

A VOICE FOR NATURE

He reo mō te ao tūroa



Forest & Bird

TE REO O TE TAIAO | *Giving Nature a Voice*

ANNUAL REPORT 2016/17 | TE PŪRONGO Ā TAU O TE REO O TE TAIAO

President's Report

Forest & Bird reached more New Zealanders than ever in 2016/17. Thanks to you, our supporters, members, donors and sponsors our public profile is growing and we have become more effective in promoting key environmental issues in the mainstream media.

At the national level we have had a year of change. The old national office in Wellington was earmarked for demolition, prompting a move to a new home in Victoria St, which will be better suited to our needs. Kevin Hague joined the organisation as Chief Executive in October, and Andrew Cutler stepped down from the Board and his role as President late last year.

These changes have taken effect smoothly and under the new leadership there is already greater integration of our organisation's effort and sense of purpose, resulting in our voice for nature becoming more effective than ever.

The scope of our campaigning at the national, regional and community level was broader than ever in 2016/17. Nature and our environment face increasing pressure from inappropriate development for short term economic gain and require our joint voices to work together.

In the case of the proposed Ruataniwha dam and plans to submerge an area of specially protected conservation land, it is sad we find ourselves in court acting as the guardians of nature in opposition to the Department of Conservation. This is a stark illustration of the current political climate.

We should all feel encouraged that so many core Forest & Bird values are increasingly the core values of mainstream New Zealand society. The challenge for us is to translate this groundswell into key

environmental decision-making at a national and local level.

We should all be incredibly proud of what Forest & Bird has achieved in the past 94 years. But as New Zealand society changes, Forest & Bird will have to change too to ensure we are still the voice for nature in another 94 years.

What worked well for us and earlier generations may not be as effective in achieving our goals in the future. We must be open to new ways of thinking, campaigning, and engaging members and supporters to achieve gains for conservation and the environment.

But we will continue to share a vision of Aotearoa New Zealand rich in biodiversity on land and in our rivers, lakes and oceans. We will protect our iconic natural landscapes while supporting a vibrant population, whose wellbeing is based on sustainability.

I thank wholeheartedly everyone who has worked for conservation over the past year. I know, for example, how challenging it can be to be a conservation advocate in small rural communities or to write seemingly endless submissions for district, regional and national plans and strategies.

Many thousands of hours are willingly given to the conservation cause by our members and supporters. The generosity of supporters, members, donors and sponsors in our fundraising is also crucial to our work. Your continuing support will ensure together we will make the voice of nature heard.

Mark Hanger
President, Forest & Bird
Perehitini, Te Reo o te Taiao



Chief Executive's Report

Tēnā koutou
I took up my role at Forest & Bird in the latter part of 2016, excited about the potential to expand what we do to protect nature beyond what we believed possible in the past. The Predator Free 2050 vision has encouraged conservationists to aim higher and to seek new partnerships with other conservation groups to achieve our goals.

Forest & Bird supporters, members, donors, sponsors and staff have a vision far beyond slowing or halting the decline of New Zealand's unique nature and landscapes, freshwater quality and marine environments. Our goal is to restore nature to its rightful place for its own intrinsic values and because New Zealand's future prosperity and wellbeing depend on it.

Forest & Bird is in good shape as New Zealand's leading independent conservation organisation due in no small part to the work of my predecessor Hone McGregor. He led the efforts of staff to consolidate our financial position and played a key role in developing our Strategic Plan adopted in 2015. My thanks also go to former Conservation and Volunteers Group Manager Chris Todd who left after a decade of great service.

Nature is in crisis, facing challenges such as climate change, inappropriate development and insufficient funding of the Department of Conservation. As the voice of nature, Forest & Bird has a vital role in meeting these challenges and I have set four priorities in the current year to ensure the voices of our 80,000 members and supporters are heard.

Firstly, we will step up our campaigning and engagement of the public in achieving our conservation goals. New Zealanders

care about nature and the environment and will support our goals if we reach out to them.

One of Forest & Bird's great strengths is its national network of branches, which defend nature in their communities and restore areas with planting and predator control programmes. Our second priority is to ensure our branches are integral to our national campaigns and that they receive the support they need from our national and regional offices.

Thirdly, to represent our communities, Forest & Bird should fully reflect New Zealand's diversity. As part of this, we need to form stronger relationships with iwi and hapu and accelerate our youth strategy. We will also build stronger relationships with other conservation groups as part of reaching out into the community and achieving our conservation goals.

We are very grateful to the supporters, members, donors and sponsors who have made Forest & Bird the successful organisation it is today. Our fourth goal will be continue to grow our revenue so we can better defend the natural treasures we love. The developers we challenge in court, or public bodies introducing policies that could harm nature all have deeper pockets than our independent charity.

The challenges facing nature are growing and the country needs you more than ever as Te Reo o te Taio, the voice of nature.

Kevin Hague
Chief Executive, Forest & Bird
Kaiwhakahaere Matua, Te Reo o te Taiao



A VOICE FOR OUR FUTURE

With your support Forest & Bird works on behalf of New Zealanders who believe economic development must be sustainable and that we must act now to limit human-induced climate change. Failing to tackle these issues threatens the natural capital on which future generations will depend.

New Zealanders rate the continuing degradation of our freshwater as the most serious problem facing our environment. The intensification of dairying especially has led to too much water being extracted from rivers and aquifers, particularly in Canterbury, and pollution levels have been rising in most of our rivers, streams and lakes.

The use of fertilisers on farms has increased nine-fold in the last two decades and the number of dairy cows has risen from under three million to five million in the same period. The majority of lowland rivers are no longer safe for swimming, 72 percent of our freshwater fish species are threatened or at risk of extinction and many lowland waterways and lakes are being choked by weeds and algae.

Forest & Bird has been closely involved with the Land & Water Forum for the last seven years. Environmentalists, iwi, farmers and other industries and interested groups came together to draw up recommendations for turning around the relentless decline of water quality. Unfortunately, the government ignored most of these recommendations and subsequently we decided to withdraw from the forum in March 2017. Forest & Bird will continue to advocate for the recommendations drawn up by the forum to restore the ecological health of our waterways.

Your support means we can make nature's voice heard in forums seeking consensus on improving the natural environment and advancing conservation. We took part as environmental representatives on the Healthy Rivers/Wai Ora stakeholders group to improve the health of the Waikato and Waipa Rivers. The proposed regional plan change that came out of the process would improve water quality in New Zealand's longest river and its main tributary, although we are concerned the proposed full implementation would take 80 years.

Our supporters made more than 2800 submissions opposing a planned hydro power scheme on the untamed Waitaha River on the West Coast. The scheme would require the building of a weir and tunnel on conservation land to extract water just above the Morgan Gorge, one of the most spectacular river gorges in the country. A two kilometre access road and a power house would also be built in an area that is home to rare wildlife including kea, kaka, falcons, long-tailed bats and whio or blue ducks.

Climate change is a leading threat to nature and to New Zealanders' prosperity and way of life. Scientists have warned up to 70 native New Zealand species could become extinct before the end of the

Scientists have warned up to 70 native New Zealand species could become extinct before the end of the century because of climate change.



century because of climate change. We held a roadshow to explain to branches and local communities how climate change would harm their local area. We also convened a climate change symposium in Wellington in November, bringing together leading scientists to discuss some of the implications for nature and our environment.

If we are to tackle climate change, there is no future for coal, one of the most damaging fossil fuels. That's an important part of the reason why we launched an application in February for a judicial review of the decision of the Buller District Council to allow Rangatira Developments to develop an opencast coal mine on nearly 100ha of public water conservation reserve.

The mine area would also include 12 hectares of public conservation land, administered by the Department of Conservation. The opencast mine would carve into a ridgeline visible from Westport, taking with it podocarp and beech forest and rare coal measure habitat. With your help, we will continue fighting this proposal, which comprehensively fails the sustainability test.

New Zealand's fishing industry likes to portray itself as a world-leading example of sustainability but this is not backed up by university research published in 2016 which showed the industry had taken nearly three times as much fish than revealed in official figures. Ministry of Primary Industries reports later emerged showing large volumes of illegal fish dumping and evidence of an unreported Hector's dolphin death.

The ministry's unwillingness to prosecute despite ample evidence highlighted its failure to do its regulatory duty on behalf of New Zealanders and the marine environment, seeing itself instead as an industry promotor. In late 2016 we produced the latest update of our Best Fish Guide, which gives consumers the information they need to make informed decisions on the most sustainable seafood choices in the shops.

The mine area would also include 12 hectares of public conservation land, administered by the Department of Conservation.



Morgan Gorge on the Waitaha River.

A voice for our wild places

Our supporters and members came together to fund a successful Court of Appeal challenge in 2016 to the decision of the Department of Conservation to remove the specially protected status of 22 hectares in the Ruahine Forest Park. This was to be followed by a land swap to allow the forest park area to be flooded as part of the environmentally-damaging Ruataniwha Dam and irrigation scheme in central Hawke's Bay.

Thanks to your help, we were able to fight for the very important principle that specially protected conservation land cannot be disposed of by DOC for development at the stroke of a pen. If this area could lose its protection, up to one million hectares of specially protected land, including forest and conservation parks and ecological and wilderness areas would also be at risk.

Despite the court ruling, DOC opted to try to overturn the decision in the Supreme Court, and the court's decision was still pending at the time of this report's writing. In funding this case, our members and supporters showed how important specially protected land is to New Zealanders.

"A serious precedent could be established with a potentially cascading private land grab of the public conservation estate as other land swap requests already wait in the wings. The role of defender of our commonly held natural heritage has fallen to Forest & Bird," said supporter Pauline, of Auckland, who contributed to mounting the court case.

"Funded entirely by public support, Forest & Bird's long history of celebrating our natural environment and giving nature a voice, has engendered trust, respect and goodwill. In supporting Forest and Bird we proudly become part of this story."

Forest & Bird lawyers Peter Anderson and Sally Gepp outside the Supreme Court for the Ruahine Forest Park hearing.

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Northland forest collapse

We highlighted forest collapse caused by possums in Northland in late 2015 using drone footage and continued to publicise the issue through 2016. DOC announced in February it would work with local hapū to design a multi-species pest control programme for Russell State Forest.

The 20-year programme includes an extra \$380,000 to be spent on predator control in Northland this financial year in a small but significant start to restoring the health of Northland forests.

Forest & Bird is committed to continuing to restore the health of Northland forests and to working with iwi, DOC and other community groups to restore the mana of nature in the north.

A partnership led by hapū in Te Warawara, a forest in mountainous country on the northern side of Hokianga Harbour, is also restoring the forest as part of the innovative Reconnecting Northland partnership, which involves Forest & Bird, other community groups, DOC and funders.

Te Rarawa iwi have ten marae around the forest and a recent treaty settlement recognises the mana of hapū for the 6500 ha of the tops of the mountains and they will co-manage the land in partnership with DOC.



A voice for our land and seas

Defending nature is not only important in our national parks, public conservation land and marine reserves. We believe protecting nature is important everywhere, including in the cities, farming areas and our surrounding oceans.

The main breeding area for one of the world's rarest sea lions, the New Zealand sea lion, is in the subantarctic Auckland Islands, where trawl fishing for squid poses a threat to the animals. The numbers of sea lions have been falling in recent decades due in particular to the impact of disease and deaths caused by the commercial squid fishing industry.

In 2016 a proposed sea lion threat management plan drawn up by the Ministry of Primary Industries and DOC was released. But it contained no concrete measures for reducing the fishing threat to sea lions.

More than 1300 sea lions were estimated to have been caught in fishing nets in nearly two decades from 1992. We called for trawl fishing to be replaced by jigging, which would stop sea lions drowning in fishing nets, and for the marine reserve around the Auckland Islands to be extended over the sea lions' entire feeding range. Our arguments were backed by submissions from over 4000 of our supporters.

Forest & Bird was represented on the South East Marine Protection Forum, in which community, iwi and fishing representatives were asked to draw up proposals for marine protected areas after consulting with the public. The region is home to New Zealand's only mainland albatross colony, Hector's dolphins and the world's second rarest penguin, the yellow-eyed penguin.

The forum released a proposal in late 2016 to create 20 potential sites for marine reserves between South Canterbury and the Catlins, representing just 5.3 percent of the coastal waters in the south-east. Forest & Bird is advocating for 30 percent of New Zealand's waters to be fully protected and has identified 18 percent of the south-east coastal areas that should be protected in the short term.

We were also part of the Sea Change/ Tai Timu Pari consultative group which over three years developed a marine spatial plan for the Hauraki Gulf, which aims to improve the ecological health of the gulf and restore its biodiversity. The proposals include establishing 13 new marine protected areas.

More than 1300 sea lions were estimated to have been caught in fishing nets in nearly two decades from 1992.



Pressure by Forest & Bird and other organisations resulted in fisheries companies Moana New Zealand and Sanford saying in late 2016 they will end coastal set netting in Maui's dolphins' habitat off the west coast of the North Island within a year. They also said they would stop conventional trawling methods in the habitat by 2022 in a sign that some in the fishing industry are taking conservation concerns seriously.

Your support means we can be the voice of nature in the face of inappropriate development proposals in our marine areas as well as on land. In early 2107 we opposed the latest plans of Trans-Tasman Resources to mine ironsands off the South Taranaki Bight. Mining would cause huge sediment plumes, noise and damage to the sea floor in a known to be habitat for 13 types of whales and dolphins.

Forest & Bird lawyers spent nearly 2000 hours to ensure nature's voice was heard in the three year process to develop the Auckland Unitary Plan. As a result, the final plan included some benefits for conservation and the environment but we appealed it in 2016 because of shortcomings including provisions to exclude important native habitats from protection as significant ecological areas.

Hope for Hochstetter's frogs

Two decades of battling to save a genetically distinct population of the endangered Hochstetter's frogs by Forest & Bird's Bay of Plenty branches has been rewarded with the setting up of a sanctuary at a former quarry near Te Puke.

The population of frogs was first discovered by a Forest & Bird member in 1992 and since then the Tauranga and Te Puke branches have been campaigning for the frogs' protection. Their habitat was damaged by works at the quarry site but the branches pursued the issue through the Environment Court and in 2009 the quarry project was abandoned.

Te Whakakaha Conservation Trust has now been established to manage the land and protect the frogs. The land's status has been changed from stewardship land to a sanctuary to allow the restoration of the habitat and give priority to helping the frog population recover.

Forest & Bird will work with DOC, iwi and the community trust to create a management plan. Hochstetter's frogs are one of only four native New Zealand species, all of which belong to an ancient group of frogs that split around the time of the dinosaurs from other species that developed into modern frogs.



KCC and Real Journeys

Tourism operator Real Journeys made a substantial contribution to KCC during the year, donating proceeds from an overnight Milford Sound cruise that raised almost \$17,000 to train and support the volunteers who run outings and activities for more than 5000 KCC members around New Zealand.

The money raised from the September overnight cruise in Milford Sound allowed KCC to hold an additional gathering for its volunteer coordinators in 2016, with a special emphasis on health and safety training.

One lucky KCC member was able to go on the cruise with a caregiver by winning a competition to answer the question: "Why is nature worth saving?" Ella Stewart of Dunedin won the contest with her article on why New Zealanders shouldn't let the land of the long white cloud become the land of the "long black smoggy cloud".

Real Journeys chief executive Richard Lauder says the company has longstanding ties with Forest & Bird since founders Les and Olive Hutchins worked alongside our organisation in the campaign to save Lake Manapouri in the 1960s and early 1970s.





Best Fish Guide

The latest edition of our Best Fish Guide has been downloaded thousands of times as a mobile phone app by consumers around New Zealand who want to enjoy seafood in the knowledge they are making a sustainable choice.

With the largest ever range of seafood covered – plus whitebait and eels for the first time – in the Best Fish Guide 2017, you can check the sustainability of more than 80 species. The most sustainable best choice species are given a green ranking through amber for an OK choice and red for worst choice.

Information including fish stocks, damage caused by fishing methods such as bottom trawling, by-catch of other species such as seabirds and the amount of research in a fishery were taken into account in a rigorous peer-reviewed scientific process.

Consumers want to know more about where their food comes from and whether it is sustainably harvested. Forest & Bird wants to help them, while highlighting some of the problems of overfishing and ecologically damaging fishing methods which threaten the marine environment and the future of the fishing industry.



Scholar for nature

Forest & Bird awarded its \$15,000 university scholarship for young environmental leaders for the first time in 2016. The inaugural winner was Sian Moffitt, who is studying ecology and biodiversity at Victoria University.

Sian was signed up to KCC as a child and in high school she began environmental projects at school and around her home town of Taupo. She has represented New Zealand in rock climbing and taken part in a Sir Peter Blake Youth Enviroleaders programme.

The scholarship is part of Forest & Bird's youth strategy, under which the Te Kaiarahi Rangatahi o te Taiao youth award was introduced in 2015. The winner in 2016 was Connor Wallace, a student at Albany Senior High School in Auckland, who was leader of his school's environmental programme, a member of the Auckland Council's youth sustainability programme and a delegate to the Sir Peter Blake Trust's Youth Environmental Leaders Forum.

Bird of the year 2017

Public recognition of our Bird of the Year competition grows every year, increasing awareness of our native birds and of the importance of conservation. It has become a nationally prominent event and a record nearly 20,000 votes were cast in 2016. The kokako was crowned winner, followed by the kea and fantail or piwakawaka.





Freshwater follies

Canterbury serves as a stark illustration of what can happen when inappropriate development heavily reliant on water occurs in one of the country's driest environments. The consequences have included the Selwyn River running dry during the last summer and animals have died from drinking water from the toxic algae-filled Lake Forsyth.

The number of dairy cows in the region has tripled to over a million animals in the last decade, sending the demand for water soaring and resulting in huge increases in the quantities of cow waste and fertiliser pouring onto the land and finding their way through the porous soils into streams and groundwater.

We managed to spur Environment Canterbury ECan into action after highlighting the lax policing of the illegal taking of water by a large number of farmers. One in five irrigators was significantly breaking the rules of their consents, documents obtained by Forest & Bird showed.

Forest & Bird publicised the breaches and asked ECan why it hadn't taken tougher enforcement action despite farmers repeatedly breaking the rules. Ecan later promised the days of not enforcing the rules were over and thanked Forest & Bird for highlighting public outrage over the issue.

One in five irrigators was significantly breaking the rules of their consents, documents obtained by Forest & Bird showed.

Thanks to the Grant and Marilyn Nelson Endowment Fund

We received a donation of \$5 million from environmental champions Grant and Marilyn Nelson in 2016 to set up an endowment fund which will fund a full-time staff member to advocate for better freshwater quality. Some of the income will also be set aside for a legal fighting fund for freshwater issues and to promote conservation and environmental protection to elected representatives and officials.

If there is enough interest income from the endowment fund, another priority will be to employ someone to promote greater pest and weed control.

The Nelsons have been members of Forest & Bird for 20 years and served on the North Canterbury branch committee for a decade. They also run their own philanthropic trust that has donated millions of dollars to conservation, education and other charitable causes.

The Nelsons hope their donation will inspire others to make donations or bequests, saying the range of conservation and environmental issues Forest & Bird has to deal with has grown rapidly over the years and it needs more help from New Zealanders.

"Forest & Bird was formed to try to protect forest and birds, but it has ended up having to do far more than this," says Grant.



Making nature's voice stronger

Forest & Bird has grown to 80,000 members and supporters in 48 branches, strengthening our revenue and our effectiveness. Together, we are fighting on behalf of our native treasures, landscapes, freshwater and marine environment.

Our Nature's Future regular giving programme allows ordinary Kiwis to preserve the taonga that are unique to our country and make us proud to be New Zealanders. Compared with an annual subscription, the monthly giving programme also makes it easier for us to manage and plan our campaigning, legal work and expenses.

In putting the case for conservation and the environment, we have to argue against powerful private interests with deep pockets and well-resourced government agencies. The numbers of supporters in the regular giving programme are growing because they realise the importance of meeting the challenges of worsening freshwater quality, climate change and biodiversity loss.

The pressures for inappropriate development and the decline of our biodiversity and environment continue to intensify, and it is important that Forest & Bird continues to grow. This way we can ensure nature does not continue to be marginalised and that our children and their children can live in a country to be proud of.

The growth in support from regular givers, donors, bequests and sponsors has allowed us to expand our work in key conservation areas. We have created the new position of strategy advisor and following the end of the financial year a new advocate joined to work on freshwater issues – identified by New Zealanders as our top environmental priority.

Our fundraising and marketing and communications teams were also strengthened during the year and towards the end of the year, the national office moved into new Wellington premises, providing a more efficient working environment.

Health and safety for our staff and volunteers has always been a top priority for Forest & Bird and we introduced a new health and safety charter following the passing of new legislation in 2016. All our health and safety information has been brought together in a new database and new procedures are being implemented.

More than 90 KCC events were held throughout New Zealand during 2016/17, providing opportunities for more than 1000 children and their whanau to engage with nature.

As part of our policy to encourage the conservationists of the future, we are growing our Kiwi Conservation Club for primary school-aged children through a five-year strategy. This aims to attract new members who are encouraged to love and care for nature.

More than 90 KCC events were held throughout New Zealand during 2016/17, providing opportunities for more than 1000 children and their whanau to engage with nature. The range of events included beach clean-ups, bush walks, weekend camps and even a sleepover with sharks at Kelly Tarlton's Aquarium in Auckland.



These events were organised by more than 50 dedicated KCC volunteer coordinators. Training weekends were held during the year in Christchurch and Auckland, allowing coordinators to share knowledge and skills and receive training in health and safety, communications, fundraising and event organisation.

Forming partnerships with other organisations is an important part of growing KCC. We joined with Zealandia on developing a trading card game for schools and our members nationwide.

KCC also worked with Massey University College of Creative Arts on developing nature-based activities that our branches can use. One of the activities was a finalist in the Designers Institute of New Zealand Best Awards.



Regular giver Hugh Worrall

Christchurch engineer Hugh Worrall has supported Forest & Bird since 1998 and has been a Nature's Future regular giver since 2010. Conservation is a family affair and children Aleisha and Christopher are Kiwi Conservation Club members.

Hugh is a scout group leader and spends a lot of time outdoors with the youngsters exploring nature. "We get outdoors a lot visiting places like Arthur's Pass and Craigieburn Forest Park and I also get the scouts out planting."

He says he is very concerned about the degradation of our environment, especially the rivers, and he says pest control is vital to protect our native species. Being a Forest & Bird regular giver means he knows he is playing a part in trying to make New Zealand a better place.

"I want to leave our environment in a similar or better state for my kids when I'm gone," Hugh says.



Base Outdoors loves nature

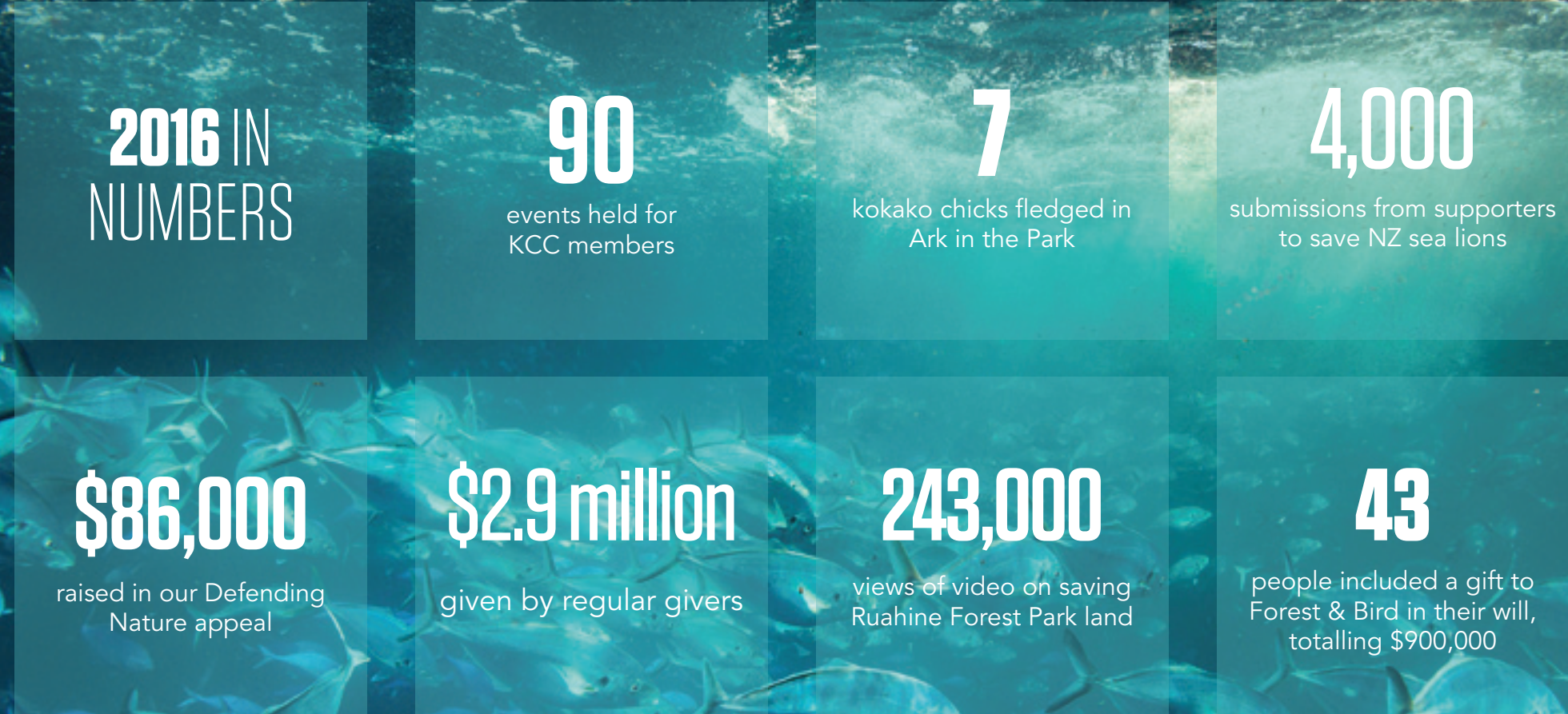
Base Outdoors owners Mark and Thelma Lucas are lovers of the outdoors, of natural fabrics and of the work done by Forest & Bird.

The company they set up in 2016 donates eight percent from every item they sell to Forest & Bird.

"When you spend time in the bush, you understand how fragile it is. You become aware that if you don't look after it there will be nothing left for our kids, or their kids," says Mark.

"The environment is at the heart of our brand, and I really feel it would be hypocritical to promote the outdoor lifestyle without taking conservation seriously."

The merino wool used in Base Outdoors comes from New Zealand sheep and their t-shirts and long sleeve shirts are made here and come in unbleached cardboard boxes, free from plastic wrapping or tags.



Royal Forest and Bird Protection Society of New Zealand Inc.

Group Financial Report

FOR THE YEAR ENDED 28TH FEBRUARY 2017

Consolidated Statement of Comprehensive Revenue & Expenses
for year ended 28th February

| | 2017 | 2016 |
|-------------------------------------|---------------|--------------|
| | NZD\$000 | |
| Income | | |
| Membership | 383 | 374 |
| Other Supporter Income | 4,587 | 3,588 |
| Bequests | 916 | 2,723 |
| Grants | 1,053 | 944 |
| Other Income | 5,893 | 952 |
| Total Income | 12,831 | 8,580 |
| Expenditure | | |
| Conservation | 3,846 | 3,002 |
| Organisational Support & Governance | 1,538 | 1,644 |
| Membership & Fundraising | 2,906 | 2,767 |
| Branch Operating | 50 | 243 |
| Total Expenditure | 8,341 | 7,656 |
| Net Surplus | 4,490 | 925 |

Consolidated Statement of Changes in Net Assets / Equity
for year ended 28th February

| | Accumulated Revenue & Expense | Restricted Reserves | Total Net Asset/Equity |
|--|-------------------------------|---------------------|------------------------|
| Balance as at 1 March 2015 | 8,834 | 251 | 9,084 |
| Total Comprehensive revenue & expense for the year | 925 | 0 | 925 |
| Transfer - Restricted & Branch Reserves | (134) | (134) | 0 |
| Balance as at 29 February 2016 | 9,624 | 385 | 10,009 |
| Total Comprehensive revenue & expense for the year | 4,490 | 0 | 4,490 |
| Transfer - Restricted Reserves | (5,247) | 5,247 | 0 |
| Balance as at 28 February 2017 | 8,867 | 5,632 | 14,499 |

Consolidated Statement of Financial Position
as at 28th February

| | 2017 | 2016 |
|---------------------------------------|---------------|---------------|
| | NZD\$000 | |
| Current Assets | 9,833 | 5,298 |
| Non Current Assets | 7,099 | 7,073 |
| Total Assets | 16,932 | 12,371 |
| Current Liabilities | 1,706 | 1,627 |
| Non Current Liabilities | 726 | 735 |
| Total Liabilities | 2,433 | 2,362 |
| Equity | 14,499 | 10,009 |
| Total Equity & Liabilities | 16,932 | 12,371 |

Summary Statement of Cash Flows
For the year ended 28 February

| | | |
|-------------------------|---------|-------|
| Net Operating Cash Flow | 4,441 | 1,521 |
| Net Investing Cash Flow | (5,441) | (899) |
| Net Cash Flow | (1,000) | 622 |

| | | |
|---|-------|-------|
| Cash and cash equivalents at begining of year | 2,598 | 1,976 |
| Cash and cash equivalents at end of year | 1,598 | 2,518 |

Group Financial Report

FOR THE YEAR ENDED 28TH FEBRUARY 2017

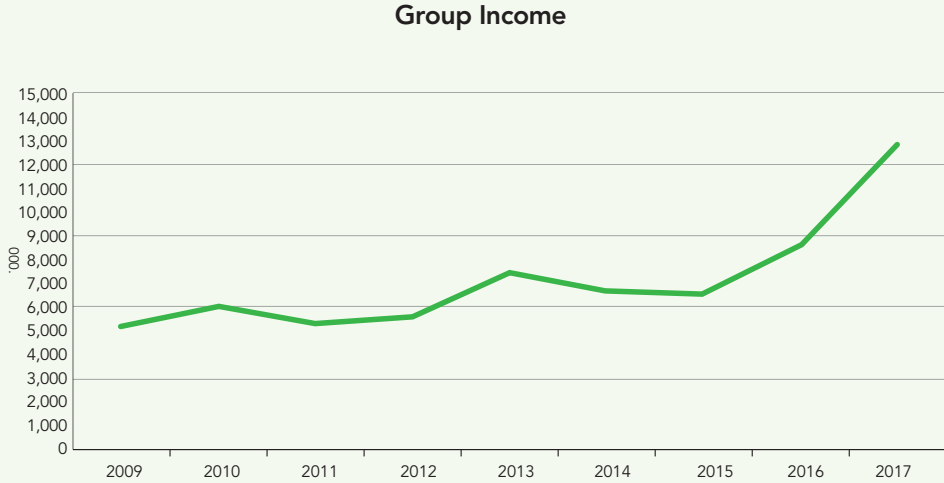
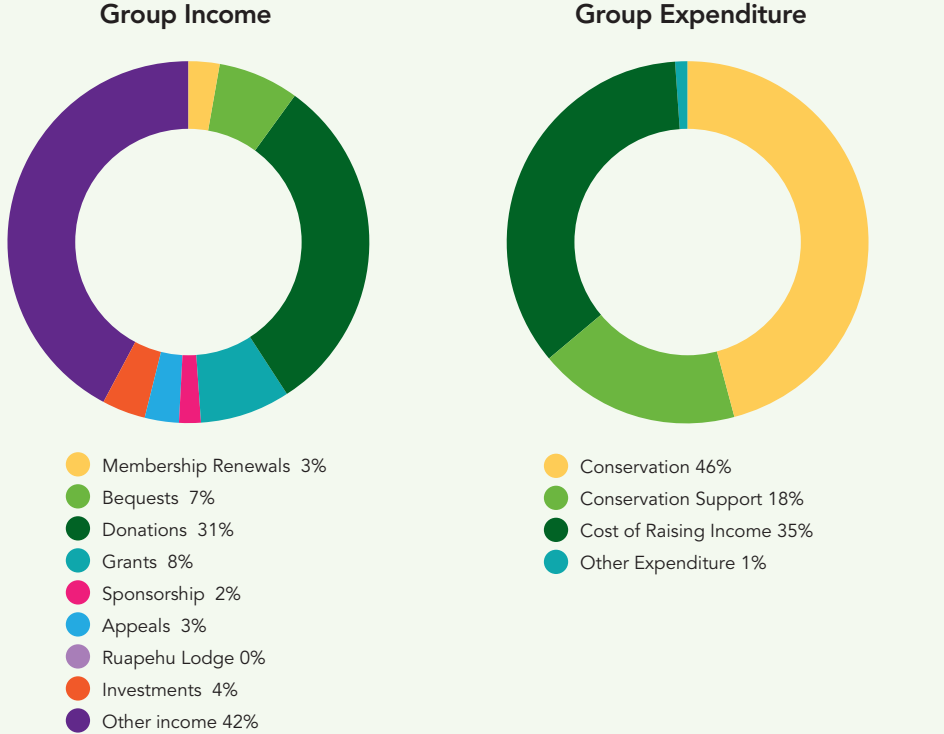
Notes to the Summary Report

The summary financial statements comprising of National Office and its subsidiaries, together the (“Group”) are presented for 2017. The information was extracted from the full financial statements as audited by by BDO Wellington, which were approved by the Board on 23 June 2017. They cannot be expected to provide as complete an understanding as provided by the full financial report. The full accounts are available on application to National Office (PO Box 631, Wellington 6140 or email office@forestandbird.org.nz). The presentation currency is in New Zealand dollars. All amounts are stated in \$000’s

Statement of Compliance

The full Group Financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (“NZ GAAP”). They comply with Public Benefit Entity International Public Sector Accounting Standards (“PBE IPSAS”) and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for Not for Profit entities. For the purposes of complying with NZ GAAP, the group is a public benefit Not for Profit entity and is eligible to apply to Tier 2 Not for Profit PBE IPSAS on the basis that it does not have public accountability and has between \$2m and \$30m operating expenditure. The board has elected to report in accordance with Tier 2 Not for Profit PBE Accounting Standards and in doing so has taken advantage of all applicable Reduced Disclosure Regime (“RDR”) disclosure concessions. The summary financial statements have been prepared in accordance with PBE FRS-43: Summary Financial Statements. The Group’s financial statements for the year ended 28 February 2017 are the first annual financial statements prepared in accordance with NZ PBE IPSAS. No significant adjustments were required on transition.

The Gamma Foundation, by way of its Trustees Grant & Marilyn Nelson donated \$5 million dollars in November 2016. The gift is to be used to establish the Grant & Marilyn Nelson Endowment Fund which will exist In perpetuity. The fund is to be used for the specified purposes stated in the Deed of Gift. The donation and interest of \$5,033,580 is held on term deposit as at 28 February 2017.



Branch Financial Information:

| | Income | Expenditure | Surplus / (Deficit) | Assets | Liabilities | Member Funds |
|----------------------------|---------|-------------|---------------------|-----------|-------------|--------------|
| Ashburton | 27,475 | 8,780 | 18,695 | 28,710 | 2,046 | 26,664 |
| Central Auckland | 9,879 | 24,045 | (14,166) | 36,314 | 0 | 36,314 |
| Central Hawke’s Bay | 5,277 | 4,832 | 445 | 27,596 | 1,745 | 25,851 |
| Central Otago-Lakes | 31,701 | 35,638 | (3,937) | 12,704 | 0 | 12,704 |
| Dunedin | 152,428 | 86,706 | 65,722 | 1,118,468 | 1,478 | 1,116,990 |
| Dunedin - LENZ | 28,212 | 25,932 | 2,280 | 289,396 | 0 | 289,396 |
| Eastern Bay of Plenty | 13,441 | 11,954 | 1,487 | 53,159 | 0 | 53,159 |
| Far North | 19,797 | 18,868 | 928 | 86,519 | 0 | 86,519 |
| Franklin | 1,497 | 974 | 523 | 1,901 | 0 | 1,901 |
| Gisborne | 2,732 | 1,786 | 946 | 15,987 | 28 | 15,959 |
| Golden Bay | 294,957 | 256,552 | 38,404 | 139,351 | 89,388 | 49,963 |
| Hastings / Havelock North | 12,928 | 17,143 | (4,215) | 262,649 | 1,052 | 261,597 |
| Hauraki Islands | 71,970 | 100,907 | (28,938) | 295,401 | 16,421 | 278,980 |
| Hibiscus Coast | 28,029 | 21,183 | 6,846 | 27,924 | 9,186 | 18,738 |
| Horowhenua | 6,879 | 5,531 | 1,349 | 5,298 | 50 | 5,248 |
| Kaikoura | 12,002 | 12,158 | (155) | 3,530 | 0 | 3,530 |
| Kapiti-Mana | 4,906 | 9,821 | (4,915) | 44,931 | 0 | 44,931 |
| Lower Hutt | 6,762 | 8,973 | (2,211) | 33,663 | 2,204 | 31,459 |
| Manawatu | 7,143 | 6,267 | 876 | 36,677 | 70 | 36,607 |
| Marlborough | 6,614 | 6,459 | 155 | 21,090 | 7,532 | 13,557 |
| Mercury Bay | 3,719 | 3,530 | 189 | 8,906 | 2,777 | 6,129 |
| Warkworth Area (Mid North) | 8,833 | 11,922 | (3,089) | 30,498 | 0 | 30,498 |
| Napier | 20,447 | 17,388 | 3,059 | 255,547 | 200 | 255,347 |
| Nelson-Tasman | 96,210 | 64,705 | 31,505 | 123,347 | 15,299 | 108,048 |
| North Canterbury | 29,579 | 25,490 | 4,089 | 341,912 | 1,878 | 340,034 |

| | Income | Expenditure | Surplus / (Deficit) | Assets | Liabilities | Member Funds |
|------------------|-----------|-------------|---------------------|-----------|-------------|--------------|
| North Shore | 45,521 | 42,275 | 3,245 | 134,674 | 98,271 | 36,403 |
| North Taranaki | 54,033 | 41,830 | 12,203 | 59,957 | 1,547 | 58,410 |
| Northern | 0 | 0 | 0 | 139,992 | 0 | 139,992 |
| Rangitikei | 4,861 | 637 | 4,224 | 45,752 | 0 | 45,752 |
| Rotorua | 17,488 | 10,753 | 6,736 | 222,911 | 0 | 222,911 |
| South Auckland | 7,929 | 8,150 | (221) | 62,670 | 1,625 | 61,046 |
| South Canterbury | 11,034 | 9,968 | 1,066 | 22,224 | 0 | 22,224 |
| South Otago | 11,270 | 6,695 | 4,575 | 30,194 | 0 | 30,194 |
| South Taranaki | 1,959 | 2,213 | (254) | 43,844 | 0 | 43,844 |
| South Waikato | 1,048 | 1,189 | (141) | 2,768 | 0 | 2,768 |
| Southland | 15,605 | 30,487 | (14,882) | 163,602 | 0 | 163,602 |
| Taupo | 4,062 | 3,724 | 337 | 17,041 | 0 | 17,041 |
| Tauranga | 10,518 | 16,391 | (5,873) | 84,225 | 1,024 | 83,201 |
| Te Puke | 3,317 | 3,752 | (435) | 34,611 | 1,000 | 33,611 |
| Thames- Hauraki | 2,159 | 7,985 | (5,826) | 52,822 | 0 | 52,822 |
| Upper Coromandel | 6,153 | 5,963 | 190 | 23,510 | 132 | 23,378 |
| Upper Hutt | 12,936 | 9,277 | 3,659 | 38,640 | 1,735 | 36,905 |
| Waihi | 1 | 0 | 1 | 4,775 | 0 | 4,775 |
| Waikato | 33,430 | 31,550 | 1,880 | 54,529 | 7,565 | 46,964 |
| Wairarapa | 2,661 | 4,254 | (1,593) | 26,743 | 3,749 | 22,994 |
| Waitakere | 73,830 | 121,645 | (47,815) | 316,406 | 29,825 | 286,581 |
| Waitaki | 807 | 384 | 423 | 3,872 | 0 | 3,872 |
| Whanganui | 5,703 | 137,665 | (131,961) | 149,893 | 0 | 149,893 |
| Wellington | 26,018 | 21,213 | 4,805 | 141,308 | 13,402 | 127,907 |
| West Coast | 14,160 | 13,401 | 760 | 10,466 | 0 | 10,466 |
| | 1,269,920 | 1,318,945 | (49,026) | 5,188,909 | 311,227 | 4,877,682 |

Branch assets include:

| | |
|---|-----------|
| Cash, Cash Equivalents & Deposits on Call | 1,230,608 |
| Investments – Term Deposits | 2,372,579 |
| Investments – Term Deposits Held at National Office | 410,700 |
| Shares & Other Investments | 879,253 |

Total Cash & Investments in Branches **4,893,140**

Other Assets 295,769

Total Assets **5,188,909**



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