Ruataniwha Conservation Parks have provided access alongside the Twizel River to Lake Benmore as well as improving access in the Ahuriri Valley.

The Mt Cook station tenure review outcome announced in March 2008 included public access to the Tasman River flood plain from the road on the eastern side of Lake Pukaki, for walking, picnicking, photography and tramping. Access up the Jollie River to the Burnett Mountains and Liebig Range will provide for tramping, climbing and ski touring.

A highlight of the Mesopotamia tenure review outcome announced in April 2008 was the filling of a 25 kilometre gap (south of the Rangitata River) in the Te Araroa walking trail that is being established over the length of the country. Te Araroa continues over the new conservation land from the 2006 Richmond tenure review, which also provided access to the Lake Tekapo foreshore and onto the Two Thumb Range.

The 20,083 ha of new conservation land from the Mesopotamia review will provide many recreational opportunities, including tramping, mountaineering, hunting, four wheel driving, horse-trekking, nature study and photography.

The purchase of the neighbouring Michael Peak and Twinburn pastoral leases (in June 2007 and January 2008 respectively) opened that area up for activities like cross country skiing, tramping, horse riding, mountain biking and photography. Opportunities include the ascent of Central Otago's highest peak, Mt St Bathans, and four wheel drive travel across the dividing range between Otago and Canterbury.

In the period 1 July 2005 to 30 June 2008, 44 public access easements were created as a result of completed tenure reviews¹⁸. These public access easements, the majority of which were created to provide access to new conservation areas and reserves, covered an estimated total length of 166 kilometres. Public use of the Mt Roy track and Diamond Lake track near Wanaka are 14,000 and 17,000 people per year respectively.

Providing access by other means

Adequate public access was generally not achieved in the original survey process for pastoral leases. The history relating to this was outlined in a Cabinet paper in June 2007: *South Island High Country: Landscape, Biodiversity and Access Issues* [CBC (07) 86].

Parliament has always made it a condition of pastoral leases that the Crown can provide public access through pastoral lease land. The Land Act therefore enables the Crown to provide access through this land by the creation of easements (s 60) or the resumption of land for roads (section 117). The lessee is protected by a requirement for compensation and rent reduction.

¹⁸ The Mt Cook and Mesopotamia tenure review outcomes are not included in this figure because these reviews were not completed as at 30 June 2008.

Such access could, for example, be from a public road to a lake or river or public conservation land. LINZ will engage in negotiations with lessees when addressing rent adjustment/reduction issues, and on other occasions as appropriate.

The main remaining gaps in Te Araroa in the South Island are through pastoral lease land. In early 2008 the Minister for Land Information identified the filling of these gaps as a priority for new access through pastoral lease land. LINZ has accordingly been working with a number of lessees, with negotiations continuing as at 30 June 2008.

Protection of historical sites

Kyeburn

Three areas of gold mining activity dating back to 1863 are located on the conservation area. Original early workings were largely destroyed by extensive hydraulic sluicing. The sluicing at the nationally significant high altitude workings have left a dramatic and unique landscape of exposed brightly coloured orange and red subsurface. Evidence of the original sod hut miners dwellings remains. A stone cairn in Guffies Creek commemorates Sergeant Garvey of the Mounted Constabulary, who perished in a snowstorm in 1863.

Muzzle/Clarence Reserve

The Clarence Valley was described as a subsidiary pounamu trail and umu sites have been recorded near the “old” Muzzle homestead. The “old” Muzzle homestead and Quail Flat contain cob buildings that date back to the 1860’s and are of considerable significance. A cob oven and old stables along with stone walls all date back to the 1800’s.

Obelisk Creek

Doctor Hyde, the first Superintendent of Clyde Hospital, invested in mining ventures such as water race companies and a small part of a water race he owned is located within the conservation land. This is a large race, at high altitude, and dates from 1872. It was associated with large scale gold mining at Fruitlands.

Pisgah Downs

The property has an extensive network of water races that fed into the nearby Maerewhenua Goldfield at Livingstone. The workings, dating back to 1869, were of only average productivity and were dogged by water shortages. A conservation covenant protects parts of the water race systems and two stone walled storage dams, along with the remains of huts and some sluicings. The dams are in exceptional condition and are excellent examples of the feats undertaken by miners to obtain a reliable water supply.

Hakatere

The Hakatere purchase by the NHF in 2007 included historic buildings near the Lake Heron/Mt Potts turn off. The most notable is a stone building dating from the 1860s. This is thought to have been built as the head sheppard’s cottage, and it was subsequently used as married quarters. Nearby are the wooden shearers quarters constructed in the early 1870’s. In the period to 30 June 2008, DOC had an historical assessment done on the buildings, and also a report on their condition, remedial work required, and a maintenance plan.

Recreational outcomes

Table 4: Recreational outcomes provided following tenure review during the period 1 July 2005 to 30 June 2008, by outcome type and number of properties.

Recreational outcomes	Number of Properties
4WD/trail bike	8 (2 regionally significant)
Backcountry skiing	8 (1 regionally significant, 1 nationally significant)
Car camping	5
Fishing	3
Historical appreciation	4 (1 nationally significant)
Horse trekking	23 (1 regionally significant)
Hunting	25
Lake Access	4
Mountain biking	24 (4 regionally significant)
Picnicking	9
River Access	11
Rock Climbing	1 (Nationally significant)
Tramping	25
Total	150

Treaty of Waitangi

This section reports on objective 5:

5 Take into account the principles of the Treaty of Waitangi

In tenure review, section 31 of the CPLA requires the CCL to consult with the iwi authority of the area where the land concerned is situated. In almost every case, this is Ngai Tahu.

LINZ also has a monthly relationship meeting with Ngai Tahu, which focuses on high country issues.

In the period 1 July 2005 to 30 June 2008, sites of cultural importance to Ngai Tahu were protected on two properties as a result of tenure review:

Cattle Flat

Two covenants were created over two separate sites. The first site of 15 ha protects terraces and umu. The second of 17 ha protects the site of cultivated gardens and a well known kainga of major cultural, spiritual and traditional importance.

Glendene

Included within a conservation area at The Neck is the site called Manuhaea, which is of immense cultural, spiritual and historical significance to Ngai Tahu. It was one of the few permanently occupied sites in the area and supported large numbers and is near the valued kai tuna fishery of Lake Hawea. Manuhaea was the site of an important battle in 1836 when Te Puoho attacked the settlement.

Ecological Sustainability

This section reports further on objectives 1 and 3, and on objectives 7 and 8, by considering the protection of ecosystems, threatened species and significant landscapes, the establishment of parks and reserves, and community and lessee initiated projects to enhance conservation and environmental objectives:

- 1. Promote the management of the Crown's high country land in a way that is ecologically sustainable*
- 3. Protect significant inherent values of reviewable land by the creation of protective measures or preferably by the restoration of the land concerned to full Crown ownership and control*
- 7. Ensure that conservation outcomes for the high country are consistent with the New Zealand Biodiversity Strategy*
- 8. Progressively establish a network of high country parks and reserves*

In the period 1 July 2005 to 30 June 2008 the additional amount of land that became (or would become) public conservation land administered by DOC following tenure review completion (or unconditional agreement) was 89,230 ha¹⁹. A further 25,458 ha became public conservation land as a result of whole lease purchases. In addition, 322 ha of high country land were agreed to be freeholded subject to DOC covenants to protect significant conservation values on that land.

Also, a landscape covenant was agreed for the 851 ha of land freeholded in the Mt Cook Station tenure review, to come into effect upon completion of the review (i.e. after 30 June 2008).

High country parks and reserves

It is expected that about 20 high country parks in all will be formed with land from tenure review and lease purchases being combined with existing conservation land (and sometimes unallocated Crown land). As at 30 June 2008, eight parks had been opened (including Molesworth, which was created through a separate process and is also farmed through a special lease under the Land Act). Three further proposed parks had been publicly notified.

Three high country parks were opened during the reporting period:

- Ruataniwha in 2006 (c. 37,000 ha);
- Hakatere in 2007 (c. 68,000 ha); and
- Ka Whata Tu o Rakihouia in June 2008 (88,065 ha).

The three whole lease purchases made by the Crown during the period will all contribute to high country parks – Hakatere (by the NHF in 2007) to the park of that name – and Michael Peak (by LINZ/NHF in 2007) and Twinburn (by LINZ in 2008) to the proposed Oteake Conservation Park. The Hakatere and Michael Peak purchases also involved freehold land. Additionally, in 2007 the NHF purchased the freehold Tarnbrae station, which will be added to Ahuriri Conservation Park. The NHF expended a total of \$14.355 million (GST excl) on the Hakatere, Michael Peak and Tarnbrae purchases.

New conservation land at the head of Lake Pukaki resulting from the Mt Cook Station tenure review (announced in March 2008) could be a potential future addition to Aoraki/Mount Cook National Park, together with 7200 ha of adjoining land that reverted to the Crown some years

¹⁹ Whilst LINZ had made a statutory decision regarding the future tenure of the former Mt Ida Syndicate Pastoral Occupation Licence, data from this review has not been incorporated into this report as it only transferred to DOC in July 2008 and therefore will be included in the next report for the year ending 30 June 2009.

ago from the higher slopes of Mt Cook station. This could enable the largest addition to the national park since it opened in 1953.

A further 560 ha have been added to the network of reserves in the high country. Of this total 78 percent are scenic reserves (436 ha), 19 percent are scientific reserves (109 ha) and the remainder are recreation reserves. Further information on high country parks and reserves can be found in Table 6 and 7 in Appendix 1.

Protection of ecosystems

Ecosystems protection is reported on at two complementary levels. The LENZ Environments²⁰ (Land Environments of New Zealand) is a national environment-based classification of ecosystems mapped across New Zealand's landscape and is a surrogate for the likely past (pre-human) pattern of terrestrial ecosystems and their associated biodiversity. The "distinctive or rare" list²¹ recognises particular ecosystems that have local environmental drivers (e.g. microclimate, substrate, hydrology) at a scale not recognisable by the LENZ system.

For the period 1 July 2005 to 30 June 2008, a total of 88,377 ha of the highest priority LENZ environments were protected. Of this total 87 percent were at risk (20-30% of indigenous vegetation left) while 10 percent were "critically under protected" (>30% indigenous vegetation left and <10% protected) and the remainder were "acutely" and "chronically threatened" (<10% indigenous vegetation left and 10-20% indigenous vegetation left).

A total of 7,979 ha of distinctive or rare ecosystems were protected over the period. Of this total 40 percent was alpine fellfield, 19 percent was Lowland/Hill country forest/shrubland and 15 percent was Palustrine wetlands²². See Tables 8 and 9 in Appendix 2.

Current research conducted by the DOC shows that over the period of tenure review:

- up to 58% of lowland biodiversity values identified in property assessments have been protected; and
- most recently completed tenure reviews have improved on this protection record from earlier reviews²³.

DOC has got progressively better at identifying opportunities for protection over time as new technology and tools have become available and have been applied.

Ecosystem services

Ecosystem services are the processes nature provides for free, and from which humans benefit. These natural processes include services like fresh water filtration, soil maintenance, erosion and flood control.

Around the world there is a growing realisation that ecosystem services actually underpin sustainable development and economic growth, and thus have a significant economic value. Many of these services are extraordinarily difficult to provide artificially, if not impossible.

²⁰ The system for recognising land environments under threat is derived from Walker, S, Price, R and Rutledge, D (2004) *New Zealand's remaining indigenous cover: recent changes and biodiversity protection needs*, Landcare Research, Lincoln.

²¹ The distinctive/rare list is derived from Rogers, G and Walker, S (2002) 'Taxonomic and ecological profile of rarity in the New Zealand Vascular Flora' *NZ Journal of Botany*, vol. 40, p.73-94.

²² All freshwater wetlands fed by rain, groundwater or surface water but not directly associated with estuaries, lakes and rivers. It includes most types of wetlands

²³ Rogers, G (2008)

Ecosystem services deriving from protected lands appear in many forms:

Provisioning services

- Ecosystems and habitats that nurture fish and game, and other species that are harvested, either commercially, for customary or subsistence use, and/or for recreation;
- Ecosystems and habitats that provide opportunities for bioprospecting;
- Ecosystems and habitats that provide resources for scientific research;
- Ecosystems that provide fresh water for drinking, hydro and irrigation;

Regulating services

- Ecosystems and habitats that may capture carbon and regulate the effects of human-caused climate change;
- Vegetated catchments that regulate supply of water, mitigate flooding, reduce erosion, and reduce the rates of silting up of harbours and estuaries;

Supporting services

- Native bees, which are varroa bee-mite resistant, may provide important pollination services for horticulture and pastoral farming;
- High-biodiversity ecosystems and habitats, such as wetlands, that provide nutrient recycling and environmental detoxification services to improve aspects of the environment such as water quality;
- Ecosystems – e.g. bacteria, flies, worms, fungi – that decompose decaying organic matter into essential minerals and other resources such as soil and purified water;

Cultural services

- Ecosystems and habitats that provide attractive places to visit for recreation (e.g. tramping, mountain-biking, camping, sightseeing, photography, snorkelling and diving), and for conservationists;
- Ecosystems and habitats in which people may pursue improved health and wellbeing, and/or for spiritual and/or cultural purposes;
- Ecosystems, habitats and scenery that provide the backdrop to New Zealand's clean, green image, and draw overseas tourists and film-makers to New Zealand.

Ecosystem services are often taken for granted, because they are “free”, that is, not traded directly in markets – unlike fish, vegetables and timber. The value to society of ecosystem services becomes more apparent when:

- they are in decline – when air and water is polluted, when erosion and overgrazing degrades soils, when deforested catchments lead to flooding in heavy rain, when whitebait catches fall on the removal of wetlands and streams for farming;
- there are conflicting demands on use – between hydro companies, irrigators, kayakers, anglers and rafting companies for river flows; between diving tourism companies, recreational snorkellers and fishers for healthy marine environments.

Tenure review and lease purchase as mechanisms for achieving the government's high country objectives can also make significant contributions to the protection and provision of ecosystem services. Further work on identifying the ecosystem services obtained or protected as a result of the government's activity in the South Island high country will be undertaken in future reports.

Protection of threatened species

Over the three year reporting period, the addition of 17 properties to public conservation land has helped better protect a variety of New Zealand threatened species²⁴. On 8 of the properties 2 nationally critical (Black Stilt and Otago Skink) and 7 nationally endangered species (including the Kea, Black fronted tern and Southern Crested Grebe) have been protected (see Table 10 in Appendix 3).

Protection of significant landscapes

Over the three year reporting period, a total of 54,194 ha of significant landscapes have been protected, of which 78 percent is encompassed by 5 properties – Braeside, Kyeburn, Home Hills and Berwen stations in the Hawkdun Range in the Maniototo and Muzzle station in the Clarence Valley, Kaikoura ranges. See Table 11 in Appendix 4.

Community/lessee conservation and environmental projects

While the focus has been on Crown activity to protect areas of significance, it is important to recognise that lessees are voluntarily taking action to conserve and enhance natural areas, through partnerships with DOC, investment in bio-controls to restrict weed incursion, and voluntary ‘set asides’ (usually in formal covenants). In this same vein, a significant proportion of the resources lessees devote to pest management generate positive environmental outcomes for the public at large.

Hieracium control and restoration of affected areas

Hieracium (hawkweed) is an invasive weed that has been colonising much of the extensive grazing land of New Zealand’s hill and high country. Hieracium poses a major threat to soil stability, water retention, conservation values, landscape amenities and the productive capacity of the land²⁵. The spread of hieracium is undermining the sustainability of grassland vegetation, and recent estimates place one million stock units at risk from reduced production, representing a loss of up to \$76 million per annum²⁶.

The Hieracium Control Trust (HCT) was formed in 1993 to identify, and introduce, biological agents to tackle the five major species of hieracium. The HCT is a community based group with strong representation from high country land managers. The Trust has invested in excess of \$1.7 million in hieracium research and control activities. Funding for this work has been raised internally from members, organisations with an interest in addressing this problem and the MAF Sustainable Farming Fund (SFF). Key outputs during the reporting period include:

- Research on pasture management techniques to control the spread of hieracium;
- Investigation of an organic soil additive (containing microbiological supplements) as a tool for reducing hieracium ground cover; and
- Further field and laboratory trials on the use of the gall midge as a biological control for hieracium.

Integrated management options on high country properties

This project was initiated as there have been few substantive (and scientifically robust) studies on the broader effects of farm management on indigenous biodiversity in the high country. The

²⁴ Hitchmough, R, Bull, L and Cromarty, P (2007) *New Zealand Threat Classification System Lists 2005*, DoC, Wellington.

²⁵ Hawkweed-affected soils can have 20-30% lower water content than adjacent tussock-covered soils, promoting faster surface runoff, faster loss of organic material, and inhibiting recruitment of desirable pasture species (MAF (2006) *Final Report for Sustainable Farming Fund project 02-053*, MAF, Wellington).

²⁶ Ibid.

aim of the work was to identify management strategies that ensure the long term sustainability of both conservation and economic values on high country properties.

The project was sponsored by the High Country Accord, Merino Inc and the High Country Section of Federated Farmers. The research has been led by the University of Canterbury, and the project was financially supported by the MAF Sustainable Farming Fund. Two high country properties (with a representative range of ecosystems) were used as the trial blocks for the study.

The project team identified “whole-of-property management plans” as a critical tool for ensuring long-term sustainability of conservation and economic values. These plans set out the extended goals for a property, the resources required to modify management practices, the constraints on implementation and the requirements for monitoring. The management plans included formal covenants. The results of the project and management techniques have been promoted through high country networks, articles and workshops.

Economic Sustainability

This section reports against objective 9, by examining the socio-economic trends occurring in the South Island high country.

9. *Foster sustainability of communities, infrastructure and economic growth and the contribution of the high country to the economy of New Zealand*

High country merino farmers

The Ministry of Agriculture and Forestry (MAF) prepares an annual financial assessment of the South Island merino industry. While there are other forms of pastoral activity in the high country, the merino industry provides an appropriate indication of the overall financial health (and performance) of property managers within this region. The commentary provided in this section covers actual financial results for the 2005/06 and 2006/07 years, and forecast results for 2007/08.

Table 5: Financial Results and Forecasts for the South Island Merino Farm Model²⁷

Year Ended 30 June	2005/06	2006/07	2007/08 (Forecast)
Opening Total Stock Units	9 363	9 013	9 028
Stocking Rate (stock unit/ha)	1.4	0.9	0.9
Average Lamb Price (\$/head)	36.24	40.03	41.85
Average Wool Price (\$/kg)	6.16	6.67	7.40
Cash Operating Surplus (before interest, rent and depreciation) (\$)	128 692	132 710	156 755
Farm Profit Before Tax (\$)	17 581	10 970	33 876
Farm Surplus for Reinvestment ² (\$)	- 2 338	- 37 583	- 22 561
Note 1: The model represents 220 hill and high country merino properties in the South Island.			
Note 2: Defined as discretionary cash less off-farm income and drawings.			

The merino industry has experienced difficult trading conditions over recent seasons, due to low returns for lamb and wool. The 2007/08 season is projected to be the fifth consecutive year where properties experience a bottom line cash deficit. Meeting this deficit normally requires increased borrowing. On-going deficits raise concerns as to the longer term viability of these properties.

The forecasts prepared by MAF in July 2007 indicated a moderate improvement in the operating position of merino properties for the 2007/08 season, due to higher fine wool prices. The wool clip is the single largest contributor to the incomes of merino farmers and the projections for the current season are that fine wool will contribute 57% of farm cash income. The results for the first eight months of the season show fine wool prices are tracking marginally above the forecast level²⁸.

While the returns for fine wool have improved, a lower than forecast lambing rate, drought conditions and moves to reduce wintered stock numbers will impact negatively on the financial position of merino farmers (compared to the July 2007 forecast). Reductions in capital stock numbers will have implications for meat and wool volumes in coming seasons.

²⁷ Greer, G (2007) *Pastoral Monitoring Report: The Socio-Economic Status of the South Island High Country*, Agribusiness and Economics Research Unit (AERU), Lincoln.

²⁸ Fine wool prices are sensitive to changes in the exchange rate and to demand from key markets. As such, the season average could change significantly over the next four months.

The results from the Farm Monitoring report indicate that there continues to be a shift from merino to crossbreds or composite breeds due to improved lambing and growth rates. Tenure review is reinforcing this trend as the retirement of high altitude land is directly associated with a decline in merino wether numbers. This decline has led to a reduction in the supply of merino wool. Lower volumes of fine wool will have implications for the long term sustainability of the New Zealand merino wool industry.

The 2007/08 forecasts projected a small lift in returns for sheep meat, based on a 5% rise in the average price of lamb (as shown in Table 5) and an increase in total sales. Lamb and hogget sales were projected to be 31% of farm cash income. Actual returns are likely to be below the 2007/08 forecast due to a lambing rate below expectations and the drought conditions during the summer and autumn period. Fewer lambs have been available for sale, and the drought conditions have caused lower live weights and limited demand for store lambs. Preliminary figures indicate that the revenue from lamb and hogget sales is expected to be 20% below that projected in July 2007, even with capital stock being sold.

Beef revenue (typically 12 to 16% of revenue) is expected to be higher than that projected in the July forecasts, but this is due primarily to the sale of additional stock. While this brings in immediate income, it is reducing the inventory of capital stock.

Key trends and issues:

- Interest costs are projected to rise to an average of \$77,500 in the 2007/08 season, or 49% of the cash operating surplus;
- Permanent wages declined by \$3,300 per property (or 6%) in the 2006/07 season and are projected to rise only marginally in the current year;
- Weed and pest control expenditure is expected to be maintained at present levels (approximately \$12,700 per property);
- Additional expenditure will be required to rebuild feed reserves; and
- The drought conditions will affect stock condition at mating (which is likely to result in lower lambing rates).

Socio-economic trends

High country farmers and their communities

In 2007 MAF commissioned the Agribusiness and Economics Research Unit (AERU) at Lincoln University to undertake an in-depth study of the socio-economic trends that are taking place in the South Island high country²⁹. The study examined the financial health of high country farmers, most of whom are Crown pastoral lessees, and the communities in which they operate. This assessment covered a ten year period and focused particularly on the drivers for change. The findings from this work were used to assess the continuing viability of high country farms and communities from a financial and social perspective.

The principal findings from this report are summarised in the points below:

- The main operating constraint on high country farmers has been the sustained low returns experienced over the past decade (principally for wool). More than a third of the farmers interviewed considered the financial viability of their properties to be at considerable risk.
- The majority of high country farmers have modified their management practices or undertaken some form of land development to improve returns. While these initiatives have

²⁹ Greer, G (2007) *op. cit.*

generally been positive (in a financial sense), they have not offset the impact of lower commodity returns.

- The move to more intensive production systems means that real farm costs have grown in recent years. This higher cost structure limits the capacity of farmers to respond to downturns in commodity prices or to adverse climatic conditions, such as the 2008 drought.
- Since 2003/04, cash farm surpluses have been at or below \$100,000. For the majority of properties this is insufficient to cover principal repayments, development costs, taxation, net capital purchases and personal drawings. For the average property, additional capital (including borrowing) is required to remain economically viable.
- The cost of debt servicing has been rising steadily in recent years.
- The majority of the farmers interviewed for the study identified development opportunities for their properties. These included tourism, active recreation and agricultural intensification. While opportunities exist, most respondents are not planning to commit further resources at this stage. This is due to the poor returns of recent seasons; on-going difficulties in obtaining access to secure water; and the age structure of the workforce (with a significant proportion aged over 50 years). These opportunities are likely to be taken up by future generations (who have a longer planning and financial horizon).
- There continues to be a strong emphasis on maintaining high country properties within a family, and ensuring that the next generation has the capacity to sustain and improve the land. Tenure review has aided this process to some extent, as it has required farmers to review their operations (in total), and to determine the longer term potential of the land.
- Non-farming activities continue to represent a small proportion of total revenue (0.5%). The farm level experience is that diversification into activities such as home stays, wildlife recreation and hunting can take a disproportionate amount of time (compared to the net return) and a number of these activities have been passed onto third parties, or have ceased, because of this. As such, a large proportion of the high country recreational activities are undertaken by third party interests.
- With the difficult financial state of high country farming, owners (and managers) are looking at ways to improve the operation of their systems (and remove costs and areas of uncertainty). One approach has been to take stock through to finishing, by leasing (or buying) a lowland finishing block. A number of farmers are also looking at the opportunities for wintering dairy cattle.
- The high country has seen inwards migration to selected communities and districts. The principal beneficiaries have been the communities adjoining Lakes Dunstan, Hawea, Te Anau and Wakatipu. This growth is related mainly to lifestyle, residential developments and tourism opportunities. The majority of the high country meshblocks have had a stable or declining population over the 1996 to 2006 period.
- An important social trend over the 1996 to 2006 period has been the decline in the proportion of the population without any formal qualifications. In the 1996 census, 30.13% of the population had no formal qualifications. A decade later, this figure has fallen to 18.54% while the proportion of the population with higher qualifications has grown by 140%, from 5.62% in 1996 to 13.38% in 2006. This trend is important for communities going through economic transformation. When a population is more highly skilled, it generally has a greater capacity to adapt to opportunities.
- While the inward migration has helped to sustain the overall population, the new residents generally have limited contact (and empathy) with the existing farming and community networks.

Tourism

The transfer of pastoral lands to the public conservation estate in areas of high tourism activity such as the Wakatipu Basin around Queenstown and in the Upper Clutha around Wanaka has

created numerous opportunities for the expansion of many existing commercial tourism ventures. For example:

- Around Queenstown, the following existing activities are expanding:
 - 9 high alpine and sub alpine guided walking concessions;
 - 15 tandem paragliding locations;
 - 1 heliskiing;
 - 3 guided 4 wheel drive trips;
 - 4 guided tramping trips;
- A new gondola to provide access from Cardrona Valley to Waiorau Snow Farm/Snow Park, costing \$16.6 million (ex Waiorau tenure review, Wanaka); and
- A new Parkins Bay international golf course and accommodation complex costing \$70 million (ex Glendhu tenure review, Wanaka).

New activities such as mountain biking, ski touring, one off major sporting events involving mountain biking and running and guided rock climbing, have in some locations seen spectacular growth. For example:

- Commercial rock climbing, ex Glendhu tenure review, Wanaka;
- The Ruataniwha Conservation Park has significantly expanded recreational opportunities for mountain biking by the creation of the 34 kilometre “Dusky Trail”;
- Round the Lake (Hawea) “Contact Epic Mountain Bike Race”. The recent inaugural race, proposed as an annual event and sponsored by Contact Energy, covered 125 km, and is being described as New Zealand’s ultimate mountain biking challenge; and
- New Zealand’s elite adventure race, “The Southern Traverse”.

Away from these high use tourist locations, increases in commercial tourism activities are more modest, but are developing steadily as the public conservation estate grows. For example, 4 wheel drive safari guided tours through the Twinburn and Michael Peak acquisitions in the proposed Oteake Conservation Park with parties averaging 30 people are becoming more common.

Many tourist operators are aware of new opportunities that result from the growth of the public conservation estate and are seeking to expand their existing operations to provide more flexibility of choice of location and to offer new experiences.

This increase in commercial tourism activity is now making a useful contribution to concessions revenue, such as the new Giant Swing venture near Queenstown, which has become a highly successful adventure tourism enterprise with a turnover of several million dollars annually.

Employment and community benefits

Employment opportunities continue to be available for rural contractors to assist in the management of the new public conservation lands. This work includes fencing, weed spraying, road/track maintenance, and wilding pine control. Also, new conservation lands have protected catchment and intake areas for irrigation and domestic water supply. For example:

- Approximately 60% of the Dunedin City water supply is now obtained from a catchment protected as part of Te Papanui Conservation park (ex Rocklands tenure review). A recently completed study has estimated that this has a replacement value of \$136 million to the Dunedin City Council; and
- The West Otago Rural Water Supply Scheme catchment and intake is protected through a joint DOC/Clutha District Council acquisition of part of Silverbirch pastoral lease at Ettrick, servicing several hundred farms with a reliable supply of good quality water.

Fair Financial Return to the Crown

This section reports on objective 10:

10 Obtain a fair financial return to the Crown on its high country land assets

The Crown charges pastoral lessees rent at an annual rate of 2%, if paid promptly, of the land value exclusive of improvements. Rents are reviewed by the Commissioner of Crown lands every 11 years on a rolling cycle. Rents change to reflect changing land values over the 11 year period. The lessee can appeal the rental value to the Land Valuation Tribunal (LVT).

A High Country Pastoral Lease Review (HCPLR) was completed in 2006 by a panel of three senior valuers. The review addressed South Island pastoral lease rents and the tenure review valuation methodology. The Government issued a Preliminary Government Response and then consulted with lessees and stakeholders on options to address the implications of the Response.

The Final Government Response to the valuers' report was announced in November 2007 and was as follows:

1. the government recognises the value of the high country to the economy of New Zealand and the contribution farmers make to sustainable management of the high country;
2. a proper interpretation of section 131 of the Land Act 1948 requires amenity values to be retained in the land exclusive of improvements (LEI) value;
3. there are significant economic and financial implications for the Crown and high country pastoral lessees, in that this approach may lead to increased rents that may in some cases exceed the income generated solely from pastoral use;
4. for the Crown to reduce rents without lessees giving up some of their rights would in effect be a capital transfer of value from the Crown (on behalf of taxpayers) to lessees for no value;
5. the government wants to achieve outcomes that are lawful, fair and reasonable for the Crown and lessees, and durable;
6. the best option for achieving such outcomes is rent adjustment in exchange for additional land husbandry or heritage protection activities/improvements, or provision of public access;
7. all pastoral lessees, whether existing or new, will be eligible to seek rent adjustment; and leases, with their varying circumstances, will be addressed on a case by case basis;
8. it is not the government's intention to make rents unaffordable;
9. if a lessee has nothing of value to the Crown to exchange for a rent adjustment, and in the Crown's opinion an increased rent is unaffordable, the Crown would still consider reducing the rent for part or all of the 11 year rental period;
10. the government will abide by the decision of the courts on the interpretation of s 131 of the Land Act and not legislate to overturn the outcome of a judicial determination.

Test case

By agreement between LINZ and lessee representatives, a case providing a test of the methodology of land valuation for the purpose of rent assessment has been taken to the LVT. The case involves Minaret station near Wanaka, and will be heard in October 2008.

The major point at issue is whether or not valuations for rent setting should include amenity values – characteristics such as landscapes and views and natural features – and the exclusive access to these values that leaseholders enjoy.

Rent adjustment

Lessees can seek rent adjustment without prejudice to the right to appeal a rental valuation to the LVT. Lessees could offer in exchange for rent adjustment enduring public access through their lease, for example from public roads to lakes, rivers or public conservation land. Lessees could also offer activities such as enhanced pest and weed control, erosion control, or cultural heritage protection, beyond what they are currently required to provide under the terms of the pastoral lease or the general law (e.g. the Resource Management Act 1991).

The Minister for Land Information wrote to all lessees about rent reduction in June 2007, and LINZ wrote about both rent reduction and rent adjustment in November 2007 and April 2008. As at 30 June 2008, no lessee had approached LINZ for a rent adjustment/reduction.

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Appendix 1: High Country parks and reserves

Table 5: Progress towards establishing a network of high country parks, including during period 1 July 2005 to 30 June 2008

Existing Park/Proposed Park
Korowai/Torlesse (2001)
Te Papanui (2003)
Ahuriri (January 2005)
Eyre Mountains/Taka ra Haka (June 2005)
Molesworth (announced 2003, effective July 2005)
Ruataniwha (Ben Ohau Range) (2006)
Hakatere (Ashburton Lakes) (2007)
Ka Whata Tu o Rakihouia (Kaikouras) (June 2008)
Hawea (publicly notified March 2008)
Oteake (publicly notified May 2008)
Two Thumb Range (Te Kahui Kaupeka) (publicly notified May 2008)
Kopuwai
Pisa
Remarkables
Rock and Pillar

Note: Existing parks in bold with date of gazettal/opening
Proposed parks are not bolded.

Table 6: Progress towards developing a network of high country reserves in year ended 30 June 2008, by reserve type and area

Reserve Type	Hectares
Historic Reserve	
Recreation Reserve	15
Scenic Reserve	436
Scientific Reserve	109
Wildlife Reserve	
Total	560

Appendix 2: Protection of Ecosystems

Table 7: Highest Priority LENZ Environments protected during period 1 July 2005 to 30 June 2008, by type and area of protection.

LENZ Environment	Conservation Land (hectares)	Covenant (hectares)	Total (hectares)
Acutely Threatened	1322.6	19	1341.6
Chronically Threatened	888.7	124.9	1013.6
At Risk	76658.8	210.4	76869.2
Critically Under Protected	8935.1	217.9	9153.0
Total	87,805.2	572.2	88,377.4

Table 8: Protection of Distinctive and Rare Ecosystems during period 1 July 2005 to 30 June 2008, by type and area of protection.

Distinctive or Rare Ecosystem	Conservation Land (estimated hectares)	Covenant (estimated hectares)	Total (estimated hectares)
Alluvial flood plain	5	0	5
Alpine fellfield	3150	10	3160
Bog/snow bank	150	5	155
Braided riverbeds	10	0	10
Cliffs & talus	100	10	110
Fellfield	500	0	500
Flushes/seepages	85	2	87
Kettleholes and other ephemeral wetlands	13	8	21
Limestone outcrops	400	0	400
Lowland/Hill country forest/shrubland	1510	50	1560
Other palustrine wetlands	635	565	1200
Peat lakes	1	0	1
Stony fans/terraces	440	0	440
Terrace shrubland/forest	165	142	307
Upland conifer/shrubland	23	0	23
Total	7187	792	7979

Appendix 3: Protection of Species

Table 9: Threatened species protected during period 1 July 2005 to 30 June 2008, by property and threatened ranking³⁰

Property	Threatened Species	Ranking
Obelisk Creek	New Zealand Falcon Kea	Gradual decline Nationally endangered
Cattle Flat	New Zealand Falcon Kea <i>Hypsithocus hudsonae</i> (black flightless bug)	Gradual decline Nationally endangered Range restricted
Glendene	New Zealand Falcon Kea Riflemen <i>Peraxilla tetrapetala</i> (mistletoe)	Gradual decline Nationally endangered Gradual decline Gradual decline
Lone Hill	<i>Carmichaelia vexillata</i> (dwarf broom) <i>C. crassicaule</i> (coral broom) New Zealand Falcon	Serious decline Gradual decline Gradual decline
Braeside	New Zealand Falcon <i>Oligosoma waimatense</i> (scree skink)	Gradual decline Gradual decline
Sandy Point	<i>Carmichaelia vexillata</i> (dwarf broom) <i>C. crassicaule</i> (coral broom) <i>Urtica aspera</i> <i>Acaena buchananii</i> <i>Colobanthus brevisepalus</i> <i>Coprosma intertexta</i> <i>Raoulia beauverdii</i> <i>Vittadinia australis</i> <i>Oligosoma otagense</i> (Otago skink)	Serious decline Gradual decline Sparse Gradual decline Data deficient Sparse Sparse Data deficient Nationally critical
Pisgah Downs	<i>Anemone tenuicaulis</i> <i>Olearia lineata</i> <i>Acaena tesca</i> <i>Hoplodactylus</i> "Otago/Southland Large" (lizard) New Zealand Falcon Black Shag Fernbird	Sparse Sparse Range Restricted Gradual Decline Gradual Decline Sparse Sparse
Kyeburn	New Zealand Falcon <i>Prodontria patricki</i> (beetle) <i>Senecio dumedinsis</i> <i>Pachycladon cheesemanii</i> <i>Galaxias anomolus</i> (fish) <i>Carmichaelia vexillata</i> <i>Carmichaelia crassicaulis</i>	Gradual Decline Data Deficient Sparse Gradual Decline Gradual Decline Serious Decline Gradual Decline
Home Hills	<i>Carex muelleri</i> <i>Carmichaelia crassicaulis</i> <i>Carmichaelia curta</i> <i>Carmichaelia vexillata</i> <i>Coprosma intertexta</i> <i>Lepidium sisymbrioides</i> subsp. <i>kawarau</i> <i>Leptinella</i> "clutha" <i>Muehlenbeckia ephedroides</i> <i>Pterostylis tanyпода</i> <i>Raoulia monroi</i> <i>Vittadinia australis</i> <i>Sigaus minutus/childi</i> (grasshopper) <i>Orocrambus sophistes</i> (moth) <i>Oligosoma chloronoton</i> (lizard) Australasian Bittern	Sparse Gradual Decline Nationally Endangered Gradual Decline Sparse Nationally Endangered Nationally Critical Sparse Sparse Gradual Decline Data Deficient Gradual Decline/Serious Decline Nationally Endangered Gradual Decline Nationally Endangered
Killermont	Black Stilt Wrybill Black Fronted Tern	Nationally Critical Nationally Vulnerable Nationally Endangered

³⁰ The threat ranking system used is Hitchmough et al (2007).

Tenehaun	<i>Coprosma intertexta</i>	Sparse
Clent Hills	Southern Crested Grebe <i>Aciphylla subflabellata</i> <i>Iphigenia novae-zelandiae</i> <i>Coprosma intertexta</i>	Nationally Endangered Sparse Gradual Decline Sparse
Compensation	<i>Vittadinia australis</i> <i>Epilobium chionanthum</i>	Data Deficient Gradual Decline
Berwen	<i>Carmichaelia vexillata</i> <i>Montigena novae-zelandiae</i> <i>Coprosma intertexta</i> <i>Hebe buchananii</i> <i>Aciphylla montana</i>	Serious decline Gradual decline Sparse Range restricted Range restricted
Richmond	New Zealand Falcon Black Stilt	Gradual Decline Nationally critical
Longslip	New Zealand Falcon Black Stilt Banded Dotterel Black fronted tern	Gradual Decline Nationally critical Gradual Decline Nationally endangered
Muzzle	<i>Ewartia sinclairii</i> <i>Heliohebe acuta</i> Black eyed gecko Bluff weta New Zealand Falcon	Range restricted Serious decline Sparse Sparse Gradual decline
Castle Dent	<i>Thelymitra formosa</i> Dusky galaxias	Sparse Gradual decline

Appendix 4: Protection of Significant Landscapes

Table 10: Examples of significant landscapes protected in year ended 30 June 2008, by location and area.

Location	Significance	Area (hectares)
Old Man Range (Obelisk Creek Station)	Outstanding alpine landscape dominated by periglacial features and dotted with large shaft tors.	220
Matukituki Valley (Cattle Flat Station)	Outstanding visually impressive alpine landscape dominated by glacial landforms of ice plucked slopes, mammilated landforms and cirques. Faces contain boulderfields and slot gorges.	1500
Lakes Wanaka/Hawea (Glendene Station)	Visually important settings for Lake Wanaka and Hawea viewed from main tourist highway and lakes. Glacial landforms of steep mountain slopes with rock outcrops and bluffs common. Spectacular views of both lakes and alps from main summit ridge.	4000
Hawkdun Range (Braeside, Kyeburn, Home Hills and Berwen Stations)	Visually dominant tussock and scree covered faces of the Hawkdun Range, a distinctive Maniototo landscape component. Also contains a major part of Hawkdun Plateau, a remnant of the ancient Otago peneplain and outwash plain.	17,360
Two Thumb Range (Richmond Station)	Highly visible tussock and scree covered faces of the Two Thumb Range, and the lower slopes alongside Lake Tekapo.	3630
Clarence Valley	Muzzle Station tenure review a magnificent area that is in the lower Clarence Valley and encompasses the Inland and Seaward Kaikoura's.	23,584
Kakanui Mountains (Pisgah Downs)	Contains Mt Pisgah summit, a dominant feature of northwestern part of the range	1800
Lammerlaw Range	Contains the southern high tableland of tussock grasslands and bogs	2100
Total		54,194

Appendix 5: Baseline conservation and environmental information for 1992 - 30 June 2005

Total Land to DOC: Conservation Land: 247,078 ha
Covenant: 24,473 ha

Number of Properties included in data: 67

Biodiversity and protected areas

Ecosystems

A. Distinctive or rare ecosystems

Distinctive or rare ecosystems protected	Conservation Land*	Covenant*
Alluvial flood plain	2242	0
Alpine fellfield	26845	300
Bog/snow bank	3010	150
Braided riverbeds	100	0
Cliffs & talus	597	0
Deep water lakes with bryophyte communities	310	0
Dryland forest/shrubland	3050	313
Fellfield	1520	0
Flushes/seepages	1861	85
Kettleholes and other ephemeral wetlands	3009	189
Limestone outcrops	800	0
Lowland/Hill country forest/shrubland	6665	1343
Other palustrine wetlands	0	0
Peat lakes	59	0
Riverine lakes/oxbows	34	15
Saline patches	16	0
Stony fans/terraces	2866	10
Terrace shrubland/forest	1920	0
Upland conifer/shrubland	7756	30
Wet/dry frost hollows	243	20
Total	62903	2455

* Estimated ha

B. Highest priority LENZ Environments protected

	Conservation Land*	Covenant*
Acutely Threatened	1338	536
Chronically Threatened	1782	1077
At Risk	11742	1119
Critically Under Protected	21103	9979

* Hectares – calculated using Landcare Research LENZ database & Walker (2004).

C. Threatened Species

Aggregated number of species ranked by Hitchmough (2002) as being Nationally Critical, Nationally Endangered, Nationally Vulnerable [Acutely Threatened], Serious Decline [Chronically Threatened], Gradual Decline, Sparse, Range Restricted [At Risk] or Data Deficient protected on 77 pastoral leases.

Categories as per Hitchmough (2002)	Acutely Threatened	Chronically Threatened	At Risk	Data deficient
Plant (as per de Lange 2004)	67	45	104	18
Animal	49	41	5	3
Invertebrate			3	

D. Landscape Values.

Examples of significant landscapes protected

Location	Significance	Area
Lindis Pass	Scenic tourism highway in a tussock grassland and mountain land setting.	1420 ha *
Bendigo goldfields, Upper Clutha basin	Landscape scale complex of hard rock historic gold mining era including water races, dams, shafts, and accommodation ruins	330 ha historic reserve, 500 ha covenanted.
Crown Range saddle between Queenstown and Wanaka	Scenic tourism road in a tussock grassland and mountain land setting	2500 ha
South Rough Ridge - Manorburn plateau	Expansive intact snow tussock/red tussock landscape.	2800 ha conservation land**
Hawkdun Range and Flanks	Expansive snow tussock landscape forming a backdrop to Manuherikia Valley and Maniototo Basin. Portrayed in several well known Grahame Sydney paintings.	4300 ha * *
Pisa Range cirques overlooking Cromwell.	The dramatic eastern fault scarp face of the Pisa Range dominates the Clutha Valley. This face represents a regionally, perhaps nationally, significant landscape.	4400 ha
Porters Pass/Waimakariri Basin	Scenic tourism route to the West Coast set in a tussock grassland and mountain land setting	16000 ha
Ben Ohau Range	Distinctive landscape near Twizel part of the tourist route to Mt Cook.	11000 ha
Ashburton Lakes	Dry inland Basin with striking glaciated landforms along with kettleholes and lakes	20000 ha
Glenorchy - Richardson Mountains	Nationally significant scheelite workings. Only one of their kind in New Zealand remaining for people to appreciate.	Sites scattered over 1300 ha. 7000 ha of mountain vista.
Hunter River, Timaru Creek & Dingle Burn catchments and Lake Hawea faces	Remote intact backcountry landscape. Dramatic lake backdrop visible from scenic Haast tourist highway.	15700 ha
Lindis Pass	Scenic tourism highway in a tussock grassland and mountain	1600 ha

	land setting.	
Ahuriri Valley	Iconic valley setting with beech forest, valley floor & Mt top	20000 ha

* existing scenic reserve plus land protected through tenure review.

** protected through tenure review and land acquisition.

E. Parks Gazetted.

Korowhai/Torlesse 22,000 ha (2001), Te Papanui 20,000 ha (2003), Ahuriri 48,764 ha (2005), Eyre Mountains 65,160 ha (2005), Molesworth 180,000 ha (July 2005).

F. Progress towards completing the network of high country parks.

Proposed Park	Addition to Proposed and Existing Park Network (Hectares) *
Pisa	17324
Oteake	8879
Kopuwai	11585
Remarkables	12932
Te Papanui	21000
Rock and Pillar	6682
Eyre Mountains	3678
Ahuriri	16700
Ashburton Lakes	88187
Ben Ohau Range	55983
Two Thumb Range	63399
Kaikouras	74131

* Includes land acquired through tenure review, whole or part property purchase or Crown land allocation.

G. Progress in developing the reserves network.

Type	Hectares
Recreation Reserve	79
Historic Reserve	513
Scientific Reserve	35
Wildlife Reserve	378
Scenic Reserve	4801

H. Number of public access easements

113

I. Estimated total length of public access easements (km).

468 km

Cultural and historic sites and recreational opportunities protected

A. Examples of Maori cultural sites protected

Kopuwai: In Ngai Tahu tradition, the Obelisk shaft tor on the Old Man range represents Kopuwai, a being from the earliest times, who ran a pack of two headed hunting dogs and preyed on travellers in the Clutha valley below. As a result of tenure review a historic reserve was created around Kopuwai at Ngai Tahu's request and has been vested in them.

Whata to rere: This is the Ngai Tahu name for the location of The Natural Bridge on the Kawarau river. The Natural Bridge was a strategic crossing point on the Maori trails that connected Murihiku (Southland) settlements to the pounamu areas at the head of the Otago lakes. A traditional nohoanga (trail shelter) is said to have existed under rock overhangs nearby. As a result of tenure review a historic reserve has been created at Whata to rere and is to be vested in Ngai Tahu.

Motatapu: The lower Motatapu was a site of Ngai Tahu settlement and of associated urupa (burial places). Tenure review outcomes in the area include a Ngai Tahu covenant protecting an area believed to be the traditional settlement site, and cultural values can be taken account of by DOC in its management of nearby reserves.

Kura Tawhiti: The Nature Heritage Fund acquisition of part of Castle Hill Station will ensure that limestone formations of Kura Tawhiti that have special significance to Ngai Tahu and contain historic drawings, rock shelters and an important Mahinga kai site will be protected.

Wyuna: An early Maori occupation site on Wyuna, has been protected by way of conservation covenant.

Cattle Flat: Two sites in the Matukituki Valley protect umu and a well known kainga of major cultural, spiritual and traditional importance are protected by covenant.

Manuhaea: This site is included in a conservation area located at the Neck on Lake Hawea. It is of immense cultural, spiritual and historical value to Ngai Tahu. It was one of few permanently occupied sites in the area and supported large numbers, being in close proximity to the valued kai tuna fishery of Lake Hawea. Mauhaea was the site of an important battle in 1836 when Te Puoho attacked the settlement.

B. Examples of European and other historic sites protected

Numerous registered historic sites are located within land protected. Examples include:

Shek Harn (Big Stone Ditch) Historic Reserve in the Fraser River on the Old Man Range is a Chinese mining site containing schist stone huts, a scattering of cave huts, ruins of a longhouse and extensive sluicing tailings.

Aldinga Conservation Area at the base of the Old Man Range contains extensive Chinese mining sites dating back to the early gold rush in 1862. More recently the area was used as the principal site location for the New Zealand Movie "Illustrious Energy".

Lindis Hotel Historic Reserve. Historic roadside hotel on the banks of the Lindis River dating back to approximately 1863. Adjacent goldworkings dating back to 1861 represent the first Otago Goldrush. Contrary to popular belief this site predates Gabriels Gully at Lawrence.

Ben Avon Hut. This musterers hut dating back to ~ 1930 now lies within the Ahuriri Conservation Park. The iron, cement, door and window were all packed out by horse, over the mountain, on the narrow, steep pack tracks. Timber was sourced from nearby mountain beech forest. Musterers huts dating from ca. 1900 to the 1930s made from corrugated iron and locally sourced timber, and which are in good condition, are becoming less common in Otago. Although not rare, these structures are often overlooked as a significant aspect of New Zealand history.

Attleys Terrace. Well preserved gold mining site including and intact stone hut adjacent to the remote and spectacular Shotover River gorge. Relicts provide tangible evidence of a long period of mining spanning from 1862 into the 1970's.

Quailburn contains an old woolshed made of beech poles is an excellent example of early construction techniques. It is thought that this building was erected in about 1921. The Department of Conservation is ensuring that this building along with an old homestead is preserved.

Avoca homestead, built in about 1901, is a good example of an early pioneering homestead. Currently this building is being restored to a condition so that it can be used.

Wyuna scheelite. As part of a tenure review outcome on Wyuna Station historic scheelite mines and associated mining equipment have been added to the public conservation estate. Scheelite mining has occurred extensively in the Mt Judah/Mt McIntosh area since 1884 and although there is no current mining activity, the area is rich in historical significance. The Wyuna mines were important locally as a significant source of employment to the Glenorchy region and nationally as major producers of scheelite in New Zealand. Scheelite is an important ore of tungsten which is primarily used for filaments in light bulbs and as an additive to steel to increase the hardness and strength of such things as tool edges, dies, gun barrels and armour piercing projectiles. It was important to the armaments industry which was the controlling factor in the history of scheelite mining at Glenorchy, particularly during WWI and WWII.

Doctor Hyde’s water race. Dating from 1872, a small part of this high altitude race at Obelisk Creek is protected. It was associated with large scale gold mining at Fruitlands.

C. Recreational Opportunities

Opportunity	Number of properties on which recreational opportunities have been secured.
Tramping	78 (1 nationally significant)
Mountain biking	50
Hunting	55
Backcountry skiing	24 (10 regionally significant)
4WD/trail bike	17
Fishing	28 (6 nationally significant 6, 1 regionally significant)
Picnicking	11
Car camping	10
Historical appreciation	12 (1 nationally significant)
Rock climbing	2 (nationally significant)
Horse trekking	23
Lake access	11
River access	21
Ice skating	1