

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

Details of Appropriations and Capital Injections

Annual Appropriations and Forecast Permanent Appropriations

Titles and Scopes of Appropriations by Appropriation Type	2020/21		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Multi-Category Expenses and Capital Expenditure			
Growth and Development of the Forestry Sector MCA (M35) (A14)	270,887	(64,549)	206,338
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>	9,236	(14)	9,222
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>	2,562	(2)	2,560
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>	44,197	(2,513)	41,684
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>	87,026	5,401	92,427
This category is limited to the purchase of forestry operation and management services.			
Non-Departmental Other Expenses			
<i>Forestry: Grants and partnerships programmes</i>	103,866	(64,133)	39,733
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>	8,000	913	8,913
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>	16,000	(4,201)	11,799
This category is limited to the purchase or planting of the Crown's Forestry assets.			
Total Multi-Category Expenses and Capital Expenditure	270,887	(64,549)	206,338
Total Annual Appropriations and Forecast Permanent Appropriations	270,887	(64,549)	206,338

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	-

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

	2020/21		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Total Annual Appropriations and Forecast Permanent Appropriations	270,887	(64,549)	206,338
Total Forecast MYA Non-Departmental Other Expenses	19,447	5,559	25,006
Total Annual Appropriations and Forecast Permanent Appropriations and Multi-Year Appropriations	290,334	(58,990)	231,344

Supporting Information

Part 1 - Vote as a Whole

1.2 - Trends in the Vote

Summary of Financial Activity

	2020/21				
	Estimates \$000	Supplementary Estimates			Total \$000
		Departmental Transactions \$000	Non- Departmental Transactions \$000	Total Transactions \$000	
Appropriations					
Output Expenses	-	-	-	-	-
Benefits or Related Expenses	-	N/A	-	-	-
Borrowing Expenses	-	-	-	-	-
Other Expenses	19,447	-	5,559	5,559	25,006
Capital Expenditure	-	-	-	-	-
Intelligence and Security Department Expenses and Capital Expenditure	-	-	N/A	-	-
Multi-Category Expenses and Capital Expenditure (MCA)					
<i>Output Expenses</i>	143,021	(2,529)	5,401	2,872	145,893
<i>Other Expenses</i>	111,866	-	(63,220)	(63,220)	48,646
<i>Capital Expenditure</i>	16,000	N/A	(4,201)	(4,201)	11,799
Total Appropriations	290,334	(2,529)	(56,461)	(58,990)	231,344
Crown Revenue and Capital Receipts					
Tax Revenue	-	N/A	-	-	-
Non-Tax Revenue	101,823	N/A	9,850	9,850	111,673
Capital Receipts	-	N/A	-	-	-
Total Crown Revenue and Capital Receipts	101,823	N/A	9,850	9,850	111,673

Part 3 - Details of Non-Departmental Appropriations

3.4 - Non-Departmental Other Expenses

Afforestation Grant Scheme (M35) (A14)

Scope of Appropriation and Expenses

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
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	-

Reasons for Change in Appropriation

This appropriation decreased by \$1 million to \$12.612 million in 2020/21 due to an expense transfer from 2020/21 to 2021/22 from the Afforestation Grant Scheme MYA to the Afforestation Grant Scheme appropriation category within the Growth and Development of the Forestry Sector MCA. The funding is needed in 2021/22 as grantees have not yet been able to finalise a number of milestones.

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 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	-

How Performance will be Assessed and End of Year Reporting Requirements

	2020/21		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
Assessment of Performance			
Number of hectares established under the Erosion Control Funding Programme (see Note 1)	1,000ha	Updated wording	1,000ha

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

Reasons for Change in Appropriation

This appropriation decreased by \$2 million to \$26.100 million in 2020/21 due to an expense transfer from 2020/21 to 2021/22 from the Forestry and Other Economic Development, and Erosion Control MYA to the Forestry and Other Economic Development, and Erosion Control MYA2. The new appropriation has been established as the existing appropriation expires at the end of the 2020/21 financial year. The programme has been running for 28 years and while nearing the end of the overall programme, contracts are complex in nature and require further management to complete.

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

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		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	270,887	(64,549)	206,338
Departmental Output Expenses			
Forestry: Administration of Grants and Programmes	9,236	(14)	9,222
Forestry: Management of the Crown's Forestry Assets	2,562	(2)	2,560
Forestry: Policy Advice and Ministerial Servicing	44,197	(2,513)	41,684
Non-Departmental Output Expenses			
Forestry: Operational management of the Crown's Forests	87,026	5,401	92,427
Non-Departmental Other Expenses			
Forestry: Grants and partnerships programmes	103,866	(64,133)	39,733
Forestry: Hill Country Erosion Fund	8,000	913	8,913
Non-Departmental Capital Expenditure			
Forestry: Capital investment in the Crown's Forestry Assets	16,000	(4,201)	11,799
Funding for Departmental Output Expenses			
Revenue from the Crown	55,827	(2,844)	52,983
Forestry: Administration of Grants and Programmes	9,221	(14)	9,207
Forestry: Management of the Crown's Forestry Assets	2,446	(2)	2,444
Forestry: Policy Advice and Ministerial Servicing	44,160	(2,828)	41,332
Revenue from Others	168	315	483
Forestry: Administration of Grants and Programmes	15	-	15
Forestry: Management of the Crown's Forestry Assets	116	-	116
Forestry: Policy Advice and Ministerial Servicing	37	315	352

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

	2020/21		
	Estimates Standard	Supplementary Estimates Standard	Total 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.	-	Updated wording	-
Percentage of One Billion Trees funding applications processed within timelines	100%	90-100%	90-100%

Assessment of Performance	2020/21		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
Forestry: Management of the Crown's Forestry 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	1,300 ha
Number of hectares contracted under commercial forest leases or forestry joint ventures as part of the One Billion Trees programme (see Note 2)	8,500 ha	3,386 ha	3,386 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	-	Updated wording	-
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%	Updated wording	95 - 100%
The technical quality assessment level for the Ministry for Primary Industries (MPI) policy advice papers, on a scale of 1 to 10, will be equal to or greater than	7	Measure removed	-
The technical quality assessment level for 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 10, will be equal to or greater than	8	Measure removed	-
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%	Updated wording	100%
Percentage of high priority registered sawmills inspected annually for compliance with the Forests Act 1949 (Part 3A)	90%	Updated wording	90%
Percentage of ETS applications certified within the legislative timeframe	90-100%	Measure removed	-
Percentage of forest land registered in the Emission Trading Scheme that is verified for eligibility	New measure	100%	100%
Non-Departmental Output Expenses			
Forestry: Operational management of the Crown's Forests			
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 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%	750,000 m3	Updated wording	750,000 m3
Non-Departmental Other Expenses			
Forestry: Grants and partnerships programmes			
Percentage of trees funded across the lifetime of the One Billion Trees Fund are native species (see Note 4)	75%	67%	67%
Non-Departmental Capital Expenditure			
Forestry: Capital investment in the Crown's Forestry Assets			
Hectares of joint venture forest assets contracted for planting over the 2021 planting season (see Note 5)	3,000 ha	2,200 ha	2,200 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 - The Crown Forestry joint ventures programme target to contract 24,000ha by 30 June 2020 was extended, with a new due date for completion of 30 June 2021. The contracted hectares as at 30 June 2020 was 20,614ha with the remaining 3,386ha to be contracted by 30 June 2021.

Note 3 - 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 4 - The lifetime of the fund is financial years 2018/19 to 2020/21.

Note 5 - This measure relates to the area contracted for planting for a given planting season (June to August 2021).

The table above shows the main service providers for this appropriation.

Reasons for Change in Appropriation

This appropriation decreased by \$64.549 million to \$206.338 million for 2020/21 due to:

- Expense transfers of:
 - \$72 million from 2020/21 to 2022/23 (\$15 million), and 2023/24 (\$57 million) for the Forestry Grants and Partnerships Programme driven by the lead-in time for planting activity, partnership projects being contracted over a period of up to 10 years, and tree planting activity requiring three to five years before it can be verified and final payments made
 - \$6.048 million from 2020/21 to 2021/22 for rebuilding forestry emissions trading scheme infrastructure due to the impact of COVID-19 affecting recruitment and procurement of vendor services
 - \$1.004 million for 2020/21 to 2021/22 for industry transformation plan manufacturing clusters as a result of the timing of elections, and
 - \$750,000 for carbon default tables delayed due to the timing of Emissions Trading Response legislation.

These decreases have been partially offset by increases due to expense transfers from 2019/20 to 2020/21 of:

- \$13.667 million for the Forestry Grants and Partnerships Programme
- \$1.100 million for the emissions trading scheme transformation delayed as a result of impacts of COVID-19 on the Proof of Concept for the ETS Transformation Programme
- \$315,000 for the forestry and wood processing industry transformation plan engagement delayed due to COVID-19 restrictions, and
- \$171,000 for the forestry strategy project delayed due to COVID-19 restrictions.