

# *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	2024/25		
	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>	202,720	(29,857)	172,863
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>	6,292	-	6,292
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>	24,659	(7,800)	16,859
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>	1,985	-	1,985
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>	62,853	-	62,853
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>	2,951	-	2,951
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>	44,298	(2,622)	41,676
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>	17,149	-	17,149
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	-	6,300
This category is limited to projects that protect erosion-prone hill country.			
<i>North Island Weather Event: Cyclone Gabrielle Response and Recovery</i>	26,750	(13,750)	13,000
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.			
<b>Non-Departmental Capital Expenditure</b>			
<i>Forestry: Capital Climate Response Investments</i>	9,483	(5,685)	3,798
This category is limited to supporting investments in the Forestry sector that contribute to achieving New Zealand's domestic and international climate targets.			
<b>Total Multi-Category Expenses and Capital Expenditure</b>	202,720	(29,857)	172,863
<b>Total Annual Appropriations and Forecast Permanent Appropriations</b>	202,720	(29,857)	172,863

## 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	2,000
	Adjustments to 2023/24	14,250
	Adjustments for 2024/25	-
	Adjusted Appropriation	16,250
	Actual to 2023/24 Year End	2,123
	Estimated Actual for 2024/25	8,086
	Estimate for 2025/26	6,041
	Estimated Appropriation Remaining	-
<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	55,600
	Adjustments to 2023/24	21,082
	Adjustments for 2024/25	-
	Adjusted Appropriation	76,682
	Actual to 2023/24 Year End	5,585
	Estimated Actual for 2024/25	7,232
	Estimate for 2025/26	5,000
	Estimated Appropriation Remaining	58,865

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

	2024/25		
	Estimates Budget \$000	Supplementary Estimates Budget \$000	Total Budget \$000
Total Annual Appropriations and Forecast Permanent Appropriations	202,720	(29,857)	172,863
Total Forecast MYA Non-Departmental Other Expenses	4,300	3,786	8,086
Total Forecast MYA Non-Departmental Capital Expenditure	5,000	2,232	7,232
<b>Total Annual Appropriations and Forecast Permanent Appropriations and Multi-Year Appropriations</b>	<b>212,020</b>	<b>(23,839)</b>	<b>188,181</b>

# Supporting Information

## Part 1 - Vote as a Whole

### 1.2 - Trends in the Vote

#### Summary of Financial Activity

	2024/25				
	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	4,300	-	3,786	3,786	8,086
Capital Expenditure	5,000	-	2,232	2,232	7,232
Intelligence and Security Department Expenses and Capital Expenditure	-	-	N/A	-	-
Multi-Category Expenses and Capital Expenditure (MCA)					
<i>Output Expenses</i>	143,038	(7,800)	(2,622)	(10,422)	132,616
<i>Other Expenses</i>	50,199	-	(13,750)	(13,750)	36,449
<i>Capital Expenditure</i>	9,483	N/A	(5,685)	(5,685)	3,798
<b>Total Appropriations</b>	212,020	(7,800)	(16,039)	(23,839)	188,181
<b>Crown Revenue and Capital Receipts</b>					
Tax Revenue	-	N/A	-	-	-
Non-Tax Revenue	42,584	N/A	(8,315)	(8,315)	34,269
Capital Receipts	-	N/A	-	-	-
<b>Total Crown Revenue and Capital Receipts</b>	42,584	N/A	(8,315)	(8,315)	34,269

# 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 2023/24	14,250
	Adjustments for 2024/25	-
	Adjusted Appropriation	16,250
	Actual to 2023/24 Year End	2,123
	Estimated Actual for 2024/25	8,086
	Estimate for 2025/26	6,041
	Estimated Appropriation Remaining	-

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

	2024/25		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
Assessment of Performance			
Number of hectares established under the Erosion Control Funding Programme in the financial year (see Note 1)	100 ha	100 ha	200 ha

Note 1 - The budget standard has been increased to align with projected hectares verified as established. 'Hectares established' translates to trees planted that are surviving.

### 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 2023/24	21,082
	Adjustments for 2024/25	-
	Adjusted Appropriation	76,682
	Actual to 2023/24 Year End	5,585
	Estimated Actual for 2024/25	7,232
	Estimate for 2025/26	5,000
	Estimated Appropriation Remaining	58,865

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

	2024/25		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
Assessment of Performance			
Hectares of Crown Forestry One Billion Trees joint venture forest assets tended during the financial year (see Note 1)	1,500 ha	(300 ha)	1,200 ha

Note 1 - The budget standard has been decreased in line with projections as advised by Forestry Management contractors.

# 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*

	2024/25		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
<b>Total Appropriation</b>	<b>202,720</b>	<b>(29,857)</b>	<b>172,863</b>
<b>Departmental Output Expenses</b>			
Forestry: Administration of Grants and Programmes	6,292	-	6,292
Forestry: Climate Emergency Response implementation and administration	24,659	(7,800)	16,859
Forestry: Management of the Crown's Forestry Assets	1,985	-	1,985
Forestry: Policy Advice and Ministerial Servicing	62,853	-	62,853
<b>Non-Departmental Output Expenses</b>			
Forestry: Climate Emergency Response Fund	2,951	-	2,951
Forestry: Operational management of the Crown's Forests	44,298	(2,622)	41,676
<b>Non-Departmental Other Expenses</b>			
Forestry: Grants and partnerships programmes	17,149	-	17,149
Forestry: Hill Country Erosion Fund	6,300	-	6,300
North Island Weather Event: Cyclone Gabrielle Response and Recovery	26,750	(13,750)	13,000
<b>Non-Departmental Capital Expenditure</b>			
Forestry: Capital Climate Response Investments	9,483	(5,685)	3,798



	2024/25		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
<b>Funding for Departmental Output Expenses</b>			
<b>Revenue from the Crown</b>	<b>82,006</b>	<b>(7,800)</b>	<b>74,206</b>
Forestry: Administration of Grants and Programmes	6,277	-	6,277
Forestry: Climate Emergency Response implementation and administration	24,659	(7,800)	16,859
Forestry: Management of the Crown's Forestry Assets	1,869	-	1,869
Forestry: Policy Advice and Ministerial Servicing	49,201	-	49,201
<b>Revenue from Others</b>	<b>13,783</b>	<b>-</b>	<b>13,783</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	13,652	-	13,652

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

	2024/25		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
Assessment of Performance			
Number of Forestry Support engagements during the year (see Note 1)	At least one engagement per customer segment (8)	599	Minimum of 600 engagements per year
Percentage of submitted 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 2)	95%	-	95%

Note 1 - The word 'held' in the previous performance indicator (Number of Forestry Advisory Service engagements held during the year) was removed because Te Uru Rākau - New Zealand Forest Service (TUR-NZFS) (MPI) is not always the host of the engagement, and this indicator only reports on engagements hosted by TUR-NZFS/MPI.

The budget standard that refers to a 'Minimum of 600 engagements total per year, ensuring that each customer segment (8) is engaged with per quarter', has been updated to be more meaningful or insightful to demonstrate effectiveness of spend. An 'engagement' is any focused 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.

Note 2 - The performance indicator has been updated to clarify that only 'submitted' emission returns are included and other processing functions (such as amendments and assessments) are not in scope for this indicator.

'Submitted' means an emissions return received by TUR-NZFS (MPI) with all mandatory fields and declarations completed and payment from participant (per Climate Change Response Act 2002 section 64(2)) and excludes 'amendments' and 'assessments' defined under the Climate Change Response Act 2002. 'Processed' for the purpose of this performance indicator means emissions returns that have an entitlement direction sent to the EPA (who make the decision and take action to issue NZU's to participants).

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

	2024/25		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
Assessment of Performance			
<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)	Greater than 90%	-	Greater than 90%
<b>Forestry: Climate Emergency Response implementation and administration</b>			
Number of Maximising Forest Carbon programme outputs for improving measurement, reward systems, and incentives for forest carbon sequestration produced in the financial year (see Note 2)	8	(2)	6
Case study to show the deliverables and impacts of the investments to address the long-term nature of challenges presented by climate change (see Note 3)	New performance indicator	Achieved	Achieved
<b>Forestry: Management of the Crown's Forestry Assets</b>			
Costs and revenues are consistent with industry norms as assessed by annual independent review of a sample of forests (see Note 4)	Achieved	-	Achieved
<b>Forestry: Policy Advice and Ministerial Servicing</b>			
Technical quality assessment level for MPI policy advice papers, on a scale of 1 to 5 (see Note 5)	3.5	3.5 or higher	3.5 or higher
Satisfaction of the Minister of Forestry with the policy advice service, on a rating scale of 1 to 5 (see Note 6)	4	4 or higher	4 or higher
Percentage of approved annual logging plans' post-harvest inspections carried out by Te Uru Rākau - New Zealand Forest Service (MPI) for compliance with the Forests Act 1949 each financial year (see Note 7)	90%	-	90%
<b>Non-Departmental Output Expenses</b>			
<b>Forestry: Climate Emergency Response Fund</b>			
Percentage of budgeted Wood Processing Growth Fund - Catalyst fund contracted to grantees in the financial year (see Note 8)	More than 80%	-	More than 80%
<b>Forestry: Operational management of the Crown's Forests</b>			
Annual independent assessment of a sample of the Crown Forest estate shows Crown Forestry activities and operations align with expected performance of a prudent forest manager (see Note 9)	Achieved	-	Achieved

	2024/25		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
Assessment of Performance			
<b>Non-Departmental Other Expenses</b>			
<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	>90%	More than 90%	More than 90%
Woody debris treated in high priority catchments in Gisborne during the financial year (see Note 10)	70,000 tonnes	Treatment occurs in accordance with GDC programme	Treatment occurs in accordance with GDC programme
<b>Non-Departmental Capital Expenditure</b>			
<b>Forestry: Capital Climate Response Investments</b>			
Number of hectares contracted under forestry joint ventures as part of the Woody Biomass Supply initiative in the financial year (see Note 11)	500 ha	4,500 ha	5,000 ha

Note 1 - The following contextual note has been added to clarify that the relationship between related categories funded in Vote Forestry, and that observable benefits from the grants' programmes will be seen through activities funded in other categories:

This funding is for the effective administration and management of forestry related grants and programmes. The activities that will realise the benefits of the grants and programmes are funded through the following Vote Forestry MCA categories: Forestry: Grants and partnerships programmes; Forestry: Hill Country Erosion Fund; North Island Weather Event: Cyclone Gabrielle Response and Recovery; and the Forestry and Other Economic Development, and Erosion Control MYA.

Note 2 - The previous performance indicator (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) has been amended to expand the current output focused measure to also include policy outputs. A variance commentary or performance story will be provided in MPI 2024/25 Annual Report on what those outputs are, and their benefits are. This will provide a more accurate indication of what the programme is delivering.

The budget standard has been reduced to reflect the current scope of the activities and what the programme is delivering.

'Outputs' are the knowledge and insights that are gained from the research contract deliverables that inform policy work and provide insights for the public, and the policy advice generated through the policy process used by TUR-NZFS.

Note 3 - This new performance indicator has been added to provide supporting qualitative account of what the funding through this category is intended to achieve.

Note 4 - The following contextual note has been added for clarity: 'Industry norms' are determined by the independent reviewer by considering factors such as log sale revenues, costs of production, management fees for harvesting and marketing, harvesting rates to logging subcontractors, and payment for log cartage, etc, for similar operations (eg, similar forest types, workplans, contract tenure, location) elsewhere in the region of the sample of forests.

Note 5 - Since 2023/24, MPI has been using an updated methodology that aligns with the guidance provided in the Department of the Prime Minister and Cabinet (DPMC) guidelines for Policy Quality Review. DPMC rating scale includes 1=Never, 2=Some of the time, 3=About half of the time, 4=Most of the time, 5=Always.

Note 6 - Since 2023/24, MPI has been using an updated methodology that aligns with the guidance provided in the DPMC guidelines for Ministerial Satisfaction Surveys. DPMC rating scale includes 1=Never, 2=Some of the time, 3=About half of the time, 4=Most of the time, 5=Always.

Note 7 - The previous performance indicator (Percentage of completed inspections for approved annual logging plans subject to post harvest inspections each financial year) has been updated to show that this indicator only relates to Indigenous Forestry.

Note 8 - The wording of this contextual note has been improved: This performance indicator reflects the source of funding and clarifies that the funding is being provided to grantees given that is the primary function of the Wood Processing Growth fund.

Note 9 - The following contextual note has been added for clarity:

Crown Forestry annually commissions an independent review of a sample of its estate to demonstrate that it is meeting its required forest management performance measures. This independent review assesses Crown Forestry's activities against what is expected of a prudent forest manager. This includes (among other things) compliance with statutory and contractual obligations, whether value for money regarding procured contract and sub-contract operations is being received, and effective risk management. This contextual note has been added for clarity.

Note 10 - The previous performance indicator (Number of tonnes of woody debris removed from high priority catchments in Gisborne and Hawkes Bay) has been updated to align with the woody debris treatment plan that is being developed by the Gisborne District Council (GDC). Currently, operations and figures for this plan are being finalised. Actual treatments that occur through that plan will be provided in the variance commentary in MPI 2024/25 Annual Report.

The budget standard has been changed in line with treatment expectations and purpose of funding. The budget standard targets that 'Treatment occurs in accordance with the deliverables and priorities determined by the Gisborne District Council's debris treatment programme'.

The wording of the following contextual note has been updated to clarify definition and scope of 'treatment':

'Treatment' of woody debris includes activities such as:

- removal with disposal offsite
- removal and safely stored onsite
- cutting debris into smaller pieces where environmentally effective, and removal is too costly
- engineered mitigation / containment (eg, slash catchers)
- engineered protective structures for key infrastructure (ie, strengthening or deflection).

Note 11 - The budget standard has been increased to 5,000 ha because all the land for the woody biomass planting programme is expected to be contracted in the 2024/25 financial year.

*Reasons for Change in Appropriation*

The appropriation decreased by \$29.857 million to \$172.863 million for 2024/25 due to:

- expense transfers totalling \$21.550 million as follows:
  - \$13.750 million from 2024/25 to 2025/26 for the Cyclone Gabrielle Response and Recovery, with delays in its sediment clean-up programme due to adverse weather conditions
  - \$7.800 million from 2024/25 to outyears for the Woody Biomass Programme to be realign with the re-phased contract delivery milestones
- transfer of \$5.685 million of funding from Forestry: Capital Climate Response Investments to a newly established multi-year appropriation: Forestry: Capital Climate Response Investment MYA from 2025/26
- a \$2.622 million in forecast adjustment to Crown Forestry expenditure due to a decrease in the forecasted Lake Rotoaira Forest harvest volume.