

Predator Free 2050 Limited

Statement of Intent

2018-2022

Presented to the House of Representatives Pursuant to the Crown Entities Act 2004

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Foreword

Our unique plants and animals help define New Zealand and add immeasurable value to our culture, our identity, and our wild places.

Our kiwi, kōkākō and mountain kea are among the world's greatest living treasures. Nearly half our birds are found nowhere else on the planet. Millions of tourists come here every year to see our pristine wild spaces. Our country has a unique and special natural environment that is the foundation of our economy and wellbeing as a nation.

However, due to the threats from introduced predators, invasive species and habitat loss, our species extinction rates are among the highest in the world. This is something that concerns New Zealanders from all walks of life, including private citizens, community and environmental groups, government and business interests.

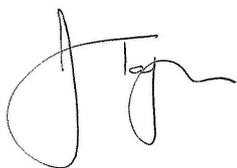
More than 3000 of our native species are within the 'threatened' or 'at risk' categories. Around 800 of these face extinction if we don't act promptly.

Among the introduced predators, possums, rats and stoats have found our native animals to be easy prey. Our native animals evolved without the presence of these predators and have no defence against them.

In this compelling context, we are pleased to present the first Statement of Intent for this new company, Predator Free 2050 Limited. This is an important early milestone for our Company, whose mandate is to make a significant contribution to the elimination of possums, rats and stoats from New Zealand by 2050.

We see this as a remarkable opportunity to contribute to the protection of our many species and forests. We recognise the vital role that the natural environment has in shaping our identity as a country.

Our success will depend on forming strong relationships with those who have a shared vision of achieving a predator-free New Zealand. This includes our shareholding Ministers and monitoring agency, the Department of Conservation; our Treaty partners; community and environmental groups; businesses and philanthropists who share a commitment to New Zealand's biodiversity.



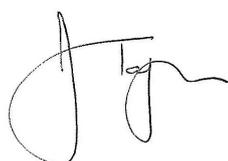
Jane Taylor

Chair

Statement of Responsibility

This Statement of Intent has been prepared by the Board of Directors (“the Board”) of Predator Free 2050 Limited (“the Company”) pursuant to the Crown Entities Act 2004. It sets out the intentions of the Company for the period 2018 to 2022.

The Board is responsible for the statements contained in this Statement of Intent, including the appropriateness of the assumptions on which those statements are based, and for the relevant disclosures made. The Board has the responsibility for establishing and maintaining a system of internal control that provides reasonable assurance as to the integrity and reliability of financial and non-financial reporting.



Jane Taylor

Chair

Dated: 15 October 2018



Rob Fenwick

Director

Dated: 15 October 2018

Our Strategic Purpose

The purpose of Predator Free 2050 Limited is to contribute towards the government's goal of eradication of possums, stoats, and rats by 2050. The Company is intended to be a significant contributor to the Predator Free New Zealand 2050 programme ('PF2050 programme').

It's primary tasks are:

- to raise funds for co-investment
- to invest in landscape-scale predator control and eradications
- to invest in breakthrough science research

These will be undertaken in collaboration with partners.

In pursuing its purpose, the Company will carry out the following functions:

- i. Identification of landscape scale predator eradication projects with high biodiversity values and which have secured sustainable co-funding from third parties which can be leveraged with our own fund.
- ii. Funding of breakthrough science research that aims to accelerate safe predator eradication.
- iii. Provision of advice to project consortia so that they develop high quality, technically feasible landscape and science research projects.
- iv. Fostering of investment in conservation landscape and science research projects. Encouragement and coordination of co-funding from third parties; including regional government, OSPRI, iwi, landowners and philanthropic foundations.
- v. Raising of funds for co-investment by other parties, at a targeted rate of 2:1.
- vi. Assessment of proposals against investment criteria to select the optimum schemes, and establish durable commercial structures.
- vii. Management of co-investments in accordance with the Crown's investment requirements.
- viii. Exiting of projects when conservation objectives have been achieved and there are long term arrangements in place to sustain the gains.

The Company has also adopted the four PF2050 programme high level target milestones to achieve by 2025. These are:

- i. An increase of one million hectares of mainland New Zealand where predators are suppressed, through PF 2050 projects;
- ii. Predator eradication achieved in areas of mainland New Zealand of at least 20,000 hectares without the use of fences;
- iii. All mammalian predators eradicated from New Zealand's island nature reserves; and
- iv. A break-through science solution capable of eradicating at least one small mammal predator from the New Zealand mainland.

We will collaborate with the Department of Conservation to reflect any future change in the PF2050 programme goals so the Company's goals align with the overall programme objectives. This may, in the future, include specific Predator Free 2050 Limited goals. We also recognise that, in order to achieve our purpose, it may be appropriate for predator control and eradication activities to extend to other mammalian predators.

Guiding Principles

Core to our capability is the ability to collaborate with co-investors and partners, and also to encourage and support collaboration and partnership among those we fund.

Achieving our goal will require long-term commitment, and enduring, quality relationships.

The Predator Free 2050 programme involves four main organisations in its delivery:

- i. The Department of Conservation is the government agency responsible for facilitating the overall PF2050 programme.
- ii. PF2050 Limited, investing in high-value, largescale predator control initiatives, scientific research into predator eradication, and attracting investment from the private sector, philanthropists and local government.
- iii. Predator Free New Zealand Trust, connecting with community groups New Zealand wide, providing valuable support and technical information for the rapidly growing community groups both rural and urban.
- iv. New Zealand's Biological Heritage National Science Challenge, consolidating and focusing New Zealand research into the key areas required to deliver the PF2050 programme outcomes.

The use of new technology and the coordinated and collective impact of individuals, communities, central and local government, iwi, OSPRI, philanthropists, non- government organisations, businesses, science and research organisations, and land owners, are essential to the success of the 2050 goal.

Our approach to relationship management draws on the following principles:

- we will respect Te Tiriti o Waitangi / Treaty of Waitangi
- we will hear and respond to the diverse voices of the community
- we will act in good faith
- our work will be built on trust and mutual respect

Treaty partnerships with whānau, hapū and iwi

Central to our role is recognition of the Treaty of Waitangi partnership. All of our partnership work with others needs to recognise our ongoing Treaty obligations to whānau, hapū and iwi.

We recognise the special kaitiaki role that Māori play in managing our natural resources, and our responsibilities under the Treaty of Waitangi.

Māori have a deep knowledge of the natural world, developed through their observation of the natural environment of Aotearoa over time. Incorporating Māori viewpoints and values into our work is central, and we are committed to pursuing a deeper relationship with Māori. This includes seeking evidence from those whom we fund and partner with that they are also making those connections.

Key Activities

Landscape-scale eradication with new partners

Core to our success is to identify landscapes where we have confidence of sustained predator eradication and preserving high values of biodiversity. To support us in this role we receive advice from the Department of Conservation.

Eligible landscapes may fall outside the conservation estate and may have a variety of owners including regional and local government, iwi and private landowners.

In assessing applicants, we will investigate and weight several attribution factors including:

- physical scale of operation
- sustainability of the project and risk of re-invasion
- strength of governance
- Maori participation and collaboration
- value of biodiversity at stake
- quantum of matched funding and security of collaborating partners

The process began in 2017 with the issue of an Expression of Interest request, which received 45 applications from around New Zealand. Seven projects were invited to submit Requests for Proposal, and we entered into negotiations to activate all seven. By October 2018 we expect to have completed contract negotiations and publicly launched five of those projects, with the other two projects seeking further co-funding commitments.

We will work with partners to initiate further projects that meet our criteria and align with provincial growth and other priority Government objectives.

Breakthrough science

Our Research Strategy is designed to maximise our ability to develop a break-through science solution capable of eradicating at least one small mammalian predator from the mainland by 2025, an important milestone on the road to a predator free New Zealand.

The Science Research Strategy was constructed by a strategy group co-ordinated by the New Zealand's Biological Heritage National Science Challenge, and has been independently peer reviewed. The strategy is not set in stone, but will be modified according to research progress and developments in the wider science community.

The priority components of the strategy, which are complementary to the development of host-specific toxins and improved lures already ongoing through the Challenge, are organised into four programmes:

Environment and society: A deep respect for ethics and the social licence to operate is paramount for all science breakthroughs for the 2050 programme. We also need to better understand the likely ecological and environmental consequences of our predator management actions.

Eradicating the last 1%: New Zealand is a world leader in predator control, however eradication and keeping areas predator-free is an ongoing challenge. We will seek advances in currently employed tools and approaches to make eradication at the landscape scale possible, initially for possums.

New genetic tools: New tools such as 'gene-drive' are being discussed globally for pest management. We are maintaining a watching-brief on international developments in this science through membership of IUCN's Task Force on Synthetic Biology and Biodiversity Conservation, and carrying out mathematical modelling and genome sequencing.

Computer modelling: We will provide openly accessible tools that all communities and agencies contributing to PF2050 programme can use to share their data and design their management approaches. This will drive a national community of practice, aligning efforts to do more predator management better.

PREDATOR FREE 2050 LIMITED – OUTCOMES FRAMEWORK



New landscapes

Fund eradication of predators on large often privately owned landscapes and defend from reinvasion



New partners

Recruit new participants to conservation including third party funders, landowners and organisations to engage in predator control



New science

Fast-evolving science and technology research and development for landscape-scale predator eradication

Co-invest in high-value landscape-sized projects

Fund breakthrough science

WHAT WE WILL DO

FIRST YEAR

- Identify and assess landscape scale projects
- Attract investment from third parties
- Develop an agreed monitoring and evaluation approach.

WITHIN FOUR YEARS

- Advise project consortia on developing high-quality, technically feasible projects
- Fund initial projects
- Ensure governance and resources are in place to support co-investment partners.

WHAT SUCCESS WOULD LOOK LIKE

IN THE FIRST FOUR YEARS

- We have attracted third party matched funding for landscape scale predator programs
- The strength of collaboration across stakeholders is measurable
- Projects deliver mana whenua and kaitiakitanga

BY 2025

- One million more hectares of mainland New Zealand where predators are suppressed
- We can demonstrate predator eradication of at least 20,000 ha of mainland NZ without fences
- We have invested in projects that have eradicated mammalian pests from NZ's island nature reserves.

WHAT WE WILL DO

FIRST YEAR

- Develop a research and investment strategy with clear aims and priorities in collaboration with the Biological Heritage Science Challenge
- Develop and fund projects in all priority research programmes

WITHIN FOUR YEARS

- Create a shared investment strategy with the Biological Heritage Science Challenge to support long-term predator science research.
- Attract investment from third parties
- Develop an agreed monitoring and evaluation approach.

WHAT SUCCESS WOULD LOOK LIKE

IN THE FIRST FOUR YEARS

- Social licence for the suite of potential eradication tools and technologies is understood
- Minimum requirements to eradicate possums in rural and urban landscapes are known
- Whether possums can be eradicated in back-country using existing approaches, or new technologies are needed, is known
- The genomes and population genetic structure of New Zealand's invasive rat species are understood

BY 2025

- Proof of concept at a scale of a control mechanism with strong confidence of eradication at the wild population scale.

Opportunities

The predator free movement is sweeping New Zealand. There is a growing sense of urgency to preserve threatened species. This is coupled with growing interest of third party investors and fast developing science and the willingness of thousands of New Zealanders to support the campaign.

Activities

Our role is to deliver landscape scale projects by facilitating partnerships between central and local government, NGOs, communities, philanthropists and iwi.

We will also invest in breakthrough science research with the Biological Heritage Fund to provide new tools.

Early outcomes

Through the establishment period we expect that the Company will achieve its targets for investment attraction, that working partnerships will be established, and that at a project level (landscape and science) mana whenua will have genuine opportunities to exercise kaitiakitanga.

Medium-term outcomes

By continuing our work we will grow our work with partners to achieve the wider Predator Free 2050 Programme's 2025 targets.

Key Outcomes



Significant acceleration in the rate of increase of land under predator control



Enhanced collaboration across stakeholders, and co-investment by non-government agencies attracted



Increased opportunities for iwi to exercise kaitiakitanga over their rohe



Significant acceleration in developing a suite of solutions for landscape-scale predator eradication

One million more hectares of mainland NZ where predators are suppressed

Demonstrate predator eradication of at least 20,000 hectares of mainland NZ without fences

Eradicate mammalian pests from NZ's island nature reserves

Develop a breakthrough science solution to eradicate at least one small mammal predator from the NZ mainland

Eradication of possums, stoats and rats by 2050

Our approach to Funding and Financial Management

Funding and Financial Management

Funding for Predator Free 2050 Limited has been provided as part of a non-departmental multi-year appropriation of \$23.316 million for the four-year period ended 30 June 2020, released annually on agreement of the Company's business plan and budget. There is also provision for \$5.914 million per annum for outyears.

It is anticipated that the Company will obtain a targeted \$2 financial contribution from co-funders for every \$1 that government contributes. Details of progress against these financial targets will be addressed in the annual business plan process.

Allocation of government funding will be guided by the Crown's investment criteria for each project. These include:

For landscape projects:

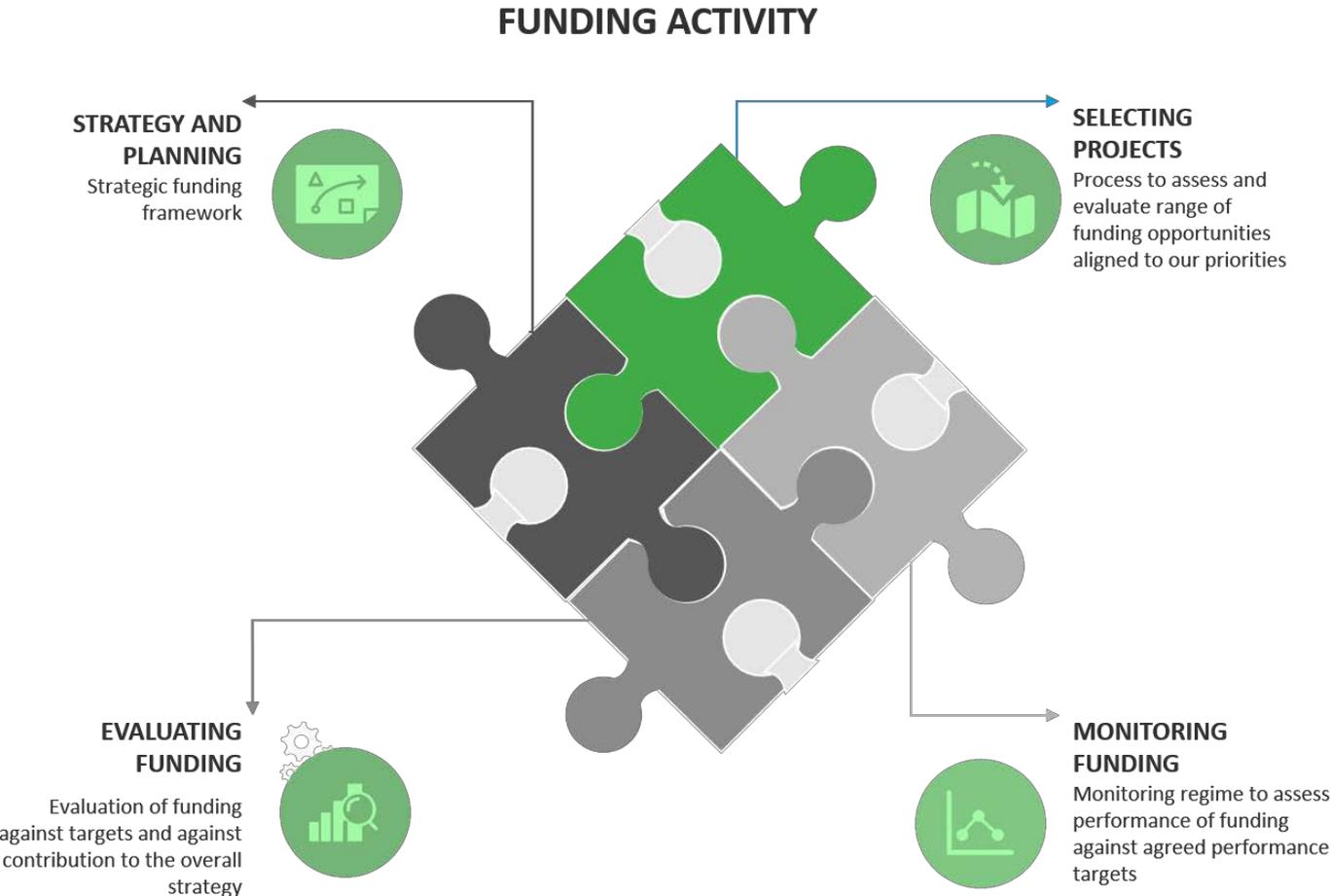
- i. the ability to eradicate or suppress predators at a landscape level in order to achieve specific and significant conservation objectives
- ii. the ability to strengthen iwi–Crown relationships, and provide opportunities for iwi to exercise kaitiakitanga over their rohe
- iii. contribution to social and economic outcomes
- iv. demonstration of strong collaboration across all the pertinent stakeholders
- v. demonstration of strong governance and management of projects
- vi. evidence of sound conservation, operational, financial and evaluation plans
- vii. contribution of financial resources from other parties on a targeted 2:1 basis
- viii. demonstration of durable arrangements to sustain the gains after the funding period

For breakthrough science:

- i. the ability to develop breakthrough science research that aims to accelerate safe predator eradication
- ii. a robust, objective and peer-reviewed Science Research Strategy constructed through the Biological Heritage National Science Challenge
- iii. balancing the potential benefit for achieving a step-change in our ability to achieve landscape scale eradication against the risk of research failure
- iv. complementing technical research programmes with appropriate supporting social, ecological, data-sharing and strategy modelling research
- v. providing a 'bet-hedged' mixed portfolio approach for the technical programmes, as far as resources allow, to maximise chance of 2025 research aim achievement
- vi. facilitating the 'right team', in collaboration with the Biological Heritage National Science Challenge, for both achieving the Company's goals and building New Zealand capability

Through the funding life-cycle we see four core stages, shown in Figure 1 on following page.

Figure 1. The four stages of our funding activity



Projected Drawdown

	2016/17	2017/18	2018/19	2019/20
Board Governance	\$ 68,342	\$ 144,024	\$ 156,000	\$ 156,000
Company baseline operating & administrating costs	\$ 128,382	\$ 923,606	\$ 1,130,157	\$ 1,130,157
Investment into Science & Predator control Projects	\$ -	\$ 4,677,036	\$ 7,545,675	\$ 7,256,621

Funders

Predator Free 2050 Limited is a registered charitable company that has been set up to help encourage and coordinate co-funding from third parties including regional government, iwi, landowners, philanthropic foundations and businesses.

The Company is exempt from income tax in New Zealand on account of being registered under the Charities Act 2005 and having charitable purposes that are wholly carried on in New Zealand.

Predator Free 2050 Limited is listed on Inland Revenue's website as having "donee" status, which broadly enables eligible donors to obtain tax credits or deductions from income tax for unconditional gifts made to it. Receipts issued for donations will comply with Inland Revenue's requirements.

We expect to use a portfolio approach to our funding activity, including contestable expression of interest processes. These mechanisms will allow us to identify regional/local councils, communities, mana whenua, businesses, NGOs and/or other entities who have begun or are contemplating predator eradication initiatives that can contribute toward meeting the Company's goals. We will use our funding to stimulate collaboration between parties and to leverage activity that will make a material contribution to our goal.

Financial Reporting

Our financial statements are prepared in accordance with the requirements of the Crown Entities Act 2004. Those include the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

Risk Management

Effective risk management supports us in achieving our strategic and business objectives by creating a robust control environment that supports informed risk-taking and promotes business growth. It does this by maximising opportunities, reducing the likelihood of business loss and reputation, and effectively managing exposure to risks.

We are developing a risk management framework that will be overseen by our Chief Executive, who reports regularly to the Board on the major risks faced by the Company.

Our organisational health and capability

Our core capabilities

Our Company plays an important role in the overall approach to achieving a predator-free New Zealand by 2050. To be successful in our primary tasks, we must collaborate with those who share our vision for the future of New Zealand's unique species and forests.

Achieving a predator-free New Zealand will require us to work constructively to build capability across the following areas:

- consortium capability to initiate and lead large-scale projects
- organisational capability and capacity to plan, deliver and monitor operations
- community capability to lead and undertake activities effectively and safely, and to participate in large-scale projects

The genesis of Predator Free 2050 Limited lay in a desire to create an entity that ensured that large-scale investments were well coordinated, with the funds being spent responsibly. In addition, it was recognised that a core capability of the Company would include entrepreneurial experience and connections that would enable us to attract investors.

Developing our people

Our Company is dynamic, with a small team working across multiple functions and disciplines. To ensure we are able to maintain the necessary people capability, Predator Free 2050 Limited:

- is developing policies for recruitment, professional development and remuneration that focus on attracting and retaining skilled, flexible, efficient and knowledgeable people
- supplements the expertise of our core team where necessary by using contractors and consultants with specialist expertise

We regularly explore opportunities for new operating processes and systems to support our work. The Board intends to support management to regularly review operating models and resourcing, to ensure the company functions effectively and achieve its strategic objectives.

Keeping our people safe

Our Company is committed to being a zero-harm employer with no days lost to accident. We are developing policies to encourage staff participation in health and safety. The office environment is safe and well maintained.

Regular observations are undertaken to identify hazards and unsafe workplace practices, and we provide any necessary training. A mix of health and safety indicators are reported to the CEO and the Board monthly. Any notifiable event will be notified to the CEO and Board Chair immediately.

Ensuring we are a good employer

To deliver on our goal we need our employees to be engaged and have clearly defined roles that are aligned with our vision, outcomes and strategies.

We are a small organisation, and our people are critical to us collaborating successfully with a broad range of stakeholders. We therefore need policies that will enable our people to thrive. Predator Free 2050 Limited offers a flexible working environment that enables staff to balance work, family and other commitments.

We are committed to upholding our responsibilities as an Equal Employment Opportunities (EEO) employer and creating a workplace that attracts, retains and values diverse employees. EEO principles are included in relevant company documentation.

We have a zero-tolerance approach to all forms of harassment and bullying, and are developing policies to deal with any complaints should they arise.

A sense of social responsibility

Our operating principles include:

- a sense of social and environmental responsibility
- sound business practices, including managing procurement processes that have integrity
- a “no surprises” communication policy

We are a small organisation that is passionate and committed to helping enhance New Zealand’s biodiversity. ‘Kia uru ora - return to life’ captures our commitment to social and environmental responsibility.