

# *Vote Forestry*

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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	2023/24		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
<b>Multi-Category Expenses and Capital Expenditure</b>			
<b>Growth and Development of the Forestry Sector MCA (M35) (A14)</b>	172,715	6,393	179,108
The single overarching purpose of this appropriation is to support the growth and development of the forestry sector.			
<b>Departmental Output Expenses</b>			
<i>Forestry: Administration of Grants and Programmes</i>	5,891	-	5,891
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>	28,664	(5,000)	23,664
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>	1,954	-	1,954
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>	57,159	6,699	63,858
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.			
<b>Non-Departmental Output Expenses</b>			
<i>Forestry: Climate Emergency Response Fund</i>	4,578	-	4,578
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>	32,171	6,669	38,840
This category is limited to the purchase of forestry operation and management services.			
<b>Non-Departmental Other Expenses</b>			
<i>Forestry: Grants and partnerships programmes</i>	24,320	(850)	23,470
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>	6,300	875	7,175
This category is limited to projects that protect erosion-prone hill country.			
<i>North Island Weather Event: Cyclone Gabrielle Response and Recovery</i>	6,600	(2,000)	4,600
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.			

Titles and Scopes of Appropriations by Appropriation Type	2023/24		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
<b>Non-Departmental Capital Expenditure</b>			
<i>Forestry: Capital Climate Response Investments</i> This category is limited to supporting investments in the Forestry sector that contribute to achieving New Zealand's domestic and international climate targets.	5,078	-	5,078
<b>Total Multi-Category Expenses and Capital Expenditure</b>	172,715	6,393	179,108
<b>Total Annual Appropriations and Forecast Permanent Appropriations</b>	172,715	6,393	179,108

## Multi-Year Appropriations

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
<b>Non-Departmental Other Expenses</b>		
<b>Forestry and Other Economic Development, and Erosion Control (M35) (A14)</b> 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 Adjustments to 2022/23 Adjustments for 2023/24 Adjusted Appropriation  Actual to 2022/23 Year End Estimated Actual for 2023/24 Estimate for 2024/25 Estimated Appropriation Remaining	2,000 14,250 - 16,250  1,689 4,220 4,300 6,041
<b>Non-Departmental Capital Expenditure</b>		
<b>Forestry: Capital investment in the Crown's Forestry Assets (M35) (A14)</b> 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 Adjustments to 2022/23 Adjustments for 2023/24 Adjusted Appropriation  Actual to 2022/23 Year End Estimated Actual for 2023/24 Estimate for 2024/25 Estimated Appropriation Remaining	55,600 21,082 - 76,682  2,817 5,000 5,000 63,865

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

	2023/24		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Total Annual Appropriations and Forecast Permanent Appropriations	172,715	6,393	179,108
Total Forecast MYA Non-Departmental Other Expenses	2,563	1,657	4,220
Total Forecast MYA Non-Departmental Capital Expenditure	18,000	(13,000)	5,000
<b>Total Annual Appropriations and Forecast Permanent Appropriations and Multi-Year Appropriations</b>	<b>193,278</b>	<b>(4,950)</b>	<b>188,328</b>

# Supporting Information

## Part 1 - Vote as a Whole

### 1.2 - Trends in the Vote

#### Summary of Financial Activity

	2023/24				
	Estimates \$000	Supplementary Estimates			Total \$000
		Departmental Transactions \$000	Non- Departmental Transactions \$000	Total Transactions \$000	
<b>Appropriations</b>					
Output Expenses	-	-	-	-	-
Benefits or Related Expenses	-	N/A	-	-	-
Borrowing Expenses	-	-	-	-	-
Other Expenses	2,563	-	1,657	1,657	4,220
Capital Expenditure	18,000	-	(13,000)	(13,000)	5,000
Intelligence and Security Department Expenses and Capital Expenditure	-	-	N/A	-	-
Multi-Category Expenses and Capital Expenditure (MCA)					
<i>Output Expenses</i>	130,417	1,699	6,669	8,368	138,785
<i>Other Expenses</i>	37,220	-	(1,975)	(1,975)	35,245
<i>Capital Expenditure</i>	5,078	N/A	-	-	5,078
<b>Total Appropriations</b>	193,278	1,699	(6,649)	(4,950)	188,328
<b>Crown Revenue and Capital Receipts</b>					
Tax Revenue	-	N/A	-	-	-
Non-Tax Revenue	25,382	N/A	1,884	1,884	27,266
Capital Receipts	-	N/A	-	-	-
<b>Total Crown Revenue and Capital Receipts</b>	25,382	N/A	1,884	1,884	27,266

## 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
<b>Forestry and Other Economic Development, and Erosion Control (M35) (A14)</b> 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 2022/23	14,250
	Adjustments for 2023/24	-
	Adjusted Appropriation	16,250
	Actual to 2022/23 Year End	1,689
	Estimated Actual for 2023/24	4,220
	Estimate for 2024/25	4,300
	Estimated Appropriation Remaining	6,041

##### *How Performance will be Assessed and End of Year Reporting Requirements*

Assessment of Performance	2023/24		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
Number of hectares established under the Erosion Control Funding Programme in the financial year (see Note 1)	100ha	100ha	100ha

Note 1 - 'Hectares established' translates to trees planted that are surviving. The measure was slightly amended to be clearer of the objective of the funding.

## 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
<b>Forestry: Capital investment in the Crown's Forestry Assets (M35) (A14)</b> 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 2022/23	21,082
	Adjustments for 2023/24	-
	Adjusted Appropriation	76,682
	Actual to 2022/23 Year End	2,817
	Estimated Actual for 2023/24	5,000
	Estimate for 2024/25	5,000
	Estimated Appropriation Remaining	63,865

#### *How Performance will be Assessed and End of Year Reporting Requirements*

Assessment of Performance	2023/24		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
Hectares of One Billion Trees joint venture forest assets contracted for planting over the 2024 planting season (see Note 1)	175ha	175ha	175ha

Note 1 - This measure relates to the area contracted for planting for a given planting season (June to August). The measure was slightly amended to be clearer of the objective of the funding, indicating that it is only measuring the One Billion Trees Joint Venture programme.

# 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.

**Non-Departmental Capital Expenditure****Forestry: Capital Climate Response Investments**

This category is limited to supporting investments in the Forestry sector that contribute to achieving New Zealand's domestic and international climate targets.

*Expenses, Revenue and Capital Expenditure*

	2023/24		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
<b>Total Appropriation</b>	<b>172,715</b>	<b>6,393</b>	<b>179,108</b>
<b>Departmental Output Expenses</b>			
Forestry: Administration of Grants and Programmes	5,891	-	5,891
Forestry: Climate Emergency Response implementation and administration	28,664	(5,000)	23,664
Forestry: Management of the Crown's Forestry Assets	1,954	-	1,954
Forestry: Policy Advice and Ministerial Servicing	57,159	6,699	63,858
<b>Non-Departmental Output Expenses</b>			
Forestry: Climate Emergency Response Fund	4,578	-	4,578
Forestry: Operational management of the Crown's Forests	32,171	6,669	38,840
<b>Non-Departmental Other Expenses</b>			
Forestry: Grants and partnerships programmes	24,320	(850)	23,470
Forestry: Hill Country Erosion Fund	6,300	875	7,175
North Island Weather Event: Cyclone Gabrielle Response and Recovery	6,600	(2,000)	4,600
<b>Non-Departmental Capital Expenditure</b>			
Forestry: Capital Climate Response Investments	5,078	-	5,078
<b>Funding for Departmental Output Expenses</b>			
<b>Revenue from the Crown</b>	<b>90,377</b>	<b>(4,684)</b>	<b>85,693</b>
Forestry: Administration of Grants and Programmes	5,876	-	5,876
Forestry: Climate Emergency Response implementation and administration	28,664	(5,000)	23,664
Forestry: Management of the Crown's Forestry Assets	1,838	-	1,838
Forestry: Policy Advice and Ministerial Servicing	53,999	316	54,315
<b>Revenue from Others</b>	<b>3,291</b>	<b>6,383</b>	<b>9,674</b>
Forestry: Administration of Grants and Programmes	15	-	15
Forestry: Management of the Crown's Forestry Assets	116	-	116
Forestry: Policy Advice and Ministerial Servicing	3,160	6,383	9,543

### *How Performance will be Assessed for this Appropriation*

Assessment of Performance	2023/24		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
Number of Forestry Advisory Service engagements held during the year (see Note 1)	At least one engagement per customer segment (10)	At least one engagement per customer segment (8)	At least one engagement per customer segment (8)

Note 1 - Engagement is any focussed interactions with our customer segments for the specific purpose of providing support and advice to the forestry sector, including: (a) visits to landowners to provide advice, (b) workshops with landowners and land users, (c) presentations at formal events, (d) meeting with iwi/hapū and (e) representation at forestry events. The budget standard was updated to be more fit for purpose and relevant based on the performance in 2023/24.

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

Assessment of Performance	2023/24		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
<b>Departmental Output Expenses</b>			
<b>Forestry: Administration of Grants and Programmes</b>			
Percentage of One Billion Tree fund milestone assessments that meet performance targets in the financial year (see Note 1)	Equal to or greater than 90%	Greater than 90%	Greater than 90%
<b>Forestry: Climate Emergency Response implementation and administration</b>			
The percentage of Maximising Forest Carbon key milestones completed by their due date (see Note 2)	Equal to or greater than 95%	-	-
Number of research outputs for science-based practices and technologies produced in the financial year to improve forest carbon sequestration and long-term carbon stock (see Note 3)	-	8	8
Percentage of native afforestation programme key milestones scheduled for delivery in the financial year that were completed (see Note 4)	-	75%	75%
<b>Forestry: Management of the Crown's Forestry Assets</b>			
The number of hectares of the Crown's forestry assets divested via a surrender or sale process this year (see Note 5)	250ha	-	-
Costs and revenues are consistent with industry norms as assessed by annual independent review of a sample of forests (see Note 6)	-	Achieved	Achieved
<b>Forestry: Policy Advice and Ministerial Servicing</b>			
Percentage of high priority registered sawmills inspected annually for compliance with the Forests Act 1949 (Part 3A) (see Note 7)	90%	90%	90%
Percentage of completed inspections for approved annual logging plans subject to post harvest inspections each financial year (see Note 8)	75%	15%	90%

Assessment of Performance	2023/24		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
<b>Non-Departmental Output Expenses</b>			
<b>Forestry: Climate Emergency Response Fund</b>			
Percentage of the budgeted Wood Processing Growth Fund - Catalyst fund contracted to grantees in the financial year (see Note 9)	More than 90%	More than (10%)	More than 80%
Percentage of Wood Processing Growth Fund Catalyst contracts scheduled for completion in the financial year that were completed (see Note 10)	More than 90%	More than 90%	More than 90%
<b>Forestry: Operational management of the Crown's Forests</b>			
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 11)	245,000m3	(25,000)m3	220,000m3
<b>Non-Departmental Other Expenses</b>			
<b>Forestry: Hill Country Erosion Fund</b>			
The number of hectares treated through Hill Country Erosion Funding this financial year (see Note 12)	3,900ha	1,300ha	5,200ha
<b>North Island Weather Event: Cyclone Gabrielle Response and Recovery</b>			
Percentage of Woody Debris Clean-up fund budgeted funding contracted in the financial year (see Note 13)	>90%	>90%	>90%
Number of tonnes of woody debris removed from high priority catchments in Gisborne and Hawkes Bay (see Note 14)	70,000tonnes	70,000tonnes	70,000tonnes
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 15)	Achieved	-	-

Note 1 - The measure and budget standard were updated to focus on 'milestone assessments' rather than 'milestone completion' to clarify that internal performance is being measured. The previous measure ("The percentage of contracted milestones under the One Billion Trees fund that were met within two months of their due date") was clarified to differentiate between measuring grantee completion of milestones rather than internal performance of ensuring that the assessments are performed in a timely way.

Note 2 - The measure was replaced with the one below to be more fit for purpose and increase understandability of the funding objective.

Note 3 - This is a measure for Budget 2022 initiative 'Maximising Natural Carbon Storage: Increasing Natural Sequestration to Achieve New Zealand's Future Carbon Goals'. The measure replaces the previous measure, to be more output/impact focused.

Note 4 - This is a new measure for Budget 2022 initiative 'Establishing native forests at scale to develop long-term carbon sinks and improve biodiversity'. 'Key milestones' are limited to this programme, which aims to increase native afforestation rates and new forest carbon sinks through supplying more affordable and resilient native tree seedlings, with greater establishment rates. The proposed measure was derived based off Emission Reduction Plan (ERP) action 14.2.2 output. This includes work to explore and test science-based practices, technologies to support sustainable expansion of native sector, including by demonstrating best practice/technology and providing training for the native plant nursery sector. The Native Afforestation Programme (NAP) has pivoted and re-scoped throughout 2022/23 and 2023/24 and

is currently in an establishment phase. Milestone measurement across all of the NAP workstreams (as provided in work packages) is the most appropriate measure at this time to reflect the programme's progress. Due to uncertainty about future funding and government direction on the programme, the standard has been set at 75%.

Note 5 - This measure was removed as it is no longer relevant and fit for purpose and replaced with the one below.

Note 6 - This measure replaced the previous measure ("The number of hectares of the Crown's forestry assets divested via a surrender or sale process this year"), and the budget standard was updated. This is to better reflect departmental performance and not remain as a measurement of outputs. This measure was previously under the non-departmental category: Forestry: Operational management of the Crown's Forests and was moved here as its more relevant to the intention of this category.

Note 7 - High priority sawmills are defined as (a) milled over 100m<sup>3</sup> 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, or (d) new sawmills registered for the current financial year.

Note 8 - The budget standard was updated based on 2022/23 performance of this measure.

Note 9 - This is a measure for Budget 2022 initiative 'Maximising natural carbon storage: Increasing natural sequestration to achieve New Zealand's future carbon goals'. The measure was updated to reflect the source of funding and clarify that this funding is being provided to grantees given that is the primary function of the Wood Processing Growth fund. The budget standard has been lowered to 80% to account for first year of implementation, and uncertainty around government priorities.

Note 10 - The previous measure ("The percentage of contracted milestones under the Wood Products Growth Fund that were met within two-months of their due date") was updated to shift the focus from milestones to deliverables to demonstrate the interim progress towards the overall goal of this fund. The change is also to acknowledge that while milestones move, the focus will remain on whether the contracts were completed for the grants awarded.

Note 11 - The budget standard was updated based on previous years' performance.

Note 12 - The budget standard was updated to align with the programme projections for the rest of 2023/24 financial year. The previous note did not add any additional information or help with readers' understandability, hence removed.

Note 13 - The previous measure ("Percentage of 2022/23 budgeted funding contracted") was updated for better understandability and clarity. This is a measure for Budget 2022 initiative 'Providing recovery support for primary industries, and rural communities: removing woody debris'.

Note 14 - This measurement is measuring the cumulative removal of the 70,000 tonnes from the inception of the scheme to completion. 'Highest priority catchments' are identified and defined by Territorial Authorities. This note was updated for better understandability and clarity. This is a measure for Budget 2022 initiative 'Providing recovery support for primary industries, and rural communities: removing woody debris'.

Note 15 - This measure was introduced as a placeholder when the appropriation was first established in 2022/23. The intention was to show that MPI had engaged with councils to start planning for the removal of woody debris. This is no longer relevant as the other two measures under this category are tracking the performance against the intention of this category.

### *Reasons for Change in Appropriation*

The appropriation increased by \$6.393 million to \$179.108 million for 2023/24 due to:

- retention of 2022/23 under spends of \$21.669 million relating to:
  - \$18.600 million for the One Billion Trees (1BT) Programme
  - \$1.100 million for the Industry Transformation Plans (ITP)
  - \$1.094 million for the Emission Trading Scheme Transformation (ETS) Programme
  - \$875,000 for Hill Country Erosion
- a \$6.669 million in forecast adjustments to Crown Forestry expenditure as harvest activities are being brought forward due to Cyclone Gabrielle
- a \$6.383 million increase to cost recovery settings in the Forestry component of the New Zealand Emissions Trading Scheme, and
- a \$316,000 for the partial drawdown of the tagged operating contingency for the New Zealand Emissions Trading Scheme (NZ ETS) Market Governance project.

These increases have been partially offset by decreases due to:

- an expense transfer of \$18.600 million from Vote Forestry to Vote Business, Science and Innovation for the reprioritisation of the One Billion Trees (1BT) programme
- an expense transfer of \$5 million from 2023/24 to 2024/25 of \$3 million and 2025/26 of \$2 million for the Forestry Research programme
- an expense transfer of \$2 million from Vote Forestry to Vote Māori Development for the management of sediment, debris and woody debris on whenua Māori
- a reduction in funding of \$1.950 million as part of the 2023 Mini Budget package for Primary Sector Industry Transformation Plans, and
- a \$1.094 million operating expenditure to capital transfer for the Emissions Trading Scheme Programme to reflect the shortfall of the capital funding for the programme.