

Information Supporting the Supplementary Estimates

Vote Agriculture and Forestry

MINISTER(S) RESPONSIBLE FOR APPROPRIATIONS: Minister of Agriculture (M2), Minister of Forestry (M35)

ADMINISTERING DEPARTMENT: Ministry of Agriculture and Forestry

MINISTER RESPONSIBLE FOR MINISTRY OF AGRICULTURE AND FORESTRY: Minister of Agriculture

Part 1 - Summary of the Vote

Part 1.3 - Trends in the Vote

Summary of Financial Activity

	2009/10				
	Estimates \$000	Supplementary Estimates			Total \$000
		Departmental Transactions \$000	Non- Departmental Transactions \$000	Total Transactions \$000	
Appropriations					
Output Expenses	178,121	5,568	(209)	5,359	183,480
Benefits and Other Unrequited Expenses	770	N/A	-	-	770
Borrowing Expenses	-	-	-	-	-
Other Expenses	53,711	-	(18,447)	(18,447)	35,264
Capital Expenditure	16,330	(8,423)	-	(8,423)	7,907
Intelligence and Security Department Expenses and Capital Expenditure	-	-	N/A	-	-
Total Appropriations	248,932	(2,855)	(18,656)	(21,511)	227,421
Crown Revenue and Capital Receipts					
Tax Revenue	-	N/A	-	-	-
Non-Tax Revenue	113,365	N/A	3,318	3,318	116,683
Capital Receipts	2,950	N/A	1,570	1,570	4,520
Total Crown Revenue and Capital Receipts	116,315	N/A	4,888	4,888	121,203

Part 2 - Details and Expected Performance for Output Expenses

Part 2.1 - Departmental Output Expenses

Administration of Indigenous Forestry Provisions (M2)

Scope of Appropriation

Administration of the indigenous forestry provisions of the Forests Act 1949, with the purpose of promoting the sustainable forest management of indigenous forest land.

Expenses and Revenue

	2009/10		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	1,969	216	2,185
Revenue from Crown	1,907	216	2,123
Revenue from Other	62	-	62

Reasons for Change in Appropriation

This appropriation will increase by \$216,000 to \$2.185 million in 2009/10. This increase is due to changes in cost allocations between output expenses (\$196,000) and an expense transfer from 2008/09 for South Island Landless Native Act (SILNA) policy review (\$20,000).

Agriculture and Forestry Policy Advice (M2)

Scope of Appropriation

Policy advice in regard to the agricultural, forestry and horticultural sectors, and ministerial services.

Expenses and Revenue

	2009/10		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	24,816	880	25,696
Revenue from Crown	24,487	880	25,367
Revenue from Other	329	-	329

Reasons for Change in Appropriation

This appropriation will increase by \$880,000 to \$25.696 million in 2009/10. This increase is due to changes in cost allocations between output expenses (\$397,000), an expense transfer from 2008/09 for review of Fonterra capital structure (\$700,000), an expense transfer from 2008/09 for Identity Verification Service levy (\$100,000), an expense transfer from 2008/09 for South Island Landless Native Act 1906 (SILNA) policy review (\$100,000), an expense transfer from 2008/09 for sustainable land management programme (\$150,000), an expense transfer from 2008/09 for Sustainable Water Programme of Action (\$100,000) and funding from Vote Foreign Affairs for WTO and FTA/CEP negotiations (\$233,000) set-off by an expense transfer to 2010/11 for Hill Country Erosion Fund initiative of sustainable land management programme (\$900,000).

Animal Welfare (M2)

Scope of Appropriation

Setting of animal welfare standards and investigations and prosecutions of breaches of the Animal Welfare Act 1999.

Expenses and Revenue

	2009/10		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	3,200	160	3,360
Revenue from Crown	3,140	200	3,340
Revenue from Other	60	(40)	20

Reasons for Change in Appropriation

This appropriation will increase by \$160,000 to \$3.360 million in 2009/10. This increase is due to a fiscally neutral transfer from Vote Biosecurity to fund increased animal welfare enforcement activities, in particular the Crafer farms investigation (\$200,000) set-off by changes in cost allocations between output expenses (\$40,000).

Climate Change (M2)

Scope of Appropriation

Policy advice and implementation, operational costs and fulfilling international obligations to support the Government's commitment on climate change under the Kyoto Protocol.

Expenses and Revenue

	2009/10		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	38,041	2,388	40,429
Revenue from Crown	37,699	2,388	40,087
Revenue from Other	342	-	342

Reasons for Change in Appropriation

This appropriation will increase by \$2.388 million to \$40.429 million in 2009/10. This increase is due to an expense transfer from 2008/09 for administration of Afforestation Grants Scheme (\$50,000), an expense transfer from 2008/09 for work programmes within the Sustainable Land Management and Climate Change: A Preferred Plan of Action (\$4.200 million), an expense transfer from 2008/09 for climate change research (\$150,000), an expense transfer from 2008/09 for Identity Verification Service levy (\$93,000), an expense transfer from 2008/09 for implementation of forestry components of New Zealand Emissions Trading Scheme (NZETS) (\$1.555 million), an expense transfer from 2008/09 for NZETS Pre-1990 Forestry Allocation Plan requirements (\$590,000), and an expense transfer from 2008/09 for development and implementation of the NZETS Climate Change Information System (\$500,000) set-off by changes in cost allocations between output expenses (\$690,000), an expense transfer to 2010/11 for implementation of forestry components of NZETS (\$1.520 million), an expense transfer to 2010/11 for administration of Sustainable Farming Fund grants scheme (\$200,000) and an expense transfer to 2010/11 for work programmes within the Sustainable Land Management and Climate Change: A Preferred Plan of Action (\$2.340 million).

Contract, Grant and Asset Management (M2)*Scope of Appropriation*

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.

Expenses and Revenue

	2009/10		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	3,832	1,649	5,481
Revenue from Crown	3,795	1,649	5,444
Revenue from Other	37	-	37

Reasons for Change in Appropriation

This appropriation will increase by \$1.649 million to \$5.481 million in 2009/10. This increase is due to changes in cost allocations between output expenses (\$97,000), transfer of funding from non-departmental other expense Primary Growth Partnership (PGP) for the governance of the PGP initiative (approved in Budget 2009) from 2009/10 (\$2.180 million) and an expense transfer from 2008/09 for Identity Verification Service levy (\$7,000), set-off by an expense transfer to 2009/10 for governance of PGP (\$635,000).

Support Services and Infrastructure to Other Agencies RDA (M2)*Scope of Appropriation*

This appropriation is limited to the provision of support services to other agencies, including financial, personnel and information technology services and subleasing of surplus accommodation.

Reasons for Change in Appropriation

This appropriation will increase by \$275,000 to \$11.530 million in 2009/10 to reflect current levels of support services being supplied to other agencies.

Part 2.2 - Non-Departmental Output Expenses**Management of Crown Forestry Assets (M35)***Scope of Appropriation*

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.

Reasons for Change in Appropriation

This appropriation will decrease by \$209,000 to \$94.799 million in 2009/10 due to changes in forest management plans and harvesting strategies during the year.

Part 5 - Details and Expected Results for Other Expenses

Part 5.2 - Non-Departmental Other Expenses

Adverse Climatic Events (M2)

Scope of Appropriation

Support to the agriculture and horticulture industries in the aftermath of adverse climatic events.

Reasons for Change in Appropriation

This appropriation will increase by \$333,000 to \$829,000 in 2009/10 due to the transfer of funding from 2008/09 (\$83,000) and from the East Coast Afforestation Grants non-departmental other expense (\$250,000) to build rural capacity to respond to adverse events notably droughts affecting a number of regions.

Afforestation Grants Scheme (M35)

Scope of Appropriation

Payment of grants under the Afforestation Grants Scheme.

Reasons for Change in Appropriation

This appropriation will decrease by \$258,000 to \$6.742 million in 2009/10. Expense transfers are required to align the appropriation across financial years to cover contractual commitments for grants payable upon completion of approved work programmes. Expense transfers of \$396,000 million from 2008/09 and \$654,000 to 2010/11 were required.

Community Irrigation Fund (M2)

Scope of Appropriation

Payment of grants under the Community Irrigation Fund.

Reasons for Change in Appropriation

This appropriation will decrease by \$350,000 to \$531,000 in 2009/10 due to an expense transfer to 2010/11 as a result of delays in introduction of expanded scheme for grants to fund local government water strategies.

East Coast Afforestation Grants (M35)

Scope of Appropriation

Grants to approved private forest growers under the Forestry (East Coast) Grants Regulations 1992.

Reasons for Change in Appropriation

This appropriation will increase by \$750,000 to \$5.25 million due to the transfer of funding from 2008/09 to meet an anticipated increase in demand for grants upon the resolution of uncertainties surrounding the Emissions Trading Scheme (\$1 million) offset by a fiscally neutral transfer of funding to non-departmental other expense Adverse Climatic Events (\$250,000).

Primary Growth Partnership (M2)

Scope of Appropriation

This appropriation is limited to primary and food sector investment in education and skills development, research and development, product development, commercialisation, market development and technology transfer, in partnership with relevant industry groups.

Reasons for Change in Appropriation

This appropriation will decrease by \$20.930 million to \$9.070 million in 2009/10. This decrease is due to delays in the implementation of this Budget 2009 initiative resulting in the need to carry forward funding to 2010/11 (\$18.750 million), and for the transfer of funding to departmental output expense appropriation Contract, Grant and Asset Management to establish the Primary Growth Partnership Investment Advisory Panel and cover its operating costs, and administrative support costs (\$2.180 million).

Subscriptions to International Organisations (M2)

Scope of Appropriation

Membership of various international organisations in particular the Food and Agriculture Organisation of the United Nations (FAO).

Reasons for Change in Appropriation

This appropriation will increase by \$400,000 to \$2.428 million in 2009/10 due to an increase to the annual contribution to the Food and Agriculture Organisation of the United Nations (FAO) and for foreign exchange movements.

Sustainable Farming Fund (M2)

Scope of Appropriation

Contestable fund for community driven programmes aimed at improving economic and environmental performance of land-based productive sectors.

Reasons for Change in Appropriation

This appropriation will increase by \$1.608 million to \$8.608 million in 2009/10. Expense transfers are required to align the appropriation across financial years to cover contractual commitments for three-year project grants payable upon completion of milestones. Expense transfers of \$2.608 million from 2008/09 and \$1 million to 2010/11 were required.

Part 6 - Details and Expected Results for Capital Expenditure

Part 6.1 - Departmental Capital Expenditure

Ministry of Agriculture and Forestry - Capital Expenditure PLA (M2)

Scope of Appropriation

This appropriation is limited to the purchase or development of assets by and for the use of the Ministry of Agriculture and Forestry, as authorised by section 24(1) of the Public Finance Act 1989.

Capital Expenditure

	2009/10		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	7,530	(3,211)	4,319
Intangibles	8,000	(5,212)	2,788
Other	-	-	-
Total Appropriation	15,530	(8,423)	7,107

Reasons for Change in Appropriation

Departmental capital expenditure has reduced in 2009/10 mainly due to delays in the design and development of the National Animal Identification Traceability (NAIT) and NZ FarmOnline IT systems; and to implement the trans-Tasman transfer of x-ray images of checked-in baggage initiative. Capital injections for these projects have been transferred from 2009/10 to 2010/11.