

Vote Forestry

APPROPRIATION MINISTER(S): Minister of Forestry (M35)

DEPARTMENT ADMINISTERING THE VOTE: Ministry for Primary Industries (A14)

RESPONSIBLE MINISTER FOR MINISTRY FOR PRIMARY INDUSTRIES: Minister of Agriculture

Overview of the Vote

The Minister of Forestry is responsible for appropriations in the Vote for the 2021/22 financial year covering just over \$172 million for the following:

- just under \$30 million for the provision of initiatives, grants and programmes to establish trees or build skills, capability and capacity in the Forestry sector
- just under \$62 million for the operational management of the Crown's forests
- just under \$46 million for the provision of advice to support decision-making by Ministers, implementation of policy decisions, operational policy and administration of legislation relating to Forestry
- \$2 million for Forestry and other economic development and erosion control in the Tairāwhiti region
- \$15 million for the purchase or planting of the Crown's Forestry assets
- just under \$5 million for the administration of government approved schemes, grants and assistance to the Forestry sector
- \$10 million for the projects which protect erosion-prone hill country
- just under \$3 million for the management of the Crown's interest in forests and Forestry-related assets
- \$1 million for grants to private landowners for afforestation purposes.

Crown Revenue and Capital Receipts

Ministers expect to collect \$70 million of Crown revenue and capital receipts in 2021/22. This is mainly comprised of sale of forest produce revenue.

Details of these appropriations are set out in Parts 2-4.

Details of Appropriations and Capital Injections

Annual Appropriations and Forecast Permanent Appropriations

Titles and Scopes of Appropriations by Appropriation Type	2020/21		2021/22
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Multi-Category Expenses and Capital Expenditure			
Growth and Development of the Forestry Sector MCA (M35) (A14)	206,338	206,338	170,180
The single overarching purpose of this appropriation is to support the growth and development of the Forestry sector.			
Departmental Output Expenses			
<i>Forestry: Administration of Grants and Programmes</i>	9,222	9,222	4,745
This category is limited to the administration of government approved schemes, grants and assistance to the Forestry sector.			
<i>Forestry: Management of the Crown's Forestry Assets</i>	2,560	2,560	2,607
This category is limited to the management of the Crown's interest in forests and Forestry-related assets.			
<i>Forestry: Policy Advice and Ministerial Servicing</i>	41,684	41,684	45,531
This category is limited to supporting Ministers on Government policy matters through the provision of advice (including second opinion advice and contributing to policy advice led by other agencies), implementation of policy decisions, operational policy, administering legislation, and ministerial servicing relating to Forestry.			
Non-Departmental Output Expenses			
<i>Forestry: Operational management of the Crown's Forests</i>	92,427	92,427	61,684
This category is limited to the purchase of Forestry operation and management services.			
Non-Departmental Other Expenses			
<i>Afforestation Grant Scheme</i>	-	-	1,000
This category is limited to grants to private landowners for afforestation purposes.			
<i>Forestry: Grants and partnerships programmes</i>	39,733	39,733	29,613
This category is limited to the use of initiatives and grants, and programmes to establish trees or build skills, capability and capacity in the Forestry sector.			
<i>Forestry: Hill Country Erosion Fund</i>	8,913	8,913	10,000
This category is limited to projects that protect erosion-prone hill country.			
Non-Departmental Capital Expenditure			
<i>Forestry: Capital investment in the Crown's Forestry Assets</i>	11,799	11,799	15,000
This category is limited to the purchase or planting of the Crown's Forestry assets.			
Total Multi-Category Expenses and Capital Expenditure	206,338	206,338	170,180
Total Annual Appropriations and Forecast Permanent Appropriations	206,338	206,338	170,180

Multi-Year Appropriations

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
Non-Departmental Other Expenses		
Afforestation Grant Scheme (M35) (A14) This appropriation is limited to grants to private landowners for afforestation purposes. Commences: 01 July 2018 Expires: 30 June 2021	Original Appropriation	10,363
	Adjustments to 2019/20	3,249
	Adjustments for 2020/21	(1,000)
	Adjusted Appropriation	12,612
	Actual to 2019/20 Year End	6,086
	Estimated Actual for 2020/21	6,526
	Estimate for 2021/22	-
	Estimated Appropriation Remaining	-
Forestry and Other Economic Development, and Erosion Control (M35) (A14) This appropriation is limited to Forestry and other economic development and erosion control in the Tairāwhiti region. Commences: 01 July 2018 Expires: 30 June 2021	Original Appropriation	26,950
	Adjustments to 2019/20	1,150
	Adjustments for 2020/21	(2,000)
	Adjusted Appropriation	26,100
	Actual to 2019/20 Year End	7,620
	Estimated Actual for 2020/21	18,480
	Estimate for 2021/22	-
	Estimated Appropriation Remaining	-
Forestry and Other Economic Development, and Erosion Control (M35) (A14) This appropriation is limited to Forestry and other economic development and erosion control in the Tairāwhiti region. Commences: 01 July 2021 Expires: 30 June 2026	Original Appropriation	2,000
	Adjustments to 2019/20	-
	Adjustments for 2020/21	-
	Adjusted Appropriation	2,000
	Actual to 2019/20 Year End	-
	Estimated Actual for 2020/21	-
	Estimate for 2021/22	2,000
	Estimated Appropriation Remaining	-

Total Annual Appropriations and Forecast Permanent Appropriations and Multi-Year Appropriations

	2020/21		2021/22
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Annual Appropriations and Forecast Permanent Appropriations	206,338	206,338	170,180
Total Forecast MYA Non-Departmental Other Expenses	25,006	25,006	2,000
Total Annual Appropriations and Forecast Permanent Appropriations and Multi-Year Appropriations	231,344	231,344	172,180

Supporting Information

Part 1 - Vote as a Whole

This part provides trend information for the vote.

1.2 - Trends in the Vote

Summary of Financial Activity

	2016/17	2017/18	2018/19	2019/20	2020/21		2021/22			2022/23	2023/24	2024/25
	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Final Budgeted \$000	Estimated Actual \$000	Departmental Transactions Budget \$000	Non- Departmental Transactions Budget \$000	Total Budget \$000	Estimated \$000	Estimated \$000	Estimated \$000
Appropriations												
Output Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Benefits or Related Expenses	-	-	-	-	-	-	N/A	-	-	-	-	-
Borrowing Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	-	-	4,904	8,802	25,006	25,006	-	2,000	2,000	-	-	-
Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-	-
Intelligence and Security Department Expenses and Capital Expenditure	-	-	-	-	-	-	-	N/A	-	-	-	-
Multi-Category Expenses and Capital Expenditure (MCA)												
<i>Output Expenses</i>	-	-	109,447	115,238	145,893	145,893	52,883	61,684	114,567	74,058	71,824	77,029
<i>Other Expenses</i>	-	-	13,611	22,432	48,646	48,646	-	40,613	40,613	57,945	59,127	2,200
<i>Capital Expenditure</i>	-	-	6,802	14,899	11,799	11,799	N/A	15,000	15,000	3,600	18,000	3,600
Total Appropriations	-	-	134,764	161,371	231,344	231,344	52,883	119,297	172,180	135,603	148,951	82,829
Crown Revenue and Capital Receipts												
Tax Revenue	-	-	-	-	-	-	N/A	-	-	-	-	-
Non-Tax Revenue	-	-	103,522	94,675	111,673	111,673	N/A	69,746	69,746	31,623	31,623	43,824
Capital Receipts	-	-	-	-	-	-	N/A	-	-	-	-	-
Total Crown Revenue and Capital Receipts	-	-	103,522	94,675	111,673	111,673	N/A	69,746	69,746	31,623	31,623	43,824

Note - where restructuring of the vote has occurred then, to the extent practicable, prior years information has been restated as if the restructuring had occurred before the beginning of the period covered. In this instance Total Appropriations for the Budgeted and Estimated Actual year may not equal Total Annual Appropriations and Forecast Permanent Appropriations and Multi-Year Appropriations in the Details of Appropriations and Capital Injections.

Adjustments to the Summary of Financial Activity Table Due to Vote Restructuring

There have been no restructuring adjustments to prior year information in the Summary of Financial Activity table

1.3 - Analysis of Significant Trends

Departmental Output Expenses

Departmental output expenses increased as a result of the establishment of the One Billion Trees Programme. Time-limited funding for Rebuilding Forestry Emission Trading Scheme Infrastructure results in a drop in expenditure in 2021/22.

Non-Departmental Output Expenses

Non-Departmental output expenses have decreased, primarily due to the lease of the Lake Taupō forest expiring. Expenditure will decline further in the 2021/22 year.

Non-Departmental Other Expenses

Non-Departmental other expenses have decreased in 2021/22 due to an expense transfer for Forestry grants and programmes.

Crown Revenue and Capital Receipts

Crown Revenue or Capital Receipt item	2020/21		2021/22	Description of Crown Revenue or Capital Receipt item
	Budgeted \$000	Estimated Actual \$000	Budgeted \$000	
Crown Revenue				
Sale of Forest Produce	111,523	111,523	69,596	Revenue from the sale of forest produce from Crown forests.
New Zealand Emissions Trading Scheme	150	150	150	Fees received from forest landowners joining the New Zealand Emissions Trading Scheme.
Total Crown Revenue and Capital receipts	111,673	111,673	69,746	

Part 3 - Details of Non-Departmental Appropriations

3.4 - Non-Departmental Other Expenses

Forestry and Other Economic Development, and Erosion Control (M35) (A14)

Scope of Appropriation and Expenses

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
Forestry and Other Economic Development, and Erosion Control (M35) (A14) This appropriation is limited to Forestry and other economic development and erosion control in the Tairāwhiti region. Commences: 01 July 2021 Expires: 30 June 2026	Original Appropriation	2,000
	Adjustments to 2019/20	-
	Adjustments for 2020/21	-
	Adjusted Appropriation	2,000
	Actual to 2019/20 Year End	-
	Estimated Actual for 2020/21	-
	Estimate for 2021/22	2,000
	Estimated Appropriation Remaining	-

What is Intended to be Achieved with this Appropriation

This appropriation is intended to support and manage Forestry and other economic development and erosion control in the Tairāwhiti region via the Forestry and Other Economic Development, and Erosion Control scheme.

How Performance will be Assessed and End of Year Reporting Requirements

Assessment of Performance	2020/21		2021/22
	Final Budgeted Standard	Estimated Actual	Budget Standard
Number of hectares established under the Erosion Control Funding Programme (see Note 1)	1,000ha	1,000ha	1,000ha

Note 1 - "Hectares established" translates to trees planted that are surviving.

End of Year Performance Reporting

Performance information for this appropriation will be reported by the Minister of Forestry in a report appended to the Ministry for Primary Industries' annual report.

Service Providers

Provider	2020/21 Final Budgeted \$000	2020/21 Estimated Actual \$000	2021/22 Budget \$000	Expiry of Resourcing Commitment
Grant Recipient landowners for Forestry treatments to address wide-scale erosion problems in the Gisborne district	-	2,000	-	Ongoing
Total	-	2,000	-	

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2020/21 Final Budgeted \$000	2021/22 Budget \$000	2022/23 Estimated \$000	2023/24 Estimated \$000	2024/25 Estimated \$000
Forestry and Other Economic Development, and Erosion Control	2021/22	-	2,000	-	-	-

Reasons for Change in Appropriation

This is a new multi-year appropriation established in 2021/22.

Part 4 - Details of Multi-Category Expenses and Capital Expenditure

4 - Multi-Category Expenses and Capital Expenditure

Growth and Development of the Forestry Sector (M35) (A14)

Overarching Purpose Statement

The single overarching purpose of this appropriation is to support the growth and development of the Forestry sector.

Scope of Appropriation

Departmental Output Expenses

Forestry: Administration of Grants and Programmes

This category is limited to the administration of government approved schemes, grants and assistance to the Forestry sector.

Forestry: Management of the Crown's Forestry Assets

This category is limited to the management of the Crown's interest in forests and Forestry-related assets.

Forestry: Policy Advice and Ministerial Servicing

This category is limited to supporting Ministers on Government policy matters through the provision of advice (including second opinion advice and contributing to policy advice led by other agencies), implementation of policy decisions, operational policy, administering legislation, and ministerial servicing relating to Forestry.

Non-Departmental Output Expenses

Forestry: Operational management of the Crown's Forests

This category is limited to the purchase of Forestry operation and management services.

Non-Departmental Other Expenses

Afforestation Grant Scheme

This category is limited to grants to private landowners for afforestation purposes.

Forestry: Grants and partnerships programmes

This category is limited to the use of initiatives and grants, and programmes to establish trees or build skills, capability and capacity in the Forestry sector.

Forestry: Hill Country Erosion Fund

This category is limited to projects that protect erosion-prone hill country.

Non-Departmental Capital Expenditure

Forestry: Capital investment in the Crown's Forestry Assets

This category is limited to the purchase or planting of the Crown's Forestry assets.

Expenses, Revenue and Capital Expenditure

	2020/21		2021/22
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	206,338	206,338	170,180
Departmental Output Expenses			
Forestry: Administration of Grants and Programmes	9,222	9,222	4,745
Forestry: Management of the Crown's Forestry Assets	2,560	2,560	2,607
Forestry: Policy Advice and Ministerial Servicing	41,684	41,684	45,531
Non-Departmental Output Expenses			
Forestry: Operational management of the Crown's Forests	92,427	92,427	61,684
Non-Departmental Other Expenses			
Afforestation Grant Scheme	-	-	1,000
Forestry: Grants and partnerships programmes	39,733	39,733	29,613
Forestry: Hill Country Erosion Fund	8,913	8,913	10,000
Non-Departmental Capital Expenditure			
Forestry: Capital investment in the Crown's Forestry Assets	11,799	11,799	15,000
Funding for Departmental Output Expenses			
Revenue from the Crown	52,983	52,983	52,715
Forestry: Administration of Grants and Programmes	9,207	9,207	4,730
Forestry: Management of the Crown's Forestry Assets	2,444	2,444	2,491
Forestry: Policy Advice and Ministerial Servicing	41,332	41,332	45,494
Revenue from Others	483	483	168
Forestry: Administration of Grants and Programmes	15	15	15
Forestry: Management of the Crown's Forestry Assets	116	116	116
Forestry: Policy Advice and Ministerial Servicing	352	352	37

What is Intended to be Achieved with this Appropriation

This appropriation is intended to support the growth and development of the Forestry sector.

How Performance will be Assessed for this Appropriation

	2020/21		2021/22
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Reporting on an annual basis	Achieved	Achieved	Achieved

The Ministry for Primary Industries will assess the performance of this appropriation by monitoring the appropriation categories included within this MCA. The individual performance measures for this MCA are listed below in the relevant categories.

What is Intended to be Achieved with each Category and How Performance will be Assessed

	2020/21		2021/22
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Departmental Output Expenses			
Forestry: Administration of Grants and Programmes			
This category is intended to achieve the sustainable growth and development of the Forestry sector.			
The percentage of contract milestones delivered.	New measure	-	80-90%
Forestry: Management of the Crown's Forestry Assets			
This category is intended to achieve the effective administration and management of the Crown's interest in forests and Forestry-related assets.			
The number of hectares of the Crown's Forestry assets divested via a surrender or sale process (see Note 1).	1,300 ha	1,300 ha	250 ha
Forestry: Policy Advice and Ministerial Servicing			
This category is intended to achieve the effective development, provision and implementation of policy advice and legislation, and efficient ministerial servicing relating to Forestry.			
Percentage of Forestry-related requests completed within either specified or statutory timeframes: Aide Memoires and Briefings; Ministerial Correspondence; Ministerial Official Information Act 1982 requests; and Parliamentary Questions.	95-100%	95-100%	95-100%
The technical quality assessment level for the Ministry for Primary Industries (MPI) policy advice papers, on a scale of 1 to 5, will be equal to or greater than.	New measure	3.5	3.5
The satisfaction of the Minister of Forestry with the policy advice service, on a scale of 1 to 5, will be equal to or greater than.	New measure	4	4
Percentage of emissions returns that relate to registered post 1989 forest land activity in the Emission Trading Scheme (ETS) are verified for accuracy.	100%	100%	100%
Percentage of pre-approved inspections are undertaken to verify the information submitted in annual logging plans.	100%	100%	100%
Percentage of high priority registered sawmills inspected annually for compliance with the Forests Act 1949 (Part 3A).	90%	90%	90%
Percentage of forest land registered in the ETS that is verified for eligibility.	100%	100%	100%

Assessment of Performance	2020/21		2021/22
	Final Budgeted Standard	Estimated Actual	Budget Standard
Non-Departmental Output Expenses			
Forestry: Operational management of the Crown's Forests			
This category is intended to achieve the effective purchase of Forestry operations, management services, research and related forest asset expenditure including expenditure related to asset divestment.			
Percentage of forest management activities comply with all statutory requirements, lease agreements and other contractual arrangements as assessed by annual independent review of a sample forest (see Note 2).	100%	100%	100%
Percentage of costs and revenues are consistent with industry norms as assessed by annual independent review of a sample of forests (see Note 3).	100%	100%	100%
Cubic metres (m3) of logs harvested and sold, on behalf of the Crown, from the Crown Forestry Estate, to within +/- 10%.	750,000m3	750,000m3	565,000m3
Non-Departmental Other Expenses			
Afforestation Grant Scheme			
This category is intended to achieve and encourage new planting of an expected 15,000ha over the life of the programme.			
Total area treated, through the Afforestation Grants Scheme, this planting season.	2,000ha	2,000ha	2,000ha
Forestry: Grants and partnerships programmes			
This category is intended to achieve the effective administration and management of the Crown's interest in forests and Forestry-related assets, and the purchase of Forestry operation, management services and related forest asset expenditure for the Crown Forest Estate.			
The percentage of contract milestones delivered.	80-90%	80-90%	80-90%
Forestry: Hill Country Erosion Fund			
This category is intended to achieve effective provision of projects that protect erosion-prone hill country.			
The number of hectares treated through Hill Country Erosion Funding in 2021/22.	4,900ha	4,900ha	4,900ha
Non-Departmental Capital Expenditure			
Forestry: Capital investment in the Crown's Forestry Assets			
This category is intended to achieve the effective purchase or planting of the Crown's Forestry assets.			
Hectares of joint venture forest assets contracted for planting over the 2022 planting season (see Note 3).	2,200ha	Updated wording	1,500 ha

Note 1 - The number of hectares divested is subject to the programmed surrender or exit under agreed lease or Forestry right terms.

Note 2 - An annual management review of a sample of the Crown Forest estate assesses that all lease and Forestry right obligations that apply to the Crown are met; and that the Crown does not breach relevant forest industry statutes.

Note 3 - This measure relates to the area contracted for planting for a given planting season (June to August 2022).

Service Providers for the Multi-Category Appropriation

Provider	2020/21 Final Budgeted \$000	2020/21 Estimated Actual \$000	2021/22 Budget \$000	Expiry of Resourcing Commitment
Operational Management of the Crown's Forests				
Non-Government Organisations				
NZ Forest Managers Ltd	58,289	58,289	39,326	
PF Olsen Ltd	1,576	1,576	1,295	
Northland Forest Managers (1995) Ltd	914	914	458	
Ngāti Porou Forests Ltd	7,698	7,698	8,074	
Forest 360 Ltd	155	155	104	
Interpine Group Ltd	159	159	84	
Southern Forests NZ Ltd	331	331	216	
Iwi Forest Services Ltd	19	\$19	8	
Other Providers	23,286	23,286	12,119	
Total	92,427	92,427	61,684	
Hill Country Erosion Fund				
Greater Wellington Regional Council	1,841	1,841	2,439	30 June 2023
Horizons Regional Council	1,388	1,388	1,671	30 June 2023
Hawke's Bay Regional Council	1,179	1,179	1,394	30 June 2023
Taranaki Regional Council	1,036	1,036	1,116	30 June 2023
Northland Regional Council	777	777	1,008	30 June 2023
Waikato Regional Council	731	731	1,036	30 June 2023
Nelson City Council	320	320	330	30 June 2023
Marlborough District Council	280	280	350	30 June 2023
Tasman District Council	189	189	188	30 June 2023
Environment Canterbury	150	150	378	30 June 2023
Gisborne District Council	84	84	85	31 July 2021
Other Providers	938	938	5	30 June 2023
Total	8,913	8,913	10,000	
Forestry: Grants and Partnerships programmes				
Partnership grant recipients for enabling activities	28,286	28,286	8,476	Ongoing
Landowner grant recipients for Forestry treatments	11,447	11,447	21,137	Ongoing
Total	39,733	39,733	29,613	
Afforestation Grant Scheme				
Grant recipient landowners for Forestry treatments	-	-	1,000	Ongoing
Total	-	-	1,000	

The table above shows the main service providers for these appropriations.

End of Year Performance Reporting

Performance information for this appropriation will be reported by the Ministry for Primary Industries in its Annual Report.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2020/21 Final Budgeted \$000	2021/22 Budget \$000	2022/23 Estimated \$000	2023/24 Estimated \$000	2024/25 Estimated \$000
Continuing the Ministry for Primary Industries Current Scope of Operations	2020/21	2,770	3,487	3,487	3,487	3,487
Rebuilding Forestry Emission Trading Scheme Infrastructure to Meet Demand and Support the Transition to the Low Emissions Economy	2020/21	11,467	-	-	-	-
Transforming New Zealand Forestry: Growing a Vibrant and Inclusive Low-Emissions Economy	2019/20	11,849	14,343	13,798	-	-
Wilding Conifer Control - Protecting Farmland, Biodiversity and Iconic Landscapes	2019/20	(10,500)	-	-	-	-
One Billion Trees Fund: Policy and Design Recommendations	2018/19	97,916	-	-	-	-
The One Billion Trees Programme: Actions and Decisions for Implementation	2018/19	-	-	-	(8,052)	-
Establishing the Foundation for One Billion Trees	2018/19	670	670	-	-	-
Provincial Growth Fund - Tree Planting and Hill Country Erosion Programme Expansion	2018/19	10,986	13,068	13,068	31,068	-
One Billion Trees: Enabling Crown Forestry to Plant Trees	2017/18	-	-	3,600	-	-

Reasons for Change in Appropriation

The decrease in this appropriation for 2021/22 is mainly due to one-off increases occurring in the 2020/21 financial year, being:

- an expense transfer of \$13.667 million from 2019/20 to 2020/21 for the Forestry Grants and Partnership Programme to better reflect current commitments of the Fund and forecast expenditure
- an increase of \$11.467 million in 2020/21 from the Budget 2020 initiative Rebuilding Forestry ETS Infrastructure to Meet Demand and Support the Transition to the Low Emissions Economy
- an expense transfer of \$10.799 million from 2019/20 to 2020/21 for investments in Crown Forestry assets.