

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	2022/23		
	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)	165,224	16,284	181,508
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>	10,704	(3,452)	7,252
This category is limited to the administration of government approved schemes, grants and assistance to the forestry sector.			
<i>Forestry: Climate Emergency Response implementation and administration</i>	5,811	(213)	5,598
This category is limited to expenses incurred in implementing and administering programmes in the Forestry Sector funded from the Climate Emergency Response Fund.			
<i>Forestry: Management of the Crown's Forestry Assets</i>	2,633	(706)	1,927
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>	57,052	3,344	60,396
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: Climate Emergency Response Fund</i>	-	50	50
This category is limited to supporting community and industry groups to implement programmes in the Forestry Sector funded from the Climate Emergency Response Fund.			
<i>Forestry: Operational management of the Crown's Forests</i>	36,275	10,361	46,636
This category is limited to the purchase of forestry operation and management services.			
Non-Departmental Other Expenses			
<i>Forestry: Grants and partnerships programmes</i>	42,749	3,500	46,249
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>	10,000	-	10,000
This category is limited to projects that protect erosion-prone hill country.			
<i>North Island Weather Event: Cyclone Gabrielle Response and Recovery</i>	-	3,400	3,400
This category is limited to providing support to councils to take short to medium term measures towards mitigating the risk from woody debris to critical infrastructure in the event of significant weather events.			
Total Multi-Category Expenses and Capital Expenditure	165,224	16,284	181,508
Total Annual Appropriations and Forecast Permanent Appropriations	165,224	16,284	181,508

Multi-Year Appropriations

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
Non-Departmental Other Expenses		
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 2021/22	14,250
	Adjustments for 2022/23	-
	Adjusted Appropriation	16,250
	Actual to 2021/22 Year End	1,026
	Estimated Actual for 2022/23	7,537
	Estimate for 2023/24	2,563
	Estimated Appropriation Remaining	5,124
Non-Departmental Capital Expenditure		
Forestry: Capital investment in the Crown's Forestry Assets (M35) (A14) This appropriation is limited to the purchase or planting of the Crown's Forestry assets. Commences: 01 July 2022 Expires: 30 June 2027	Original Appropriation	55,600
	Adjustments to 2021/22	-
	Adjustments for 2022/23	21,082
	Adjusted Appropriation	76,682
	Actual to 2021/22 Year End	-
	Estimated Actual for 2022/23	16,682
	Estimate for 2023/24	18,000
	Estimated Appropriation Remaining	42,000

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

	2022/23		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Total Annual Appropriations and Forecast Permanent Appropriations	165,224	16,284	181,508
Total Forecast MYA Non-Departmental Other Expenses	2,563	4,974	7,537
Total Forecast MYA Non-Departmental Capital Expenditure	12,600	4,082	16,682
Total Annual Appropriations and Forecast Permanent Appropriations and Multi-Year Appropriations	180,387	25,340	205,727

Supporting Information

Part 1 - Vote as a Whole

1.2 - Trends in the Vote

Summary of Financial Activity

	2022/23				
	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	2,563	-	4,974	4,974	7,537
Capital Expenditure	12,600	-	4,082	4,082	16,682
Intelligence and Security Department Expenses and Capital Expenditure	-	-	N/A	-	-
Multi-Category Expenses and Capital Expenditure (MCA)					
<i>Output Expenses</i>	112,475	(1,027)	10,411	9,384	121,859
<i>Other Expenses</i>	52,749	-	6,900	6,900	59,649
<i>Capital Expenditure</i>	-	N/A	-	-	-
Total Appropriations	180,387	(1,027)	26,367	25,340	205,727
Crown Revenue and Capital Receipts					
Tax Revenue	-	N/A	-	-	-
Non-Tax Revenue	33,833	N/A	7,990	7,990	41,823
Capital Receipts	-	N/A	-	-	-
Total Crown Revenue and Capital Receipts	33,833	N/A	7,990	7,990	41,823

Part 3 - Details of Non-Departmental Appropriations

3.5 - Non-Departmental Capital Expenditure

Forestry: Capital investment in the Crown's Forestry Assets (M35) (A14)

Scope of Appropriation and Expenses

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
Forestry: Capital investment in the Crown's Forestry Assets (M35) (A14) This appropriation is limited to the purchase or planting of the Crown's Forestry assets. Commences: 01 July 2022 Expires: 30 June 2027	Original Appropriation	55,600
	Adjustments to 2021/22	-
	Adjustments for 2022/23	21,082
	Adjusted Appropriation	76,682
	Actual to 2021/22 Year End	-
	Estimated Actual for 2022/23	16,682
	Estimate for 2023/24	18,000
	Estimated Appropriation Remaining	42,000

How Performance will be Assessed and End of Year Reporting Requirements

Assessment of Performance	2022/23		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
Hectares of joint venture forest assets contracted for planting over the 2023 planting season (see Note 1)	1,200ha	(900ha)	300ha

Note 1 - This measure relates to the area contracted for planting for a given planting season (June to August). This is a new multi-year appropriation established in 2022/23. In previous years, this measure was reported in the non-departmental capital expenditure category of the multi-category appropriation.

DISCLOSURE: The measure and note have been updated for clarity and context. The budget standard has been adjusted to reflect the reviewed forecast for 2023 and 2024.

Reasons for Change in Appropriation

The appropriation increased by \$21.082 million to \$76.682 million for 2022/23 due to:

- \$17 million from out-year 2026/27 is now included in the forecast period, and
- an expense transfer of \$4.082 million to fund capital investments in Crown Forestry Assets.

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: Climate Emergency Response implementation and administration

This category is limited to expenses incurred in implementing and administering programmes in the Forestry Sector funded from the Climate Emergency Response Fund.

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: Climate Emergency Response Fund

This category is limited to supporting community and industry groups to implement programmes in the Forestry Sector funded from the Climate Emergency Response Fund.

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.

North Island Weather Event: Cyclone Gabrielle Response and Recovery

This category is limited to providing support to councils to take short to medium term measures towards mitigating the risk from woody debris to critical infrastructure in the event of significant weather events.

Expenses, Revenue and Capital Expenditure

	2022/23		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	165,224	16,284	181,508
Departmental Output Expenses			
Forestry: Administration of Grants and Programmes	10,704	(3,452)	7,252
Forestry: Climate Emergency Response implementation and administration	5,811	(213)	5,598
Forestry: Management of the Crown's Forestry Assets	2,633	(706)	1,927
Forestry: Policy Advice and Ministerial Servicing	57,052	3,344	60,396
Non-Departmental Output Expenses			
Forestry: Climate Emergency Response Fund	-	50	50
Forestry: Operational management of the Crown's Forests	36,275	10,361	46,636
Non-Departmental Other Expenses			
Forestry: Grants and partnerships programmes	42,749	3,500	46,249
Forestry: Hill Country Erosion Fund	10,000	-	10,000
North Island Weather Event: Cyclone Gabrielle Response and Recovery	-	3,400	3,400
Funding for Departmental Output Expenses			
Revenue from the Crown	76,032	(2,406)	73,626
Forestry: Administration of Grants and Programmes	10,689	(3,452)	7,237
Forestry: Climate Emergency Response implementation and administration	5,811	(213)	5,598
Forestry: Management of the Crown's Forestry Assets	2,517	(706)	1,811
Forestry: Policy Advice and Ministerial Servicing	57,015	1,965	58,980
Revenue from Others	168	1,379	1,547
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	1,379	1,416

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

Assessment of Performance	2022/23		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
Departmental Output Expenses			
Forestry: Administration of Grants and Programmes			
The percentage of contracted milestones under the One Billion Trees Fund that were met within two months of their due date (see Note 1)	Less than or equal to 10%	Equal to or greater than 90%	Equal to or greater than 90%
Forestry: Climate Emergency Response implementation and administration			
The delivery of programmes agreed as part of the Forestry sector Climate Emergency Response (see Note 2)	Achieved	Measure removed	-
The percentage of Maximising Forest Carbon key milestones completed by their due date (see Note 3)	New measure	Equal to or greater than 95%	Equal to or greater than 95%
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 this year (see Note 4)	250ha	-	250ha
Number of hectares contracted under commercial forest leases or forestry joint ventures as part of the One Billion Trees programme (see Note 5)	1500ha	(1300ha)	200ha
Forestry: Policy Advice and Ministerial Servicing			
Percentage of emissions returns with a New Zealand Unit (NZU) entitlement that were processed and sent to the Environmental Protection Authority (EPA) within 20 working days (see Note 6)	75-80%	15%	95%
Percentage of forestry-related requests completed within either specified or statutory timeframes (see Note 7)			
<ul style="list-style-type: none"> Aide Memoires (Timeframes are set on a case-by-case basis) 	95-100%	-	95-100%
<ul style="list-style-type: none"> Briefings (Timeframes are set on a case-by-case basis) 	95-100%	-	95-100%
<ul style="list-style-type: none"> Ministerial Correspondence (Proposed response within a 20-working day timeframe) 	95-100%	-	95-100%
<ul style="list-style-type: none"> Ministerial Official Information Act 1982 requests (Proposed response within a 15-working day timeframe) (see Note 8) 	95-100%	-	95-100%
<ul style="list-style-type: none"> Written Parliamentary Questions (Proposed response within four working days) (see Note 9) 	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 (see Note 10)	3.5	-	3.5
Percentage of high priority registered sawmills inspected annually for compliance with the Forests Act 1949 (Part 3A) (see Note 11)	90%	-	90%

Assessment of Performance	2022/23		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
Non-Departmental Output Expenses			
Forestry: Operational management of the Crown's Forests			
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 12)	100%	Achieved	Achieved
Costs and revenues are consistent with industry norms as assessed by annual independent review of a sample of forests (see Note 13)	100%	Achieved	Achieved
Volume of logs (in cubic metres - m3) harvested and sold, on behalf of the Crown, from the Crown Forestry Estate to within +/- 10% (see Note 14)	500,000m3	(255,000m3)	245,000m3
Non-Departmental Other Expenses			
North Island Weather Event: Cyclone Gabrielle Response and Recovery			
This category is intended to achieve funding support for the councils implementation of activities that will mitigate the impact of Woody debris to critical infrastructure in the event of significant weather events.			
Percentage of 2022/23 budgeted funding contracted (see Note 15)	New Measure	>90%	>90%
Council partners (Gisborne District Council and Hawkes Bay Regional Council) are engaged by Te Uru Rākau - New Zealand Forest Service by 30 June 2023 (see Note 16)	New Measure	Achieved	Achieved
Number of tonnes of woody debris removed from high priority catchments in Gisborne and Hawkes Bay (see Note 17)	New Measure	70,000 tonnes	70,000 tonnes

Note 1 - Milestones are considered to be overdue once the due date is exceeded by two months.

DISCLOSURE: The measure and budget standard have been updated to provide a more positive focus.

Note 2 - This measure has been replaced with a new measure to reflect the specific new Budget 2022 policy initiative being funded in the 2022/23 year.

Note 3 - This measures MPI's Budget 2022 new initiative "Maximising Natural Carbon Storage: Increasing Natural Sequestration To Achieve New Zealand's Future Carbon Goals" work programme.

DISCLOSURE: This new measure has replaced an existing measure (The delivery of programmes agreed as part of the Forestry sector Climate Emergency Response; budget standard: Achieved). The new measure reflects the specific new Budget 2022 policy initiative being funded in the 2022/23 year.

Note 4 - The asset area divested annually is calculated by forecasting the programmed surrender or exit under agreed lease or forestry right terms; or as a consequence of an outright sale of the Crown's interest.

DISCLOSURE: The measure and note have been updated for clarity.

Note 5 - The note has been removed as it is no longer relevant. The budget standard has been amended to reflect the forecast.

Note 6 - The target of 95% has been set to allow for the implementation and embedding of a new IT system for processing emissions returns.

DISCLOSURE: The measure and standard have been updated to reflect a new legislated requirement. A note has been added.

Note 7 - The measure has been amended to provide more clarity by separating out the types of requests. This should allow performance to be more easily understood.

Note 8 - The statutory timeframe to respond to an Official Information Act (OIA) is 'as soon as reasonably practicable' and no later than 20 working days as stated in the Official Information Act 1982. MPI has an agreement with Ministers' offices to provide a proposed response for Ministerial OIAs within 15 working days. Based on this, Ministerial OIAs are measured to a 15 working day timeframe.

Note 9 - The parliamentary timeframe to respond to a Written Parliamentary Question is six working days. MPI aims to provide the Minister with a proposed response within four working days.

Note 10 - This measure is an indicator of overall performance of policy advice provided for Forestry and is a subset of the broader measure covering all MPI portfolios. The assessment is carried out by an external provider and is a standard policy advice quality scale.

DISCLOSURE: A note has been added for clarity.

Note 11 - High priority sawmills are those that: (a) milled over 100m³ in the financial year, or (b) were not inspected in the previous two financial years, or (c) have previously been prosecuted or sent a warning letter for non-compliance (except for educational letters) under the Forests Act 1949, at any time.

DISCLOSURE: A note has been added for clarity.

Note 12 - The measure and budget standard have been amended to cover a range of statutory requirements and contractual arrangements. The note has been removed as it is no longer relevant.

Note 13 - The measure and standard have been amended to better reflect business process.

Note 14 - The measure has been amended for clarity and the standard has been updated so it can be measured more accurately.

Note 15 - This new measure has been created as a result of the establishment of a new output class category.

Note 16 - Engagement is any focussed interactions with Gisborne Regional Council or Hawkes Bay Regional Council for the specific purpose of providing support for woody debris removal through this fund.

DISCLOSURE: This new measure has been created as a result of the establishment of a new output class category.

Note 17 – "Highest priority catchments" are identified and defined by Territorial Authorities.

DISCLOSURE: This new measure has been created as a result of the establishment of a new output class category.

Reasons for Change in Appropriation

The appropriation increased by \$16.284 million to \$181.508 million for 2022/23 due to:

- expense transfers totalling \$10.813 million from 2021/22 to 2022/23, made up of:
 - a \$8.500 million increase to roll-over expenditure from 2021/22 to 2022/23 relating to the Emission Trading Scheme (ETS) (\$2.500 million), Industry Transformation Plans (\$4.000 million) and planning and advisory services (\$2 million)
 - \$1.598 million from Vote Agriculture, Biosecurity, Fisheries and Food Safety for the Trees that Count planting partnership with schools
 - a \$715,000 increase for the creation of a new Memorandum Account for cost recovered services for the registration of log traders and forestry advisers
- \$10.361 million in forecast adjustments to Crown Forestry expenditure as harvest activities are being brought forward due to Cyclone Gabrielle
- \$8.612 million for the partial drawdown of the tagged operating contingency for the Establishing Native Forests at Scale to develop long-term carbon sinks and improve biodiversity
- \$3.550 million of new funding for mitigating the risk of impact from woody debris to critical infrastructure in the event of significant weather events
- a \$664,000 forecast adjustment to Forestry: Policy Advice and Ministerial Servicing
- a \$86,000 adjustment from 2023/24 to increase the baseline in 2022/23 for the Vote Forestry allocation of the increase in capital charge cost due to the revaluation of land and buildings, and
- \$50,000 for the partial drawdown of the tagged operating contingency for the Increasing Woody Biomass Supply to Replace Coal and other Carbon Intensive Fuels and Materials.

These increases have been partially offset by decreases due to:

- an expense transfers totalling \$14.825 million from 2022/23 to 2023/24 made up of:
 - \$8.825 million for the Climate Emergency Response Implementation and Administration due to external delays with Research and Development partners, and
 - \$6 million to transfer to Vote Agriculture, Biosecurity, Fisheries and Food Safety driven by a change in cost allocation to better reflect activities within the categories of expenditure
- a \$3.027 million operating expenditure to capital transfer for the Emissions Trading Scheme Programme to reflect the accounting treatment of assets.