

VOTE *Agriculture and Forestry*

Terms and Definitions Used

FAO	Food and Agricultural Organisation of the United Nations
MAF	Ministry of Agriculture and Forestry
SILNA	South Island Landless Natives Act 1906

Footnotes

Note 1	Expenses to be incurred pursuant to section 21 of the Public Finance Act 1989.
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Minister Portfolio Table

2	Minister of Agriculture
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Agriculture and Forestry

ADMINISTERING DEPARTMENT: Ministry of Agriculture and Forestry

The Minister of Agriculture is the Responsible Minister for the Ministry of Agriculture and Forestry

Part B - Statement of Appropriations

Summary of Financial Activity

	2006/07	2006/07 Appropriations to be Used				
	Main Estimates \$000	By the Department Administering the Vote		For Non-Departmental Transactions		Total \$000
		Annual \$000	Other \$000	Annual \$000	Other \$000	
Appropriations						
Output Expenses	105,289	35,939	2,200	65,110	-	103,249
Benefits and Other Unrequited Expenses	-	N/A	N/A	-	-	-
Borrowing Expenses	-	N/A	N/A	-	-	-
Other Expenses	18,414	60	-	21,556	-	21,616
Capital Expenditure	20	N/A	N/A	20	-	20
Intelligence and Security Department Expenses and Capital Expenditure	-	-	-	N/A	N/A	-
Total Appropriations	123,723	35,999	2,200	86,686	-	124,885
Crown Revenue and Receipts						
Tax Revenue	-	N/A	N/A	N/A	N/A	-
Non-Tax Revenue	89,258	N/A	N/A	N/A	N/A	86,524
Capital Receipts	2,140	N/A	N/A	N/A	N/A	1,710
Total Crown Revenue and Receipts	91,398	N/A	N/A	N/A	N/A	88,234

Part B1 - Details of Appropriations

	2006/07						
	Main Estimates		Supplementary Estimates		Cumulative Vote		
Appropriations	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	Scope of and Reasons for Change in 2006/07 Appropriations
Departmental Output Expenses (General)							
Administration of Indigenous Forestry Provisions (M2)	2,756	-	(699)	-	2,057	-	Administration of the indigenous forestry provisions of the Forests Act 1949, with the purpose of promoting the sustainable forest management of indigenous forest land. Reason for Change: Transfer of SILNA funding to 2007/08.
Agriculture and Forestry Policy Advice (M2)	24,808	-	(677)	-	24,131	-	Policy advice and decision support to the Government with respect to the agricultural, forestry and horticultural sectors. Reason for Change: Expense transfers to 2007/08 and the transfer of funding to the new climate change output expense. The expense transfers involve funding for generic forestry market development and timber products design.
Animal Welfare (M2)	2,556	-	356	-	2,912	-	Setting of animal welfare standards and investigations and prosecutions of breaches of the Animal Welfare Act 1999. Reason for Change: Increased activity resulting from low stock feed levels following the South Island snow event.
Climate Change (M2)	-	-	3,131	-	3,131	-	Policy advice and implementation, operational costs and fulfilling international obligations to support the Government's commitment on climate change under the Kyoto Protocol. Reason for Change: This is a new output expense established during 2006/07. Funding mainly relates to policy options and research to manage deforestation, encourage afforestation and reduce agricultural greenhouse gas emissions.
Contract, Grant and Asset Management (M2)	3,452	-	256	-	3,708	-	Management of the Crown's ownership interest in forests established on Crown-Owned and leased Māori land. Management of the Sustainable Farming Fund, East Coast Forestry Project and flood relief programmes. Reason for Change: Improved advocacy for the East Coast Forestry Project.
Total Departmental Output Expenses (General)	33,572	-	2,367	-	35,939	-	

	2006/07						
	Main Estimates		Supplementary Estimates		Cumulative Vote		
Appropriations	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	Scope of and Reasons for Change in 2006/07 Appropriations
Departmental Output Expenses (Restricted by Revenue)							
Contestable Services (M2)	-	2,000	-	200	-	2,200	Supply of administrative services and the leasing of surplus property (see Note 1).
Total Departmental Output Expenses (Restricted by Revenue)	-	2,000	-	200	-	2,200	
Non-Departmental Output Expenses							
Management of Crown Forestry Assets (M2)	69,717	-	(4,607)	-	65,110	-	- Payments for forest and asset management of Crown forests established on both Crown-Owned and leased Māori land and 13 leases of Crown-Owned land to other parties for forestry purposes. Revenue from the sale of forest produce is recorded in Part F under Crown Forestry Assets. Reason for Change: Revised forest management plans and harvesting strategies during 2006/07.
Total Non-Departmental Output Expenses	69,717	-	(4,607)	-	65,110	-	
Other Expenses to be incurred by the Department							
Restructuring Expenses (M2)	60	-	-	-	60	-	- Provides for residual change management costs relating to the former Ministry of Agriculture and Fisheries.
Total Other Expenses to be incurred by the Department	60	-	-	-	60	-	
Other Expenses to be Incurred by the Crown							
Adverse Climatic Events (M2)	356	-	-	-	356	-	- Support to the agriculture and horticulture industries in the aftermath of adverse climatic events.
Community Irrigation Schemes (M2)	17	-	-	-	17	-	- Operating and maintaining Crown irrigation schemes.
East Coast Afforestation Grants (M2)	5,644	-	(2,633)	-	3,011	-	- Grants to approved private forest growers under the Forestry (East Coast) Grants Regulations 1992. Reason for Change: Expense transfer of unspent funds to 2007/08.
Organic Initiatives (M2)	500	-	-	-	500	-	- Delivery of an organic sector advisory programme.
South Island Snow Event (M2)	-	-	5,870	-	5,870	-	- Support measures for South Island farmers affected by the snow event Reason for Change: Funding to address stock feed issues following the South Island snow event.

	2006/07						
	Main Estimates		Supplementary Estimates		Cumulative Vote		
Appropriations	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	Scope of and Reasons for Change in 2006/07 Appropriations
Other Expenses to be Incurred by the Crown - cont'd							
Subscriptions to International Organisations (M2)	2,193	-	(35)	-	2,158	-	Membership of various international organisations in particular the Food and Agriculture Organisation of the United Nations (FAO). Reason for Change: Transfer to Vote Biosecurity to fund increased cost of international subscriptions.
Sustainable Farming Fund (M2)	9,644	-	-	-	9,644	-	Contestable fund for community driven programmes aimed at improving economic and environmental performance of land-based productive sectors. Reason for Change: One-off expense transfer in 2006/07 of \$1.2 million.
Total Other Expenses to be Incurred by the Crown	18,354	-	3,202	-	21,556	-	
Capital Expenditure							
Forestry Encouragement Loans (M2)	20	-	-	-	20	-	Advances to private landowners and local authorities that hold approved forestry encouragement loans under the Forestry Encouragement Loan Regulations 1967. Revenue from the repayment of loans is recorded in Part F.
Total Capital Expenditure	20	-	-	-	20	-	
Total Appropriations	121,723	2,000	962	200	122,685	2,200	

Part C - Explanation of Appropriations for Output Expenses

Part C1 - Departmental Output Expenses

Climate Change

This output expense covers analysis and advice on sustainable land management and climate change including advice on managing deforestation, encouraging afforestation and reducing agriculture greenhouse gas emissions. This work will also link with other sustainable land management initiatives and Government's wider climate change work. This will include advice on possible legislation and operational initiatives and partnerships with the land based sectors.

Outputs include:

- Working with industry to develop ways of reducing agriculture greenhouse gas emissions.
- Working with the forest industry to develop forest sinks and to manage emissions associated with deforestation.
- Develop and implement regulations to provide opportunities for afforestation carbon credits from permanent forest sinks.

Performance Measures

- Develop policy options on a plan of action for the agriculture and forestry sectors to address climate change issues.
- Undertake a consultation process with stakeholders and Māori on a Sustainable Land Management and Climate Change: Options for a Plan of Action.
- Report back to Cabinet with the outcomes of consultation and preferred policy options.

Part E - Explanation of Capital Flows

Part E1 - Explanation of Movements in Departmental Net Asset Schedules

Details of Net Asset Schedule for Ministry of Agriculture and Forestry	2006/07 Main Estimates Projections \$000	2006/07 Supplementary Estimates Projections \$000	Explanation of Projected Movements in 2006/07
Opening Balance	25,513	24,092	2006/07 Supplementary Estimates opening balance reflects the audited results as at 30 June 2006.
Capital Injections	2,970	2,970	Development of an electronic document management system and software to manage emergency incursion responses.
Capital Withdrawals	(595)	(595)	Part repayment of capital injection received for MAF Head Office accommodation project.
Surplus to be Retained (Deficit Incurred)	(60)	(60)	
Other Movements	90	1,400	Revaluation of land and buildings.
Closing Balance	27,918	27,807	

Part F - Crown Revenue and Receipts

Part F1 - Current and Capital Revenue and Capital Receipts

	2006/07			Description of 2006/07 Crown Revenue
	Main Estimates \$000	Supplementary Estimates \$000	Total Budgeted \$000	
Non-Tax Revenue				
Crown Forestry Assets	89,258	(3,053)	86,205	Revenue from the sale of forest produce from Crown forests. Reason for Change: Reduced forest harvesting activity during 2006/07.
Levy Charged Under the Dairy Industry Restructuring Act	-	319	319	Levy to fund the Commerce Commission's dispute resolution and regulatory enforcement functions under the Dairy Industry Restructuring Act 2001.
Total Non-Tax Revenue	89,258	(2,734)	86,524	
Capital Receipts				
Forestry Encouragement Loans	2,140	(624)	1,516	Repayment of forestry encouragement loans. Reason for Change: Lower repayments from local authorities than originally forecast due to delays in harvesting loan forests.
Irrigation Suspensory Loan Refunds	-	12	12	Refunds from the sale of property within a 10-year period of drawing down an irrigation suspensory loan.
Sale of Irrigation Assets	-	182	182	Receipts from recoveries of on-farm development costs, sale of assets associated with disposing of irrigation schemes, sale of surplus irrigation assets and associated rental revenues. Reason for Change: Sale of Manuwai and Waingaro lakes and surrounding land in Northland.
Total Capital Receipts	2,140	(430)	1,710	
Total Crown Revenue and Receipts	91,398	(3,164)	88,234	