



ANNUAL REPORT 2018



Opportunity

The predator free movement sweeping New Zealand is born by a sense of urgency to prevent further loss of the taonga species that are uniquely ours.

Purpose

Predator Free 2050 Limited was created in 2016 to make a significant contribution to the New Zealand government's goal of eradicating possums, stoats and rats by 2050.

Predator Free 2050 Limited is a Crown-owned company under Schedule 4A of the Public Finance Act 1989. It is registered under the Charities Act.

Funding and monitoring is provided through the Department of Conservation.

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Directors



(Back L-R) Gary Lane, David MacLeod, Sir Rob Fenwick, Arihia Bennett, Jeff Grant, Devon McLean
(Front L-R) Traci Houpapa, Jane Taylor, Warren Parker

Jane Taylor is Chair of the Board of Predator Free 2050 Limited, as well as of Manaaki Whenua Landcare Research Ltd and New Zealand Post. She has extensive public and private governance experience and understanding of science investment.

Sir Rob Fenwick is Chair of the Predator Free NZ Trust, has a strong grasp of the strategic vision for the company and the Predator Free 2050 goal, with extensive business experience, conservation networks and understanding of science investment.

Gary Lane brings practical experience of pest management, alongside related investment decision making. He has built his own sanctuary fence around the Wairakei golf course and sanctuary.

Warren Parker is Chair of New Zealand Conservation Authority, retiring Chief Executive of SCION, has proven science and conservation credentials and research, industry and conservation relationships.

David MacLeod is Chair of Taranaki Regional Council, a Director for PrimeQ and PKW Farms, a successful businessman, and has iwi connections to Ngati Mutunga / Ngati Ruanui / Ngai Tahu / Ngati Porou.

Arihia Bennett is Chief Executive of Ngai Tahu's Runanga, has strong connections to iwi, with a strategic and principled focus to deliver socially responsible outcomes.

Devon McLean is the Environmental Advisor to the Next Foundation and a Board member of the New Zealand Biological Heritage National Science Challenge.

Jeff Grant is Chair of OSPRI, has extensive governance experience in both public and private sectors and is well connected to the agriculture and tourism sectors.

Traci Houpapa is Chair of the Our Land and Water National Science Challenge, has strong governance and business skills and is Chair of the Federation of Māori Authorities.

Function

Predator Free 2050 Limited creates co-funding arrangements that enable predator control and eradication projects at large scale and the breakthrough science needed to underpin them.

Executive Staff



Chief Executive Ed Chignell is a respected businessman and conservationist, who co-founded Treescape New Zealand and spent 37 years as its CEO. On appointment Board Chair Jane Taylor described Ed as a passionate leader with strong commercial and strategic nous — perfect credentials to guide Predator Free 2050 Limited.



Science Strategy Manager Professor Dan Tompkins was with Manaaki Whenua where he led the Managing Invasives portfolio and process to define the predator free 2025 research goals. An ecologist and epidemiologist by training, Dan has degrees from Cambridge University and the University of Oxford.



Communications and Business Support Manager Tim Higham trained in ecology and journalism and has managed communications projects for the Hauraki Gulf Forum, Antarctica New Zealand, United Nations Environment Programme and Global Alliance for Improved Nutrition.



Finance and Business Analyst Louis Nel worked previously supporting high performance sport. His background in banking, finance and accounting helps assess and strengthen projects and meet the company's reporting requirements.



Executive Assistant Kath Mead (Ngāpuhi) runs the Predator Free 2050 Limited office. She has provided business support for leading advertising agencies in Auckland and London.

Forewords

Jane Taylor, Chair

It has been a very busy and exciting year for Predator Free 2050 Limited.

We have gone from start-up to having large landscape and research projects up and running around the country.

We have seen a tremendous response by local authorities to the predator free mission, helping to bind agencies, community groups and funders into collaborative governance and operational teams.

The high quality of proposals has given us confidence to back five large landscape projects with funding commitments of four to seven years.

Minister of Conservation Hon Eugenie Sage's participation at every launch has encouraged our ambition and underscored the significance of our work to complement that of our principal partner, the Department of Conservation.

A new Research Strategy is guiding co-investment and promising rapid learning and innovation.

We have built a small and effective secretariat to assess and monitor projects and plan the next phases of our work.

My thanks to this outstanding team, led by CEO Ed Chignell, and to my board of incredibly talented and hard-working directors.

I am hugely inspired by the dedication, knowledge and enthusiasm of those working across the predator free movement.

We will be working hard to find new resources to leverage further landscape and science projects to support New Zealand communities in their effort to rid the country of predators by 2050.



Ed Chignell, CEO

I have enjoyed travelling the length and breadth of the country over the past year to understand the nature of our biodiversity crisis, the potential for eradication of possums, stoats and rats, and the capability of a wide range of potential partners to help us in this mission.

I'm thrilled to see our first large landscape projects launched in Taranaki, Hawke's Bay, Wellington, Waiheke and Dunedin with incredible support from agencies, funders and communities.

Our first phase projects are attracting co-investment at a ratio of 3:1 and enabling operational work of \$103 million.

With each project we've put in careful monitoring and evaluation frameworks to track progress and capture learnings.

Our research investments are attracting matching funding at 2:1 and complement the significant work of the Biological Heritage National Science Challenge and Department of Conservation.

Research and development providers and project leaders are telling me they see significant potential for improved predator control tools and systems.

I'm committed to ensure we capture this opportunity and will be working hard to find resources so that new, innovative predator control systems are developed and made available for project operations.

I'm proud of what we've achieved this year and look forward to working with government and our partners to rapidly expand the reach and effectiveness of the Predator Free 2050 programme.



A nation-wide response

We solicited potential large landscape projects from around the country in September 2017.

45 projects submitted covering 1.7 million hectares



which is 28 times the size of Lake Taupo or

6%
of New Zealand.

They identified

100 collaborators,

40 fund providers and total project costings of

358 million New Zealand dollars.

7 projects were invited to submit a full Request for Proposal.

Criteria for assessment:

- Scale and geophysical attributes
- Biodiversity gain
- Alignment with PF2050 mission and interim goals
- Timing and measurability of gains
- Land owner support and participation
- Māori partnerships
- Management expertise and capacity
- Funding and level of co-investment
- Community support
- Health & Safety
- Alignment with Science Strategy and Research
- Sustainability of gains
- Exit Strategy

“The establishment of high quality systems to monitor and evaluate achievements will be critical to the success of Predator Free 2050 Ltd.”

↳ House of Representatives Environment Committee Report March 2018.

Large landscape co-investment

└ Predator Free 2050 Limited is currently working to activate seven large landscape predator control and eradication projects.





Photo by Rod Morris / www.rodmorris.co.nz

Towards a Predator-Free Taranaki

Long-term council commitment aims region-wide

The first phase of the project will reduce possum numbers to zero density on farm, urban and conservation land, over 8,600 hectares.

Taranaki Regional Council will work with the community, iwi, hapu, landowners and Taranaki Mounga Project to eradicate possums from the Kaitake Range and adjacent farmland down to the coast, including Oakura township. The area will be defended from re-infestation by a ‘virtual barrier’ created by an intensive network of traps.

Landscape predator control will occur across 60,000 ha, based on a very low-power wireless sensor network. When a trap is activated by a possum, stoat, wild cat or other predator, the node sends a signal to a central hub, and this information is then sent via satellite or cell tower to cloud servers, then through a web portal to email or mobile. Initial trap checking will be by contractors, then landowners will check and maintain the trapping network on their property.

From the Waiwhakaiho catchment around New Plymouth, the programme will be rolled out in sections around the mountain, over 10 years, to eventually cover the province.

In urban areas householders are being encouraged to trap possums and rats.



Remotely monitored trapping networks

FACT BOX	Launched	May 30, 2018
	Project website	www.trc.govt.nz/environment/working-together/pf-taranaki2050
	PF2050Ltd investment	\$11m
	Total project investment	\$47m
	Funding commitment	Five years
	Project lead	Taranaki Regional Council
	Māori partners	Ngāti Mutunga, Ngāti Maru, Ngāti Ruanui, Taranaki, Te Ātiawa, Ngaa Rauru, Ngāruahine, Ngāti Tama
	Collaborators	Wild for Taranaki, Taranaki Mounga Project, New Plymouth District Council, Stratford District Council, South Taranaki District Council, Federated Farmers, Department of Conservation, Manaaki Whenua/Landcare Research, Zero Invasive Predators.
	Ambition	700,000 ha (after 10 years)

Photo by Rod Morris / www.rodmorris.co.nz

Predator Free Hawke's Bay

Unlocking low-cost predator eradication on farmed landscapes

The first phase of the Hawke's Bay Regional Council-led project will focus on removing possums from 14,500 hectares of land on Mahia Peninsula.

This will be achieved within four years, using wireless monitoring of a network of leg hold traps. Simultaneous control of feral cats and mustelids will be undertaken.

The project aims to reduce the costs of farmland predator control by at least 50 percent, enabling redeployment of resources and ultimately a shift in focus from suppression to eradication across rural landscapes.

The project builds on the success of the Poutiri Ao ō Tāne and Cape to City ecological restoration projects. It includes a focus on new techniques for rat control in fragmented bush areas, to secure biodiversity and conservation benefits.

A large-scale Para-Aminopropiophenone (PAPP) trial will test the cost effectiveness of this toxin across farmland for stoat and wild cat control.

The project is linked with the council's Regional Pest Management Plan, builds on strong Iwi, hapū and community partnerships, and anticipates future council commitment.



Whangawehi Catchment Group chairman Pat O'Brien, DOC's Melissa Brignall-Theyer, Conservation Minister Eugenie Sage, Rongomaiwahine iwi Chair Moana Rongo, Hawke's Bay Regional Council's Campbell Leckie, and Predator Free 2050 Limited's Kath Mead at Tuahuru marae near Mahia.

FACT BOX

Launched	July 2, 2018
Project website	www.hbrc.govt.nz/services/pest-control/predator-free-2050
PF2050Ltd investment	\$1.62m
Total project investment	\$4.86m
Funding commitment	Four years
Project lead	Hawke's Bay Regional Council
Māori partners	Ngāti Kahungunu iwi, Rongomaiwahine iwi, Maungaharuru Tangitū Trust, Ngāti Pāhuwhera Development Trust, Te Kōpere o te iwi o Hineuru Trust, Ngāti Hineuru, Ngāti Pārau Hapū Trust, Waiohiki and Wharerangi Marae
Collaborators	Department of Conservation, Manaaki Whenua/ Landcare Research, Biological Heritage National Science Challenge, Aotearoa Foundation, Regional Biodiversity Trust, Whangawehi Catchment Management Group.
Ambition	Ultimately 700,000 ha



Predator Free Wellington / Capital Kiwi

Redefining what's possible in city landscapes

Predator Free Wellington Ltd is a charitable company supported by founding partners Wellington City Council, Greater Wellington Regional Council and NEXT Foundation. It supports and connects a network of thousands of households, community groups, schools and organisations who share a vision to make Wellington the world's first predator free capital city.

A phased approach to removing rats, stoats and possums begins on the Miramar peninsula, then

into neighbouring suburbs, the CBD and east, and north to the boundary with Porirua, over ten years.

Capital Kiwi is a charitable trust aiming to add kiwi to the growing list of threatened species returning to the city. It will deliver a programme of landscape scale pest control through partnerships with public and private stakeholders.

The combined effort of the Predator Free Wellington and Capital Kiwi projects aims to see

predators removed from over 30,000ha.

The programme draws on a 20-years of integrated predator control in reserves and rural landscapes, the spill-over success of the Zealandia sanctuary, and efforts of backyard and community trapping groups. It is backed by unprecedented levels of institutional and public support.



Photo by Rod Morris / www.rodmorris.co.nz

The project aims to enable kiwi to return to the capital

FACT BOX	Launched	August 8, 2018
	Project websites	www.pfw.org.nz and www.capitalkiwi.co.nz
	PF2050Ltd investment	\$3.725m
	Total project investment	\$11.1m
	Funding commitment	Five years
	Project lead	Predator Free Wellington Ltd and Capital Kiwi Trust
	Māori partners	Ngāti Toa Rangatira and Taranaki Whanui
	Collaborators	Predator Free Wellington - Wellington Airport, Zealandia, Papa Taiao, Victoria University, Manaaki Whenua. 32 backyard trapping groups active across 44 suburbs and 32 schools participating in the pilot schools programme. Capital Kiwi -Wellington Community Trust, Kiwis for Kiwi, Department of Conservation.
	Ambition	30,000 ha

Photo by Shaun Lee

Te Korowai o Waiheke – Towards Predator Free Waiheke

Aiming to be the world's first predator-free urban island

Te Korowai o Waiheke – Towards Predator Free Waiheke will roll out an island-wide stoat eradication campaign and an initial pilot rat eradication programme over 2,300 ha. It aims to extend this and have removed rats and stoats from the 9,300 ha island by 2025.

The project builds on predator control across around a third of island, through the efforts of Auckland Council, community groups and landowners. This has

enabled kaka to nest on the island in recent years and kakariki are starting to visit following release on neighbouring Motuihe. Birds like tui, kereru, grey-faced petrel and little blue penguin are also benefitting from the effort.

However, rats and stoats are capable of swimming long distances and castaways from Waiheke pose threats to neighbouring predator-free islands.

With 8,200 residents, 3460 landowners and over 1,000,000 visitors the

project is of international significance.

The Te Korowai o Waiheke project will involve careful co-ordination and community engagement, utilising a mix of methods - traps and enclosed baits stations – across townships, lifestyle blocks, vineyards, farms and reserves - tailored to different landscape types, situations and land owners.

It is one of the first projects to benefit from Auckland Council's targeted environment rate.



Pita Rikys and Jane Taylor at Waiheke project launch

FACT BOX

Launched	September 16, 2018
Project website	www.predatorfreewaiheke.org.nz
PF2050Ltd investment	\$2.6m
Total project investment	\$10.9m
Funding commitment	7 years
Project lead	Te Korowai o Waiheke Trust
Maori partners	Ngāti Paoa
Collaborators	Auckland Council, Foundation North, Department of Conservation, Hauraki Gulf Conservation Trust, Hauraki Gulf Islands Forest and Bird, QEII National Trust covenant landowners, Waiheke Rat Busters, Waiheke Resources Trust, Natural Logic Environmental Management.
Ambition	9,324 ha

Photo by Rod Morris / www.rodmorris.co.nz

Predator Free Dunedin

Joining up effort to reinvigorate New Zealand's wildlife capital

The Predator Free Dunedin project draws on the combined effort of 20 conservation related agencies and groups, building on community restoration efforts over more than ten years and recent TB predator control investments by OSPRI.

The project aims to remove possums from 9,000 ha Otago Peninsula and suppress possums and mustelids across landscapes north of Dunedin bordered by State Highway 1, to create a halo around Orokonui Ecosanctuary.

The two tongues of land will be connected through Dunedin's urban area where 20 percent of urban households will be encouraged to undertake predator control. Predators will also be eradicated from two small 'stepping stone' islands in Otago Harbour.

Predator free landscapes and corridors will enable wildlife populations to spread, thrive and move back into the city.

Dunedin's renowned wildlife includes seabirds like royal albatross and yellow-eyed penguins on

Otago Peninsula and forest birds such as South Island kaka, South Island robins, riflemen and tomtits, concentrated around Orokonui.

The project will utilise Dunedin's specialist expertise in conservation management, education and information and communications technologies and is backed by provisions in the Regional Pest Management Plan.



Creating security for the peninsula's iconic and endangered wildlife

FACT BOX

Launched	October 3, 2018
Project website	www.predatorfreedunedin.org.nz
PF2050Ltd investment	\$4.33m
Total project investment	\$15m
Funding commitment	5 years
Project lead	Predator Free Dunedin Charitable Trust
Maori partners	Te Rūnanga ō Otakou, Kati Huirapa ki Puketeraki
Collaborators	Dunedin City Council, Otago Regional Council, Department of Conservation, OSPRI, Otago Peninsula Biodiversity Trust, Landscape Connections Trust, Manaaki Whenua, Otago Natural History Trust, Otago Peninsula Trust, Otago Polytechnic, Otago Chamber of Commerce, Wild Dunedin Trust, Forest and Bird Dunedin, Pukekura Trust, Save the Otago Peninsula, Quarantine Island/ Kamau Taurua Community (Inc).
Ambition	30,000 ha



Hectares targeted for eradication
(5yr funding period)



Hectares targeted for suppression
(5yr funding period)



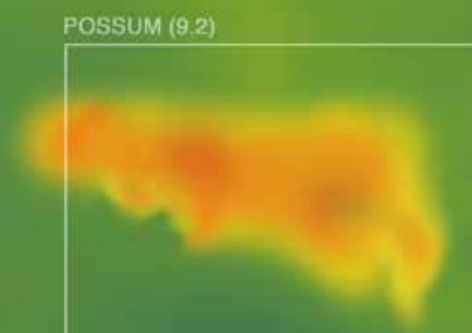
Research co-investment

Predator Free 2050 Limited's Research Strategy was developed with the New Zealand's Biological Heritage National Science Challenge and published in November 2017.

It currently prioritises science investment into four programmes.

1. Achieving eradication at landscape scale with existing tools – toxins, trapping and surveillance technology – initially for possums.
2. Exploring the potential of new tools for landscape-scale eradication – initially in the genetics field for application to rats.
3. Creating platforms for shared information and knowledge, and more effective predator management planning.
4. Understanding attitudes and choices about predator management tools and approaches.

Predator Free 2050 Limited plans to extend the scope of its Research Strategy as new funds are made available.



The company is currently investing \$1 million per annum in research across four programme areas, leveraging co-funding at a ratio of 2 to 1.

What are we working on?

Predator Free 2050 Limited is keeping a watching brief on the emerging field of gene editing technology and its potential application for predator control.

In June 2018 Science Strategy Manager Prof Dan Tompkins was appointed to a Task Force developing the International Union for Conservation of Nature policy on biodiversity conservation and synthetic biology.

We are working with Otago University and CSIRO to understand rat genome sequencing and population genetics and their application to use of current and new tools. With Cornell University and Manaaki Whenua Landcare Research, we are using mathematical modelling to assess whether gene drives could theoretically eradicate rat populations.

Predator Free 2050 Limited is working with Zero Invasive Predators and Manaaki Whenua Landcare Research to achieve landscape-scale possum eradication with conventional tools in back-country areas, and defend from re-invasion.

Different operational approaches, and the use of natural barriers and surveillance networks to detect and respond to reinvasion, may change the current dependency on repeated aerial toxin application.

Understanding attitudes to control methods, the values behind them, and how they will influence and determine social licence for different approaches to Predator Free 2050 is being considered in social research being led by Manaaki Whenua Landcare Research.

As more landscape projects roll out and new tools are deployed, integrated planning and management tools will be important to align efforts and maximise eradication efficacy. We are investing in governance and protocols to optimise data sharing within a 'Data Commons' framework.

With 120,000 trapping devices expected to be deployed in the first seven landscape-scale projects along with surveillance, communications and management systems, Predator Free 2050 Limited is looking at ways to fast-track research and development and the supply of new, more-effective products to projects.

2025 Targets

Our work supports the Government's four interim goals for 2025:

- Suppress target predators on a further 1 million hectares.
- Eradicate predators from blocks of at least 20,000 hectares without the use of fences.
- Eradicate all predators from offshore island nature reserves.
- Achieve a breakthrough science solution capable of eradicating at least one small mammal predator.

Rahwa Steel (9) from Macandrew Bay School, Dunedin and Peter Hayden holding a four month old Haast tokoeka chick at Orokonui Ecosanctuary.



Photo by Rod Morris / www.rodmorris.co.nz

Rahwa Steel (9) and Grace Steel (7) with Sirocco the kakapo (21 years old) during a visit to Orokonui Ecosanctuary.

Statement of Service Performance

Expectations of performance in Statement of Intent related to period July 1, 2017 - June 30, 2018

Co-invest in high-value landscape-sized projects

FIRST YEAR ACTIVITIES	FIRST YEAR DELIVERY
Identify and assess landscape scale projects.	Expressions of interest process solicited 45 responses, 7 invited to prepare Requests for Proposal.
Attract investment from third parties.	Co-investment tracking at ratio of 2.81:1.
Develop an agreed monitoring and evaluation approach.	Milestones and decision points defined in two project contracts.
WITHIN FOUR YEARS	PROGRESS
Advise project consortia on developing high-quality, technically feasible projects.	Technical assessment and advice being provided to existing and potential projects.
Fund initial projects.	As of 30 June 2018 two funding agreements were in place spanning 4-5 years. Three agreements have been signed since 30 June. Two are in negotiation.
Ensure governance and resources are in place to support co-investment partners.	Governance entities confirmed or created to support activated projects. All projects have defined Maori partnerships and collaborators.

Fund breakthrough science

FIRST YEAR ACTIVITIES	FIRST YEAR DELIVERY
Develop a research and investment strategy with clear aims and priorities in collaboration with the Biological Heritage Science Challenge.	Research Strategy published Nov 2017 with four priority programme areas.
Develop and fund projects in all priority research areas.	Seven projects funded across all programme areas.
WITHIN FOUR YEARS	PROGRESS
Create a shared investment strategy with the Biological Heritage Science Challenge to support long-term predator science research.	Contributing to current Challenge Strategy Review.
Attract investment from third parties.	Co-investment tracking at ratio of 2.36:1.
Develop an agreed monitoring and evaluation approach.	Monitoring and evaluation being integrated into landscape projects.

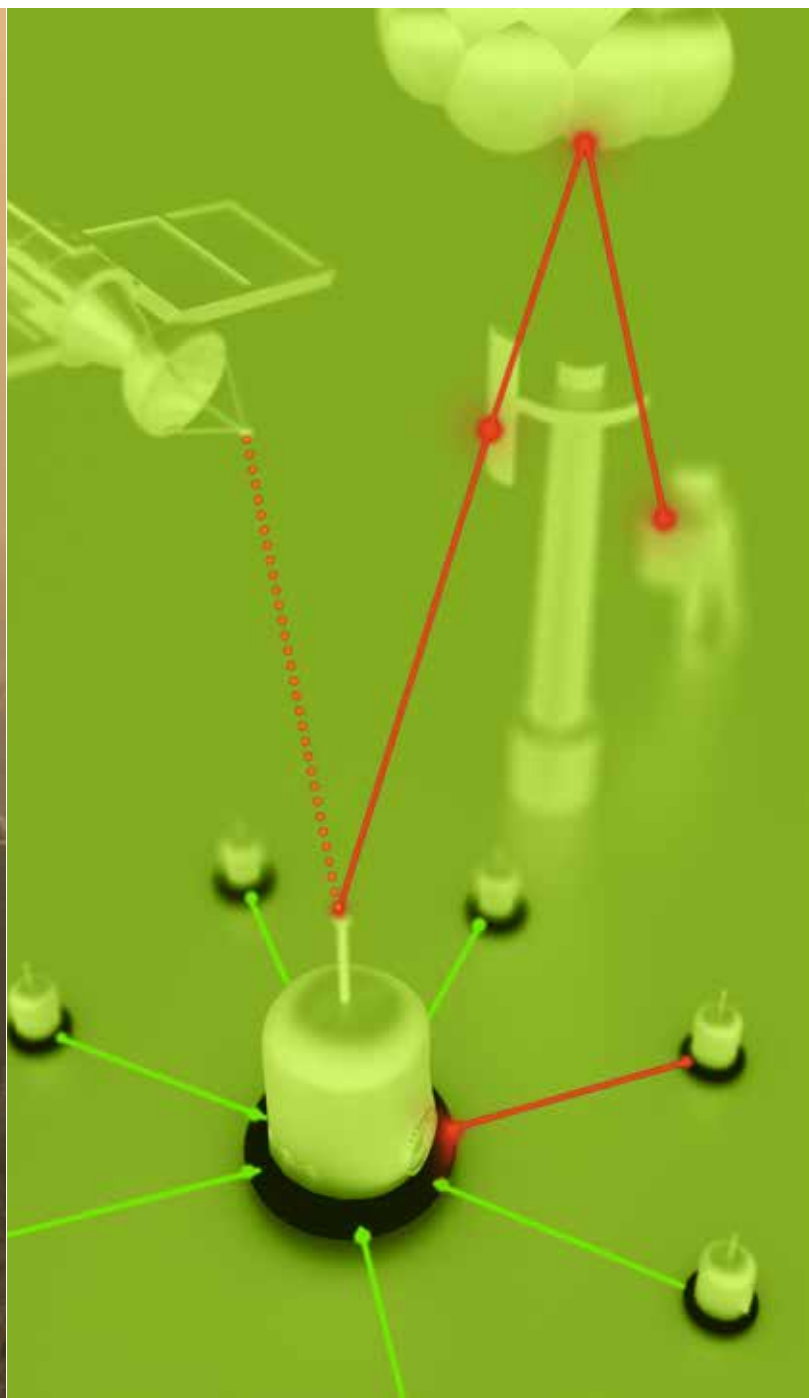
Looking ahead



We aim to raise co-investment and launch two further large landscape projects in the current funding round.



We will work with government to enable a second round of landscape scale projects, focused on the regions.



We will help unlock research and design innovation to open up new pathways to the 2050 goal.



We will create new avenues that enable philanthropic partners to contribute.



Launch of Te Korowai o Waiheke – Towards Predator Free Waiheke at Piritahi Marae on September 16, 2018.

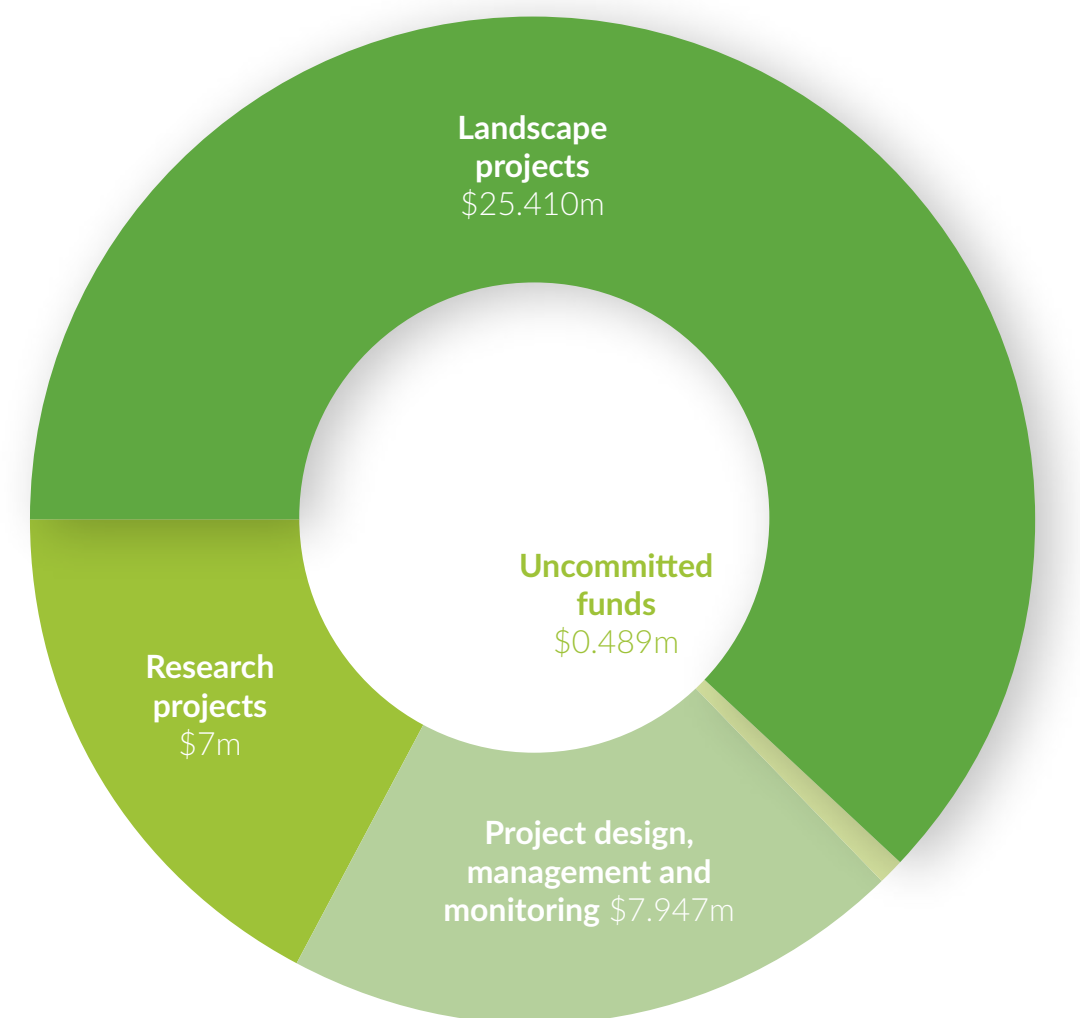
Financial overview

Initial Crown funding of \$23.3 million was allocated to Predator Free 2050 Limited for the period 2016–20 through Vote Conservation, with an additional \$5.9 million per annum for out years.

The expectation of shareholding Ministers was that around \$4 million per annum would be allocated to co-investment in high value landscape size projects and \$1 million per annum to breakthrough science research.

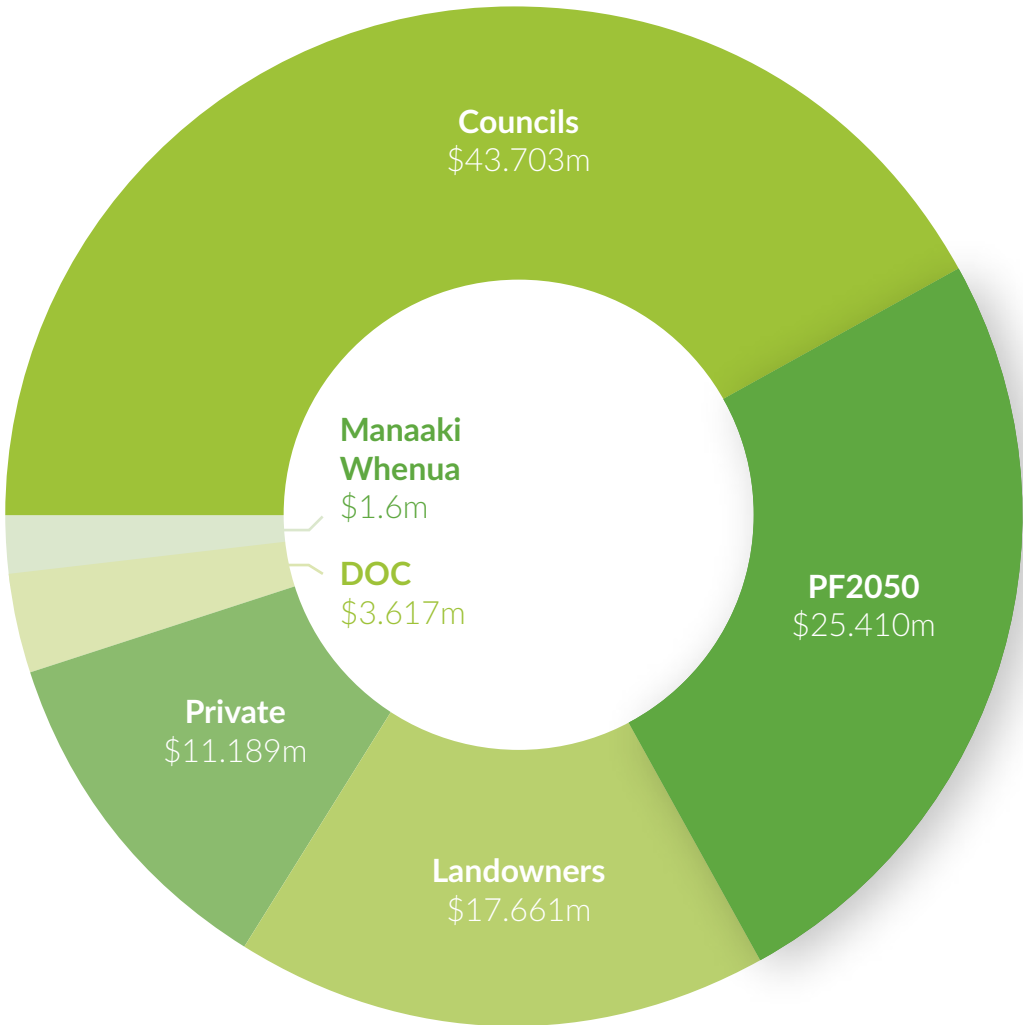
It was also anticipated that Predator Free 2050 Limited would secure matching investment of \$2 for every \$1 of Crown investment.

Funding allocation 2016–23



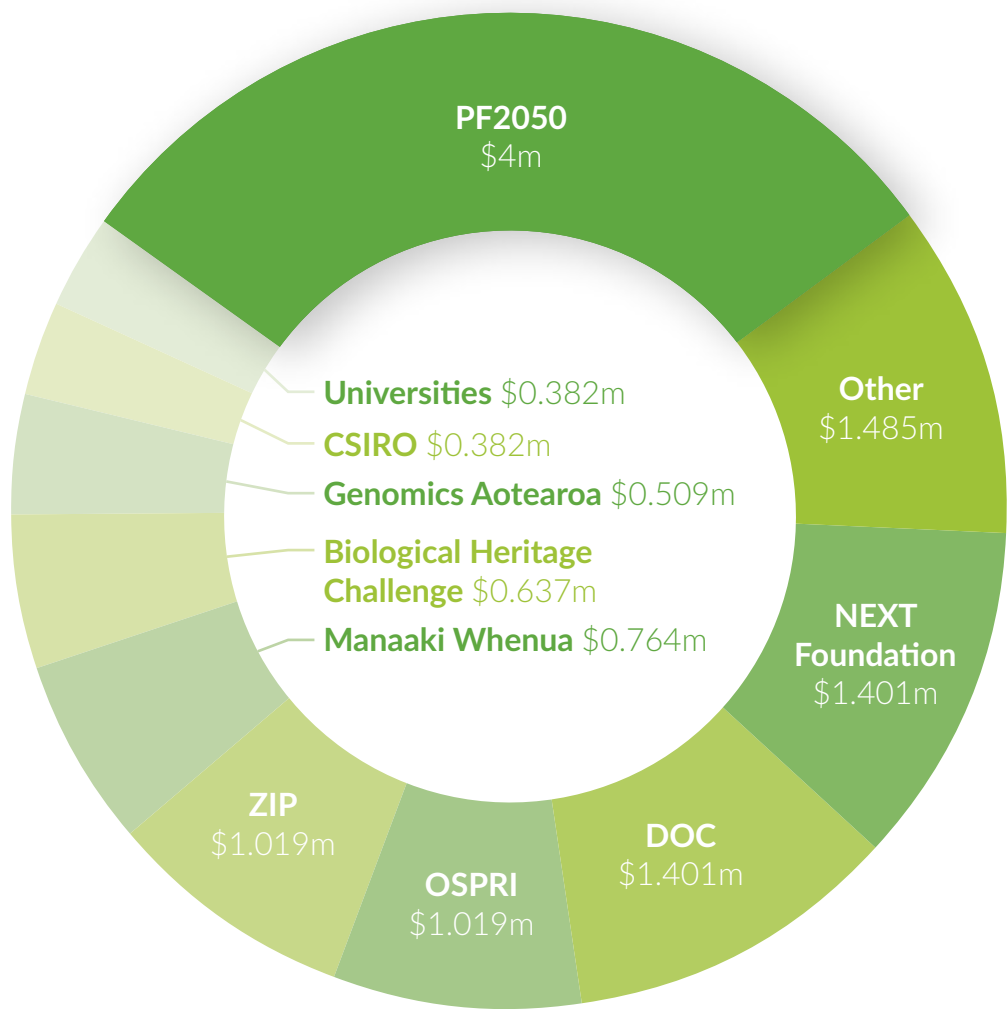
Funding leverage – landscape projects

Predator Free 2050 Limited's \$25,410m allocation to large landscape projects over seven years is expected to leverage co-funding investment at a ratio of 3.06:1.



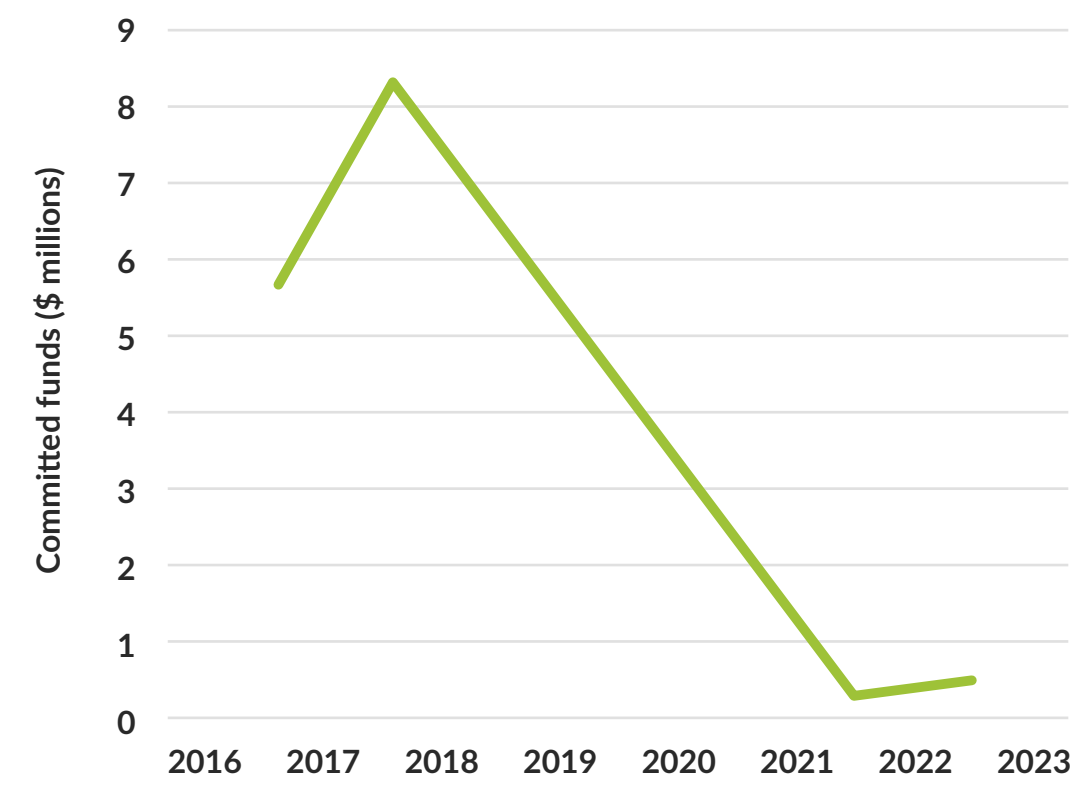
Funding leverage – research projects

Predator Free 2050 Limited's \$4m allocation over four years to research is expected to leverage co-funding investment of 2.25:1.



Projected drawdown of reserves 2016-23

(incl available funds held by DOC)



- Note the above reflects the following:
1. Out-year funding for period
 2. All project design, management and monitoring costs
 3. Committed funding for five projects and two still in negotiations

Project launches

Five project launches between May and October created opportunities for communities to celebrate the beginning of ambitious predator suppression to eradication projects throughout the country.

Predator Free 2050 Limited Chair Jane Taylor speaks at the launch of Predator Free Dunedin at Otago Museum's Beautiful Science Gallery on October 3, 2018.

Photo by Craig McKenzie

Predator Free Wellington's James Willcocks and Capital Kiwi's Paul Stanley Ward sign a funding agreement with Predator Free 2050 Limited CEO Ed Chignell and Next Foundation Director Devon McLean at the Roxy Cinema, Miramar on August 8, 2018.

Photo by Neil Price

Launch of Towards a Predator-Free Taranaki with Predator Free 2050 Limited CEO Ed Chignell, Taranaki Regional Council Chair David MacLeod, Predator Free 2050 Limited Chair Jane Taylor and Conservation Minister Hon Eugenie Sage at Pukeiti Gardens on May 30, 2018.

Photo by Rusty Ritchie

Financial Statements for the year ended 30 June 2018

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INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF PREDATOR FREE 2050 LIMITED'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2018

The Auditor-General is the auditor of Predator Free 2050 Limited (the Company). The Auditor-General has appointed me, Graeme Edwards, using the staff and resources of KPMG to carry out the audit of the financial statements and the performance information, of the Company on his behalf.

Opinion

We have audited:

- the financial statements of the Predator Free 2050 Limited on pages 44 to 51, that comprise the statement of financial position as at 30 June 2018, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements including a summary of significant accounting policies and other explanatory information; and
- the performance information of the Company on page 31.

In our opinion:

- the financial statements of the Company on pages 44 to 51:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2018; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity International Public Sector Accounting Standards; and
- the performance information on page 31
 - presents fairly, in all material respects, the Company's performance for the year ended 30 June 2018, including:
 - for each class of reportable outputs:
 - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
 - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 12 October 2018. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of the Board of Directors for the financial statements and the performance information

The Directors are responsible on behalf of the Company for preparing financial statements and performance information that are fairly presented and comply with generally accepted accounting practice in New Zealand. The Directors are responsible for such internal control as they determine is necessary to enable them to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Directors are responsible on behalf of the Company for assessing the Company's ability to continue as a going concern. The Directors are also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Company or there is no realistic alternative but to do so.

The Directors' responsibilities arise from the Crown Entities Act 2004 and the Public Finance Act 1989.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- We evaluate the appropriateness of the reported performance information within the Company's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Directors are responsible for the other information. The other information comprises the information included on pages 1 to 53, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests, in the Company.

Graeme Edwards
KPMG
On behalf of the Auditor-General
Wellington, New Zealand

Statement of Comprehensive Revenue and Expense

for the year ended 30 June 2018

in New Zealand Dollars

	Note	2018 \$	2017 \$
REVENUE			
Distributions received	2a	5,744,666	164,500
Interest received	2b	17,074	610
Total revenue		5,761,740	165,110
EXPENSES			
Employee benefits expenses	4	447,206	-
Operating expenses	5	632,325	196,725
Investment in projects	3	2,154,139	-
Depreciation		3,099	-
Total expenditure		3,236,769	196,725
Surplus/(Deficit) for the year		2,524,971	(31,615)
Other comprehensive revenue and expense		-	-
Total comprehensive revenue and expense for the year		2,524,971	(31,615)

This statement is to be read in conjunction with the notes to the financial statements

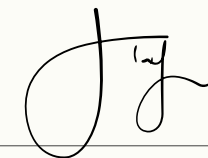
Statement of Financial Position

as at 30 June 2018

in New Zealand Dollars

	Note	2018 \$	2017 \$
ASSETS			
Bank		2,730,460	40,455
Trade and other receivables		60,645	15,947
Other current assets		16,669	-
Total current assets		2,807,774	56,402
Fixed Assets		8,262	-
Total non-current assets		8,262	-
Total assets		2,816,036	56,402
LIABILITIES			
Trade payables		208,515	53,245
Accrued expenses		114,165	34,771
Total current liabilities		322,680	88,016
Total liabilities		322,680	88,016
Net assets		2,493,356	(31,615)
EQUITY			
Retained earnings		2,493,356	(31,615)
Total equity		2,493,356	(31,615)

For and on behalf of the Board:



D J Taylor
Board Chair
12 OCTOBER 2018



Sir R G M Fenwick
Director
12 OCTOBER 2018

This statement is to be read in conjunction with the notes to the financial statements

Statement of Changes in Equity

for the year ended 30 June 2018
in New Zealand Dollars

	Retained earnings	Total
	\$	\$
Balance at 1 July 2017	(31,615)	(31,615)
Surplus for the year	2,524,971	2,524,971
Other comprehensive revenue and expense	-	-
Balance at 30 June 2018	2,493,356	2,493,356
	Retained earnings	Total
	\$	\$
Opening Balance	-	-
Deficit for the year	(31,615)	(31,615)
Other comprehensive revenue and expense	-	-
Balance at 30 June 2017	(31,615)	(31,615)

This statement is to be read in conjunction with the notes to the financial statements

Statement of Cash Flows

for the year ended 30 June 2018
in New Zealand Dollars

	2018	2017
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from distribution income	5,744,666	164,500
Cash paid for investment in projects	(1,925,835)	-
Cash paid to suppliers	(521,797)	(71,208)
Cash paid to employees	(397,019)	-
Cash paid for governance costs	(171,024)	(37,500)
Net GST	(44,414)	(15,746)
Net cash from operating activities	2,684,577	40,046
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(11,362)	-
Net cash from investing activities	(11,362)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest received	16,790	409
Net cash from financing activities	16,790	409
	2,690,005	40,455
Opening cash and cash equivalents	40,455	-
Closing cash	2,730,460	40,455
MADE UP OF:		
Bank balances	2,730,460	40,455
Total cash	2,730,460	40,455

This statement is to be read in conjunction with the notes to the financial statements

Notes to the financial statements

1. General Overview

A. Reporting Entity

Predator Free 2050 Limited (the 'Company') is a company incorporated in New Zealand, registered under the Companies Act 1993, and is domiciled in New Zealand.

The purpose of the company and it's principal activity is to eradicate possums, rats and stoats from New Zealand by 2050.

The financial statements of the Company are for the year ended 30 June 2018.

B. Basis of Preparation

i. Statement of Compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with the Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS) and other applicable Financial Reporting Standards.

The financial statements have been prepared in accordance with PBE Standards Reduced Disclosure Regime (PBE RDR) and disclosure concessions have been applied. The criteria under which an entity is eligible to report in accordance with PBE Standards RDR is due to the Company not being publicly accountable or large, as defined by the External Reporting Board (XRB) Standard A1: Application of Accounting Standards.

The financial statements of the Company have been prepared in accordance with the relevant requirements of the Public Finance Act 1989 and the Crown Entities Act 2004, which includes the requirement to comply with NZ GAAP.

The financial statements are presented in New Zealand Dollars (\$), which is the Company's functional currency. All financial information presented in New Zealand Dollars has been rounded to the nearest dollar, except when otherwise indicated.

The Company is exempt from income tax under section CW 42(1) (a) of the Income Tax Act 2007. The Company has been granted tax exempt status and is registered as a charity under the Charities Act 2005.

ii. Going Concern

The financial statements have been prepared on a going concern and a historical cost basis. The Directors believe the use of the going concern assumption is appropriate, as the Department of Conservation has agreed to provide funding to the Company for 4 years ending 30 June 2020 followed by \$5.914M per annum for out-years which will enable it to continue its operations during this time. The timing of drawdowns from the Department of Conservation are primarily governed by cash flow needs, which may result in a reported surplus or deficit at any one point in time.

C. Use of Estimates and Judgements

There have been no significant estimates or judgements made in applying accounting policies and that effect amounts recognised in the financial statements.

2. Revenue

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that the future benefits will flow to the entity and specific criteria have been met for each of the company's activities as described below.

A. Distributions Received

During the year the Company received distributions from the Department of Conservation, which is considered a related party, totalling \$5,744,666 (2017: \$164,500). Distribution income is recognised on receipt as a non-exchange transaction.

B. Interest Received

Interest on deposits are accounted for as earned.

3. Investment in Projects

	PF2050 Total Project Investment	Paid in 2018	Paid in 2017	PF2050 On-going Commitment post 2018
LANDSCAPE:				
Towards a Predator-Free Taranaki	11,769,577	1,213,949	-	10,555,628
Predator Free Hawke's Bay	1,620,000	-	-	1,620,000
Predator Free Wellington	3,275,237	-	-	3,275,237
Total Landscape	16,664,814	1,213,949	-	15,450,865
SCIENCE:				
Manaaki Whenua	720,000	75,000	-	645,000
University of Otago	400,000	100,000	-	300,000
Cornell University (USA)	160,000	38,304	-	121,696
CSIRO	200,000	50,000	-	200,000
ZIP	800,000	600,000	-	200,000
Other non-contractual investment	-	76,886	-	-
Total Science	2,280,000	940,190	-	1,466,696
Total Landscape and Science	18,944,814	2,154,139	-	16,917,561

Post year end, two further contracts have been signed with Predator Free Dunedin for \$4,333,079 and Te Korowai o Waiheke - Towards Predator Free Waiheke for \$2,270,244.

4. Employee Benefits Expenses

	2018	2017
	\$	\$
Salaries	444,200	-
Other employee expenses	3,006	-
Total	447,206	-

5. Operating Expenses

	2018	2017
	\$	\$
Auditors fee	15,000	7,500
Communications/PR	60,747	21,840
Governance expenses	144,024	68,342
Insurance	7,795	-
Legal fees	42,540	-
Office expenses	16,723	-
Recruitment	33,390	61,946
Rent	37,889	-
Sponsorship	10,000	-
Subcontractors - research and development	146,250	34,664
Travel & conference expenses	74,738	-
Website expenses	3,748	-
Other operating expenses	39,481	2,433
Total	632,325	196,725

The \$10,000 sponsorship was paid to the World Wide Fund for Nature New Zealand for the contribution to an award category at the Conservation Innovation awards.

6. Related Parties

During the year the Company received distributions from the Department of Conservation totalling \$5,744,666 (2017: \$164,500).

The total value of Directors Fees paid during the period was \$129,000 (2017: \$64,500). These costs are included in Governance costs in Note 5.

Remuneration and benefits paid to key management personnel are as follows:

	# of personnel	2018	2017
		\$	\$
Senior Management	1 (0)	266,254	-
Total		266,254	-

7. Commitments and Contingencies

The Company has entered into long-term commitments to fund Project Investment Costs as set out in Note 3. At balance date there are no known contingent liabilities (2017: \$Nil). The Company has not granted any securities in respect of liabilities payable by any other party.

8. Subsequent Events

There have been no events subsequent to balance date and up to time of approval of these financial statements that materially affect the position as it existed at that date.

Photo by Rod Morris / www.rodmorris.co.nz

COVER: Rachel Anson and Mat Anderson carry a trap with Celium remote sensing node on a ridge overlooking Thompson Sound, Fiordland.

