



STATEMENT OF PERFORMANCE EXPECTATIONS

FOR FINANCIAL YEAR 2020-21



INTRODUCTION

This Statement of Performance Expectations (SPE) sets out the performance expected of Predator Free 2050 Limited for the period 1 July 2020 to 30 June 2021.

Jane Taylor, Chair

Ed Chignell, CEO

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.

It is constituted as a Crown-owned company under Schedule 4A of the Public Finance Act 1989. It is registered under the Charities Act.

Predator Free 2050 Limited facilitates partnerships and co-funding arrangements that enable large landscape predator eradication operations and the breakthrough science needed to underpin them.

It currently receives funding through Vote Conservation and the Provincial Growth Fund.

Monitoring is provided through the Department of Conservation.

Ka tangi te titi, Ka tangi te kākā, Ka tangi hoki ahau, Tihei Mauriora

The Titi is calling, The Kākā is calling, and I wish to call, behold for there is life

ESTABLISHMENT AND GROWTH

2020/21 will be Predator Free 2050 Limited's fourth year of operational activity.

Since its inception in 2016, when Cabinet approved an allocation of \$23.3m to the newly formed company for the period 2016-20, with out year funding of \$5.9m per annum, the company has grown rapidly through matched funding and further Crown investment.

In the financial year commencing 1 July 2020 the company expects to have revenues of \$31.2m and more than 301,000 ha under predator suppression, including 98,794 ha targeted for

eradication of one of the top three predators (possums, rats or stoats). A further 12 landscape projects are targeted for launch in FY2021.

OPERATING CONTEXT AND ACHIEVEMENTS

At its establishment the expectation of shareholding ministers was that Predator Free 2050 Limited would invest around \$4m in large landscape projects, with matching investment of \$2 for every \$1 of Crown investment, and \$1m in breakthrough-focused research.

The company's first expression of interest process in 2017 showed widespread interest in participation and co-funding of coordinated large landscape predator eradication projects, with 45 applications received from iwi, council and community groups representing six percent of mainland New Zealand.

Seven projects were invited to submit full requests for proposals and after assessment against 13 criteria, the first co-funded project was launched in Taranaki in May 2018.

By October 2018 four more large landscape projects had been launched, in Hawke's Bay, Wellington, Waiheke Island and Dunedin.

95 full time jobs had been created in these projects by the start of 2020.

Co-funding arrangements for a sixth project, on D'Urville island, were confirmed in April 2020.

All meet the criteria of strong emphasis on Māori collaboration and partnerships.

The company's committed investment of \$24.17m into the six large landscape projects is expected to leverage operational commitments of \$68.67m, a ratio of 2.84:1, with 43% of project funding from territorial authorities.

In November 2017 the company published a Research Strategy to guide its \$1m per annum investment in scientific research for the period to 2020. It was designed to support the national goal of achieving, by 2025, a science solution capable of eradicating one of the target predators from New Zealand.

The \$4m investment has leveraged \$14m of research activity across 13 collaborating universities, government agencies, research institutes and companies, a co-funding ratio of more than 2.5.

Critical advances have been made in enabling the eradication of predators across large unfenced backcountry areas, thermal camera technology that increases predator detection sensitivity by up to 50-fold and mapping of the genome of the ship rat.

A research strategy for 2020-24 is being drafted to guide investment into the next phase of breakthrough-focused research, with particular emphasis on advances to enable landscape scale mustelid and rat eradication. This will require co-investment and collaboration with research partners and other stakeholders.

In 2019 the company received a commitment of \$19.5m from the Provincial Growth Fund to facilitate new co-funded large landscape projects in provincial surge regions (for five-year terms) and accelerate investment in new predator eradication products (for delivery within three years).

Nine 'Products to Projects' contracts were mobilised by June 2020 with a further four under negotiation from total allocated funding of \$6.5m.

Funding agreements totaling \$12m for three large landscape projects in priority regions will be completed by 30 June 2020, including the first iwi-led project.

Budget 2020 allocated an additional \$76 million (\$19 million per year) to Predator Free 2050 Limited, enabling the company to initiate new predator eradication and research projects and contribute to the COVID-19 economic recovery.

Predator Free 2050 Limited plans to mobilise 12 projects in 2020-21, front loading investments to enable them to create jobs quickly. About 150 jobs are expected by the end of the year. For these Budget 2020/ COVID-19 response projects, the company will seek co-funding contributions of at least 1:1 over the term of the projects.

Predator Free 2050 Limited employs seven staff (6.5 FTEs) to support its fund management, project coordination and science leadership functions. Staffing and organisational structure is currently being reviewed to support mobilisation of the Budget 2020 allocation.

STATEMENT OF INTENT OUTCOMES

The Statement of Performance Expectations is derived from the **Statement of Intent** (shown in table below) which covers the four-year period from 1 July 2018.

PREDATOR FREE 2050 LIMITED – OUTCOMES FRAMEWORK

(From published Statement of Intent 2018-2022)

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.



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

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 Science Challenge to provide new tools.

Co-invest in high-value landscape-sized projects

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.

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

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

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.

Fund breakthrough science

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.

Key Outcomes



Increased opportunities for iwi to exercise kaitiakitanga over their rohe



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

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

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.

Eradication of possums, stoats and rats by 2050

PERFORMANCE EXPECTATIONS FOR 2020/21

This Statement of Performance Expectation describes activities and targets that will help deliver the outcomes described in the company's Statement of Intent. Predator Free 2050 Limited will report on these activities and deliverables in its 2020/21 Annual Report.

OPPORTUNITY AREA	OUTCOMES	ACTIVITIES	TARGET
NEW LANDSCAPES FUND ERADICATION OF PREDATORS ON LARGE OFTEN PRIVATELY-OWNED LANDSCAPES AND DEFEND FROM REINVASION.	<p>Significant acceleration in the rate of increase of land under predator control.</p> <p>Contribute to national 2025 targets:</p> <p>One million more hectares of mainland NZ where predators are suppressed.</p> <p>Demonstrate predator eradication on at least 20,000 hectares of mainland NZ without use of fences.</p> <p>Eradicate mammalian pests from NZ's island nature reserves.</p>	<p>Identify and assess landscape scale projects.</p> <p>Attract investment from third parties.</p> <p>Develop an agreed monitoring and evaluation approach.</p> <p>Advise project consortia on developing high quality, technically feasible projects.</p> <p>Fund initial projects.</p> <p>Ensure governance and resources are in place to support co-investment partners.</p>	<p>Commit \$5.73 of Vote Conservation funding to six contracted large landscape projects.</p> <p>Commit \$2.02m of Provincial Growth Fund allocation to three contracted large landscape projects.</p> <p>Retain 2:1 co-funding commitment to these established projects.</p> <p>Commit \$15.3m to 12 large landscape projects funded through Budget 2020. Generate 150 project jobs.</p> <p>Complete quarterly monitoring and reporting cycles with contracted large landscape projects.</p> <p>Host a Project Coordination Workshop to facilitate exchange of operational and research innovation between projects.</p>
NEW SCIENCE FAST-EVOLVING SCIENCE AND TECHNOLOGY RESEARCH AND DEVELOPMENT FOR LANDSCAPE-SCALE PREDATOR ERADICATION.	<p>Significant acceleration in developing a suite of solutions for landscape-scale predator eradication.</p> <p>Contribute to national 2025 target:</p> <p><i>Develop a breakthrough science solution to eradicate at least one small mammal predator from the NZ mainland.</i></p>	<p>Develop a research and investment strategy with clear aims and priorities in collaboration with the Biological Heritage National Science Challenge.</p> <p>Develop and fund projects in all priority research programmes.</p> <p>Create a shared investment strategy with the Biological Heritage National Science Challenge to support long-term predator science research.</p> <p>Attract investment from third parties.</p> <p>Develop an agreed monitoring and evaluation framework.</p>	<p>Publish a Research Strategy for 2020-24, focused on critical science breakthroughs, to drive collaboration and investment with national and international partners.</p> <p>Commit \$1m of Vote Conservation funding to research programme areas defined in Research Strategy.</p> <p>Commit \$2.34m of PGF funding to contracted 'Products to Projects' parties.</p> <p>Commit \$3.5m from Budget 2020 allocation to breakthrough science areas defined in Research Strategy, new product development and system support.</p> <p>Complete quarterly milestone reviews with all contracted parties supporting science outcomes.</p>
NEW PARTNERS RECRUIT NEW PARTICIPANTS TO CONSERVATION INCLUDING THIRD PARTY FUNDERS, LANDOWNERS AND ORGANISATIONS TO ENGAGE IN PREDATOR CONTROL.	<p>Enhanced collaboration across stakeholders, and co-investment by non-government agencies attracted.</p> <p>Increase opportunities for iwi to exercise kaitiakitanga over their rohe.</p>	<p>With partners, incubate and maintain a list of 30 pipeline projects capable of being investment-ready over the next 10 years.</p> <p>Secure co-funding for Budget 2020 projects and achieve 1:1 contributions over the term of the projects.</p> <p>Monitor health and safety in quarterly reports from all funded projects.</p> <p>Conduct a benchmark stakeholder satisfaction survey.</p> <p>Publish quarterly newsletter, blogs and news releases to inform stakeholders of opportunities and progress.</p>	<p>With partners, incubate and maintain a list of 30 pipeline projects capable of being investment-ready over the next 10 years.</p> <p>Secure co-funding for Budget 2020 projects and achieve 1:1 contributions over the term of the projects.</p> <p>Monitor health and safety in quarterly reports from all funded projects.</p> <p>Conduct a benchmark stakeholder satisfaction survey.</p> <p>Publish quarterly newsletter, blogs and news releases to inform stakeholders of opportunities and progress.</p>

FORECAST FINANCIAL STATEMENTS

The forecast financial statements below include a forecast Statement of Comprehensive Revenue and Expenses, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows for the 2021 financial year.

These financial statements have been developed for the purpose of fulfilling Predator Free 2050 Limited's obligation, under the Crown Entities Act 2004, to prepare a Statement of Performance Expectations for Ministers and to publish online. It incorporates the new funding arrangements announced in the Budget 2020 consisting of \$76M over the next four years.

The forecast financial statements are based on estimates and assumptions. Actual financial results achieved for the forecast period are likely to vary from information presented and variations may be material.

The statements have been prepared on a going-concern basis.

Forecast Statement of Comprehensive Revenue and Expense

for the year ended 30 June 2021
in New Zealand Dollars

	Forecast 2021 \$	Forecast 2020 \$
Revenue		
Distributions Received	31,176,699	11,925,334
Interest Received	30,000	37,026
Total revenue	31,206,699	11,962,360
Expenses		
Employee benefits expenses	1,328,470	932,586
Operating expenses	789,568	563,359
Project investment costs	28,699,377	10,235,217
Depreciation	24,000	11,217
Total expenditure	30,841,414	11,742,379
Surplus for the year	365,285	219,981
Other comprehensive revenue and expense	-	-
Total comprehensive revenue and expense for the year	365,285	219,981

Predator Free 2050 Limited

Forecast Financial Statements
for the year ended 30 June 2021

Forecast Statement of Financial Position

as at 30 June 2021
in New Zealand Dollars

	Forecast 2021 \$	Forecast 2020 \$
Assets		
Bank	2,526,607	3,193,396
Trade and other receivables	1,205,607	201,945
Other current assets	5,807	5,807
Total current assets	3,738,021	3,401,148
Fixed Assets	41,111	20,199
Total non-current assets	41,111	20,199
Total assets	3,779,131	3,421,347
Liabilities		
Trade payables	181,287	193,786
Accrued expenses	38,500	33,500
Total current liabilities	219,786	227,286
Total liabilities	219,786	227,286
Net assets	3,559,345	3,194,061
Equity		
Retained earnings	3,559,345	3,194,061
Total equity	3,559,345	3,194,061

For and on behalf of the Board:



D J Taylor
Chairperson

Dated: 17th of September 2020



Warren Parker
Director

Dated: 17th of September 2020

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

Forecast Statement of Changes in Equity

for the year ended 30 June 2021
in New Zealand Dollars

	Retained earnings \$	Total \$
Balance at 1 July 2020	3,194,061	3,194,061
Surplus for the year	365,285	365,285
Other comprehensive revenue and expense	-	-
Balance at 30 June 2021	3,559,345	3,559,345
Opening Balance	2,974,080	2,974,080
Surplus for the year	219,981	219,981
Other comprehensive revenue and expense	-	-
Balance at 30 June 2020	3,194,061	3,194,061

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

Forecast Statement of Cash Flows

for the year ended 30 June 2021
in New Zealand Dollars

	Forecast 2021 \$	Forecast 2020 \$
Cash flows from operating activities		
Cash received from distribution income	31,176,699	11,925,334
Cash paid for investment in projects	(28,699,377)	(10,235,218)
Cash paid to suppliers	(646,568)	(419,576)
Cash paid to employees	(1,328,470)	(932,586)
Cash paid for governance costs	(155,000)	(155,000)
Net GST	(1,009,073)	(398,262)
Net cash from operating activities	(661,789)	(215,308)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(35,000)	-
Net cash from investing activities	(35,000)	-
Cash flows from financing activities		
Interest received	30,000	37,026
Net cash from financing activities	30,000	37,026
	(666,789)	(178,282)
Opening cash and cash equivalents	3,193,396	3,371,678
Closing cash	2,526,607	3,193,396
Made up of:		
Bank balances	2,526,607	3,193,396
Total cash	2,526,607	3,193,396

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

Notes to the forecast 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 its principal activity is to eradicate possums, rats and stoats from New Zealand by 2050.

The forecast financial statements of the Company are for the year ended 30 June 2021.

b Basis of Preparation

(i) Statement of Compliance

The forecast 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 forecast 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 forecast 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 forecast 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 forecast 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 a current baseline funding of \$5.914M PA to the Company.

In addition to the current baseline funding, new funding arrangements announced in the Budget 2020 consisting of \$76M over the next four years. The timing of drawdowns from the Crown are primarily governed by cash flow needs, which may result in a reported deficit at any one point in time.

c Use of estimates and judgements

In preparing these forecast financial statements, Predator Free 2050 Limited has made estimates and assumptions concerning the future. Estimates and assumptions are continually evaluated and are based on historic experience and expectations of future events that are believed to be reasonable under the circumstances.

