

Ministry for Primary Industries  
Manatū Ahu Matua



# Ministry for Primary Industries Manatū Ahu Matua

Annual Report 2020/21

Incorporating Ministers' reports on non-departmental appropriations





Our biosecurity staff practising social distancing during the August 2021 Delta COVID-19 response (Wellington Airport).



MPI won silver at the 2021 Australasian Reporting Awards for its 2019/20 Annual Report.



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**Front cover: All of our people, like our staff pictured here, work to ensure New Zealand's food and fibre sector can be prosperous, sustainable and protected.**



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# Our purpose

## Ko tā mātau kaupapa

The Ministry for Primary Industries (MPI) protects and supports the food and fibre sector so we can help safeguard New Zealanders' way of life.

# Our vision

## Ko tā mātau whāinga

New Zealand will be the world's most sustainable provider of high-value food and primary products.

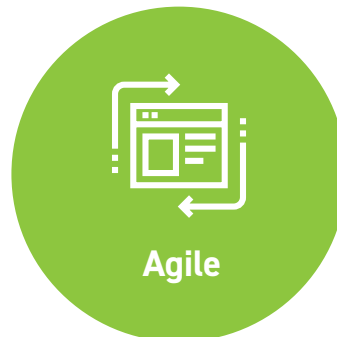
# Our working styles

## Ko tā mātau huarahi mahi

**Open/Puātaata:** We are receptive to the ideas of others, we know that there is more than one way to get things done, and we work in this way even when we're under pressure.



Open



Agile

**Agile/Koi:** We are prepared to change tack and remain flexible in everything we do.

**Engaging/Tuītuītuia:** We engage with our colleagues, customers, partners and stakeholders in a warm and empathic way; we genuinely listen so we can understand their situations.



Engaging



Proactive

**Proactive / Tiro whakamua:** We look ahead to anticipate and face challenges and opportunities; we manage our challenges effectively and make the most of our opportunities.

# Our 2020/21 operations at a glance

## He tirohanga tere ki ā mātau mahi i 2020/21

The statistics below represent the diversity of our activities as we work to support sustainable economic growth and the wellbeing of New Zealanders. All numbers are accurate as at 30 June 2021.

### 6,306

people employed in the primary industries

through the Primary Sector Workforce programme and the Opportunity Grows Here attraction campaign

### \$83.24m

invested in 81 projects



via our Sustainable Food and Fibre Futures fund

### 83%

of New Zealand's total export revenue

came from food and fibre sector products in 2020/21

### 13

rural community hubs funded

to help communities thrive



### 900,665m<sup>3</sup>

of logs harvested and sold on behalf of the Crown

in domestic and international markets

### 10,496

seadays logged by our fisheries observers

monitoring fishing-related activity

### 30

Graduate vets in 11 regions

received support via our Voluntary Bonding Scheme for Veterinarians

### \$47.5<sub>b</sub>

in primary industry export revenue

in the year to 30 June 2021

### 395,000ha

classified as free of bovine tuberculosis vectors

(target was 200,000ha)

### 97.8%

of Grade 1 priority animal welfare complaints



responded to within 24 hours of notification to MPI

### 3,800

infringement notices issued by MPI



across the fisheries, biosecurity, animal welfare and National Animal Identification and Tracing systems

### 100%

of serious food-safety complaints



responded to within 24 hours of notification to MPI



# Director-General's foreword

## Te kupu whakataki a te Tumuaki

MPI continued to play an important role in ensuring the ongoing success of New Zealand's food and fibre sector during 2020/21, and in doing so, supported the country's economic recovery from COVID-19.

The COVID-19 global pandemic has continued to cause significant disruption to economies around the world. Throughout the pandemic, MPI's people have demonstrated remarkable resilience and flexibility, providing essential support to the food and fibre sector.

Over the past twelve months, we provided on-the-ground guidance and support to food and fibre businesses and contributed to important Government policy decisions. We also played a key role in coordinating sector efforts to help ensure businesses were able to operate while keeping their people, and New Zealand, safe.

I'd like to acknowledge the food and fibre sector for its terrific response to the changing operational environment over the past twelve months. Through communication and collaboration, we have navigated the pandemic together, and I thank all of the sector leaders who joined me and the MPI team in calls and virtual meetings to work through the challenges.

### Resilience

We organised ourselves to respond to the needs of the sector across our policy and operational branches. With our Fit for a Better World – Accelerating our Economic Potential roadmap paving the way, we saw significant investment by the sector in New Zealand's sustainable recovery.

As borders closed and international traveller numbers dropped in early to mid-2020, many of our border biosecurity officers moved into roles elsewhere in MPI, including Fisheries New Zealand, the *Mycoplasma bovis* programme, forestry and land management and workforce liaison. We geared up to

operate the trans-Tasman quarantine-free travel zone, creating "red" and "green" zones at Christchurch and Auckland international airports. We then managed the pause in trans-Tasman travel and its impact on the country's workforce needs.

I am impressed by the agility and professionalism of our border biosecurity staff as well as the broader MPI team and their commitment to supporting the food and fibre sector.

### Recovery

During the year, our relationships with the sector went from strength to strength as we embedded a significant programme of work to deliver on the outcomes of our Fit for a Better World roadmap.

This includes the Opportunity Grows Here attraction campaign and website, which connected New Zealanders to food and fibre sector jobs, along with other initiatives, including our support and investment in familiarisation and basic skills courses and our regional workforce skills liaison service.

In 2020/21, we supported the sector through Sustainable Food and Fibre Futures (SFF Futures). Through this programme, we are co-investing in projects, both big and small, that support problem solving and innovation in the food and fibre sector. At 27 September 2021, since the launch of SFF Futures in October 2018, 159 projects have been approved totalling over \$139 million in MPI funding. Seventy-four new SFF Futures projects are in the pipeline, seeking a combined \$229 million in MPI funding. Many of these, in areas including robotics and genetics, bring incredible potential benefit to New Zealand's industries.

During the year, we continued important mahi to help improve the sector's resilience to climate and market challenges. This included progressing a single integrated farm planning framework to help farmers

and growers to meet new rules to protect and restore freshwater and sustainably manage their farm.

We are backing more than 170 farmer-led catchment groups across the country, helping them access expertise and tools to improve their environmental and economic sustainability and wellbeing. And we're playing a key role in delivering He Waka Eke Noa, in partnership with industry and Māori, to implement a framework by 2025 to reduce agricultural greenhouse gas emissions and build the agriculture sector's resilience to climate change.

## Future success

Despite COVID-19 related disruptions, food and fibre sector export revenue reached \$47.5 billion for the year ending 30 June 2021. Export revenue from food and fibre exports is expected to hit a record high of \$49.06 billion in the year to June 2022, driven mostly by strong demand for New Zealand's dairy, red meat, forestry and horticulture products. Sustained growth is expected year on year, hitting a further record of \$53.1 billion for the year to June 2025.<sup>1</sup>

We're continuing to see strong demand for New Zealand's dairy and horticulture products, and forestry exports have bounced back. This has been helped by strong milk production and farmgate milk prices, bumper avocado and kiwifruit crops, and increased demand from China for logs.

This continued strong performance reflects the sector's ability to adapt to keep businesses operating, while keeping staff and communities safe from COVID-19.

During the year, MPI also worked to expand market opportunities and provide a level playing field for New Zealand exporters, which included building a more resilient export profile. We are playing an important role in securing high-quality, comprehensive and inclusive free trade agreements, including with the European Union (EU) and United Kingdom (UK).

## Other highlights and engagement

Over the past 12 months, other highlights included repurposing our forestry arm to Te Uru Rākau – New Zealand Forest Service, to better reflect the planning and strategic advice we provide to the forestry and wood processing sectors.

We also stepped up our programmes to address wilding pines and invasive wallabies and made significant steps towards eradicating *M. bovis* from New Zealand.

A focus for New Zealand Food Safety this year has been public engagement, with our Exporter Regulatory Advice Service speaking with food producers across New Zealand to promote good food safety practice.

In June 2021 we returned to the National Fieldays in Mystery Creek, where we picked up an award for the best indoor site. It was great to be one of the 130,000 people attending this iconic Kiwi event and to see the sector back showcasing its innovation, opportunities and successes.

We also consulted and engaged on a number of significant Fisheries New Zealand initiatives, including the Government's vision for healthy and productive oceans, a raft of protections to restore the health of the Hauraki Gulf and the wider rollout of cameras on commercial fishing vessels to support sustainability and protect marine life.

Prior to the beginning of the nationwide COVID -19 Alert Level 4 lockdown in August 2021, our leadership team continued its Stakeholder Connections series, visiting organisations across New Zealand to gain valuable, on-the-ground insights to help inform our future thinking.

As this annual report attests, it's been a huge 12 months for MPI. I'm proud of what we have achieved, and I invite you to read more about our work in this report.



**Ray Smith**  
Director-General

<sup>1</sup> Refer to MPI's *Situation and Outlook for Primary Industries: June 2021*.





Our people are committed to providing our customers with advice and information on best practices.



# 1 About our organisation

## Mō tō mātau manatū



# Our role

## Ko tā mātau mahi

### New Zealanders depend on the food and fibre sector

The food and fibre sector is an essential part of all of our lives. Most of the raw materials New Zealanders need for food and fibre products are home grown, provided by our farmers, fishers and foresters. The sector also makes a major contribution to our economy and dominates our exports.

For the year ending 31 March 2021, New Zealand's top export revenue generating industries were:

- + dairy (\$18.9 billion);
- + meat and wool (\$10.2 billion); and
- + horticulture (\$6.7 billion).

Altogether, New Zealand's food and fibre exports were worth around \$47.5 billion – nearly 83 percent – of the country's merchandise export earnings in 2020/21. It has been estimated that the sector accounts for about 11 percent of the gross domestic product (GDP).

This makes the sector an important employer, especially in rural areas. It has been estimated that 356,000, or 14 percent, of New Zealanders depend on the sector for work.

This represents a strong performance despite the effects of the COVID-19 pandemic. Total exports are expected to continue to grow over the next four to five years.<sup>2</sup>

### MPI's role is to ensure the food and fibre sector thrives sustainably for the long-term benefit of all New Zealanders

This vital sector must be protected and supported.

MPI does this through its core role as the steward of the sector's regulatory systems. We both manage and enforce the regulations for:

- + agriculture;
- + animal welfare;
- + biosecurity;
- + fisheries;

- + food safety; and
- + forestry.

The factors that affect these systems – things like consumer demand and product prices – change. Therefore, we continuously adapt and improve the regulations to ensure they remain fit for purpose.

Other important services we provide for the food and fibre sector include:

- + supporting research and innovation in the sector so it can add value to its products while lowering its environmental impact;
- + helping exporters get their products to overseas markets;
- + providing diagnostic and laboratory services for identifying animal, plant and environmental health issues;
- + helping Māori make the most of their sector assets and ensuring they can access customary resources;
- + building capability in the sector and growing the workforce; and
- + supporting communities through adverse events and building their resilience for the future.

Robust science and risk assessment underpin all of our decisions and advice on these systems and services.

By doing all of this, we protect New Zealand's worldwide reputation as a trusted supplier of ethical, safe and environmentally friendly products.

### We support the whole sector

MPI is the end-to-end agency for the food and fibre sector, making us different from many government departments. We are a large organisation, and many of our staff are working in the field doing things like talking with farmers and foresters, monitoring fishing vessels and inspecting bags at airports.

This means we can back the sector in a connected way and respond to issues as quickly as possible.

<sup>2</sup> All of the statistics on the food and fibre sector on this page are from MPI's *Situation and Outlook for Primary Industries: June 2021*. Refer to <https://www.mpi.govt.nz/dmsdocument/45451-Situation-and-Outlook-for-Primary-Industries-SOPI-June-2021>. The statistic relating to GDP is a 2019 estimate. The numbers on employment are 2017 estimates. The other statistics cited here – about exports in the year ending 31 March 2021 and the overall value of the sector's exports in 2020/21 – are actuals.

# Our structure

## Ko tō mātau hanga

### Overview of MPI's structure

We provide services to our customers through five external-facing business units:

- + Agriculture and Investment Services – Tapuwae Ahuwhenua;
- + Biosecurity New Zealand – Tiakitanga Pūtaiao Aotearoa;
- + Fisheries New Zealand – Tini a Tangaroa;
- + New Zealand Food Safety – Haumarū Kai Aotearoa; and
- + Te Uru Rākau – New Zealand Forest Service.

While all of our units focus on the key opportunities and challenges within their areas, MPI's structure is designed to be collaborative and responsive to the needs of the food and fibre sector, the Government and the public.

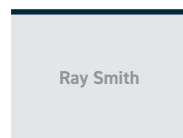
Four cross-cutting business units support the whole organisation:

- + Compliance and Governance;
- + Corporate Services;
- + Policy and Trade; and
- + Public Affairs.

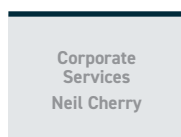
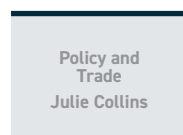
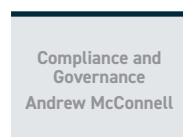
Our professional system leads – the Chief Departmental Science Adviser, the Inspector General Regulatory Systems and the Deputy Director-General China Relations – also work across different parts of the organisation and the sector. They provide technical advice to the Director-General and wider senior leadership team on matters relating to science and mātauranga Māori (Māori knowledge), the sector's regulatory systems and MPI's relationship with China.

Finally, our Director-General is also the Government Health and Safety Lead (GHSL). This role focuses on strengthening public sector health and safety capability.

### Director-General and Government Health and Safety Lead



### Our cross-cutting business units



### Our professional leads



### Our customer-facing business units



### Agriculture & Investment Services

Tapuwae Ahuwhenua

### Biosecurity New Zealand

Tiakitanga Pūtaiao Aotearoa



### Fisheries New Zealand

Tini a Tangaroa

### New Zealand Food Safety

Haumarū Kai Aotearoa



New Zealand Forest Service



## Our customer-facing business units

### Agriculture and Investment Services

Agriculture and Investment Services funds food and fibre sector innovation, helps farmers and rural communities to plan for the future and recover from adverse events, helps Māori achieve their agribusiness aspirations, attracts workers to the primary sector and supports economic development projects. It is also responsible for the laws and systems that protect animal welfare and enable the safe trade of animals and animal products.

### Biosecurity New Zealand

Biosecurity New Zealand supports the country's biodiversity, primary production and trade by protecting New Zealand from harmful pests and diseases. Biosecurity New Zealand works offshore and at the border to stop pests and diseases arriving here. It eradicates, contains or controls those that breach the border. Ongoing surveillance and preparation for future incursions support the strong international reputation of New Zealand's biosecurity system.

### Fisheries New Zealand

Fisheries New Zealand operates the fisheries management system and ensures fisheries resources are managed in a way that provides the greatest overall benefit to New Zealanders. It supports the growth of sustainable aquaculture through the Government's [Aquaculture Strategy](#). Fisheries New Zealand's focus is on the sustainability of New Zealand's wild fish stocks, aquaculture and the wider marine environment. It monitors fish stocks and sets limits for commercial, recreational and customary fishing.

### New Zealand Food Safety

New Zealand Food Safety protects consumers from foodborne illness and supports the economy by ensuring that food businesses have robust safety practices. It ensures consumers can trust that the food they eat is safe, suitable and accurately labelled. It helps the sector respond to emerging threats and trends.

### Te Uru Rākau – New Zealand Forest Service

Te Uru Rākau – New Zealand Forest Service supports the forestry industry to promote and sustainably manage forestry resources, helping the transition to a low-emissions economy. It also regulates the forestry aspects of the Emissions Trading Scheme. Te Uru Rākau – New Zealand Forest Service works with Māori to achieve better outcomes for their whenua (land) and

works with the sector, right across the supply chain, to build employment opportunities. It helps deliver programmes to encourage innovation, improve land management and biodiversity and unlock the potential of New Zealand's regions.

## Our cross-cutting business units

### Compliance and Governance

Compliance and Governance is the centre of assurance excellence for MPI. It manages our organisational governance, strategy, planning and performance reporting, legal, risk, evaluation and internal audit functions. In addition, Compliance and Governance includes 325 fishery officers, food compliance officers, animal welfare inspectors, National Animal Identification and Tracing programme (NAIT) staff and compliance investigators. This unit also monitors the performance of the New Zealand Walking Access Commission on behalf of Hon Meka Whaitiri, the responsible Minister.

### Corporate Services

Corporate Services supports MPI with functions including finance, human resources, business technology and information services, safety and wellbeing, privacy and security, property services and cost recovery.

### Policy and Trade

Policy and Trade provides sector-wide strategic thinking as well as policy advice and analysis to the organisation and MPI's Ministers. It also oversees government-to-government relationships to maximise export opportunities. This business unit incorporates market access functions and it leads MPI's involvement in New Zealand's trade system. It focuses on sustainable economic growth, resource management and main issues of interest to New Zealand's food and fibre sector.

### Public Affairs

Public Affairs brings together the functions that help MPI's Director-General to meet the expectations of the public, Ministers and main industry stakeholders. This unit includes our Communications, Engagement and Information teams and Government Services team. Government Services has oversight of the relationship between MPI and the Government and incorporates the Ministerial Services and Official Information Act teams.

## Our professional leads

### **Chief Science Adviser**

The Chief Science Adviser provides the senior leadership team with a science-based perspective on MPI's work. This includes ensuring that mātauranga Māori (Māori knowledge) and te ao Māori (the Māori world) are appropriately considered.

### **Deputy Director-General China Relations**

The Deputy Director-General China Relations is based at the New Zealand Embassy in Beijing and leads MPI's engagement with China.

### **Inspector General Regulatory Systems**

The Inspector General Regulatory Systems provides the Director-General with advice on how MPI conducts its regulatory roles and responsibilities.

## Government Health and Safety Lead

The GHSL was formed in 2017 under the leadership of Ray Smith (formerly as Chief Executive of the Department of Corrections and currently as Director-General of MPI). The GHSL is tasked with providing practical support to public-sector senior leaders so they can take a proactive, coordinated, best-practice approach to health and safety. The GHSL works with 39 public service and other government agencies to strengthen their health and safety capability and facilitate shared learning.

## Senior leadership team

Refer to the MPI website for profiles of our leadership team: <https://www.mpi.govt.nz/about-mpi/structure/senior-leadership-team-at-mpi/>.



# Our staff and locations

## Ko ā mātau kaimahi me ngā wāhi mahi

MPI's work covers the entire value chain of primary production. We regulate and protect every aspect of the sector, from primary production on the land and at sea, through to processing/packaging and ensuring food is safe for consumers. We work hard to support New Zealand businesses to develop high-value products, both for domestic supply and for export throughout the world.

It takes a strong, agile network of skilled specialists to do this. We employ over 3,500 permanent and fixed-term staff members, and the breadth of our work is reflected in the diversity of their skills and technical abilities.

Here are some examples of the wide range of jobs our people do.

- + **Border biosecurity staff**, such as quarantine officers and dog handlers, inspect incoming passengers, cargo and transportation to prevent pests and diseases from entering the country.
- + **Scientists** support everything we do at MPI. For example:
  - our Animal Health Laboratory processes about 37,000 diagnostic tests a year; and
  - our scientists research and advise on a range of issues across the span of work MPI does.
- + **Fishery observers** help maintain the sustainability of New Zealand's fisheries. They work on commercial fishing vessels, monitoring fishing activity and collecting information data on the fish being caught, fish biology and working conditions.
- + **Food safety, biosecurity, fishery and animal welfare compliance officers** work out in the field every day to enforce the rules and protect New Zealand. Our fishery officers are supported by honorary fishery officers, volunteers who patrol the coastlines and help preserve fisheries.
- + **Veterinarians**, based at meat works around the country, verify that New Zealand's meat is produced according to the requirements of overseas markets. With 176 vets employed, we are New Zealand's largest employer of these professionals.
- + **Market access staff** manage and maintain New Zealand's relationships with international food and fibre markets, covering primary production, food safety and biosecurity issues. They communicate with their overseas counterparts so that trading partners can be assured that New Zealand's products are safe and suitable and any arising market-access issues can be resolved quickly.
- + **Policy and trade advisers** deliver strategic thinking and policy advice, supported by insights and analysis, to inform the Government's decisions and pathway towards a sustainable future. They work with Ministers and across government agencies and key stakeholders to get better outcomes for New Zealand. They also negotiate market access arrangements and oversee international government-to-government relationships to maximise export opportunities for New Zealand's food and fibre sector.
- + **Investment managers** support food and fibre sector businesses that are developing innovative, high-value new products.
- + **Regional forestry advisers** work closely with councils to provide information and advice on forestry, fund tree planting, monitor compliance with the National Environmental Standards for Plantation Forestry, manage resource consents for planting and allocate funding to combat erosion.
- + **Rural community and farm support staff**, based in the regions throughout New Zealand, are well-connected with a range of stakeholders, including farmers and growers, industry groups, rural professionals, Rural Support Trusts and local-government bodies.



## Our global locations



London, Brussels, Beijing, Jakarta, Hanoi, Washington DC,  
Geneva, Dubai, Tokyo, Rome, Mexico City

## Our locations

We are based at over 50 sites in more than 29 towns and cities in New Zealand and at 11 sites overseas.



# People are at the centre of our work

## Ko te tangata kei te pūtahi o ā mātau mahi katoa

### Our Treaty of Waitangi partners

Throughout 2020/21, MPI has grown its presence across New Zealand to honour its commitments under te Tiriti o Waitangi, fostering relationships that will facilitate the growth of the Māori economy and protect New Zealand's taonga (treasure).

The foundation of this commitment is the recognition that Māori and the Crown must work together as kaitiaki (guardians) of the natural resources important for the sustainability of the food and primary industries.

We work closely with Māori landowners, groups and communities, Ministers and other government agencies on how to increase the productivity of the whenua (land).

We also support iwi management of customary fishing areas and providing opportunities for input and participation through regular forums across the country.

MPI acknowledges the importance of Māori tikanga (customs), mātauranga (knowledge) and kawa (traditions) and the concept of "te taiao". Te taiao refers to a deep relationship of respect and reciprocity with the natural world, where the health and welfare of New Zealand's water, climate, whenua and living beings are connected with each other and through the generations.

### Our customers

MPI's customers range from individuals to businesses and are located within New Zealand and around the world.

We help people to understand how to carry out their activities – whether customary, business or recreational – within the legal requirements. This ranges from recreational fishers who need to know fishing limits, to international travellers who need to know what products can be brought into the country. We support businesses – small and large – to follow our regulations when growing and exporting food and primary industry products to over 150 countries around the world.

We continuously improve our processes and guidance – addressing misalignments and gaps – to make compliance as easy as possible.

In addition, in June 2021, we established the role of Chief Customer Officer to improve the organisation's delivery of information and services to customers.

### Our industry bodies and stakeholders

MPI is working in partnership with the food and fibre sector to ensure New Zealand's economic recovery from the COVID-19 pandemic and beyond.

In the past year, MPI has worked alongside the sector through several lockdowns to ensure New Zealand's essential services and supply chains are safe and effective and producers can participate effectively in an export-led recovery (refer to "Our operating environment: COVID-19" for more on our response to COVID-19).

Our stakeholders include bodies representing the interests of specific food and primary industries, members of the public, Crown research institutes, other government agencies and our trading partners.

We work with groups to develop better ways to deliver our services, and we consult regularly through various working groups and forums. This helps us to gather information to inform decision making and improve compliance with regulatory requirements.

Numerous partnerships with industry bodies exist across MPI's business units. These partnerships provide support to industry bodies and stakeholders across New Zealand's food and fibre sector.

The Food and Fibre Youth Network, established in early 2021, provides a platform for up and coming sector leaders to work together to highlight opportunities for youth and provide a youth lens to policy conversations across the sector.

### Supporting the sector's COVID-19 recovery through the Food and Fibre Partnership Group

The Food and Fibre Partnership Group is a strategic group brought together during 2020/21 under Fit for a Better World (the Fit for a Better World roadmap, launched in 2020, is designed to help the sector

recover from COVID-19). The group brings together the food and fibre sector and other parts of the Government to co-ordinate transformation efforts, improve sector sustainability and wellbeing, boost productivity and lift product values.

The group works closely with others created through the implementation of Fit for a Better World, for

example, the Māori Primary Sector Forum and the food and fibre sector think-tank Te Puna Whakaaronui.

Refer to “The role of Fit for a Better World” for more on this programme.

## Our Ministers



**Hon David Parker**  
Minister for Oceans and Fisheries



**Hon Damien O'Connor**  
Minister responsible for MPI  
Minister of Agriculture  
Minister for Biosecurity  
Minister for Rural Communities



**Hon Stuart Nash**  
Minister of Forestry



**Hon Dr Ayesha Verrall**  
Minister for Food Safety



**Hon Meka Whaitiri**  
Associate Minister of Agriculture (Animal Welfare)



**Rino Tirikatene**  
Parliamentary Under-Secretary to  
the Minister for Oceans and Fisheries



# Our operating environment: COVID-19

## Ko tō mātau taiao mahi: Mate KOWHEORI-19

### **We protected our staff and made sure we could keep providing our services to New Zealand**

Since the first case of COVID-19 was detected in New Zealand, MPI has worked closely with industry bodies and other agencies to ensure its people are safe, essential services are provided to New Zealanders and exports continue to reach international markets.

We have continued to support the national COVID-19 response by enabling our people to provide valuable capability and expertise to external government agencies.

### **We quickly reorganised ourselves so we could have a co-ordinated approach**

Our senior leadership team set up a dedicated COVID-19 team to ensure a centralised, coordinated approach as we adapted to working during an evolving pandemic. We also established an oversight group: the COVID-19 Watch Group. Our regional COVID-19 leads ensured all MPI staff were kept up to date on the changing alert levels and how this would affect their work.

Throughout the COVID-19 response, our senior executives have maintained a constant line of communication with industry leaders via industry forums. These meetings were established to provide critical updates to industry and are restarted as required. For example, during the latest COVID-19 response (in August 2021), 182 industry chief executives were engaged via teleconference to discuss the lockdown and industry-related matters.

### **We developed “new normal” safe work practices and vaccinated all of our border staff**

We kept our staff safe and reinforced our robust business continuity practices by enabling remote working. Then, once the COVID-19 vaccines became available, alongside our border-protection colleagues

at New Zealand Customs, Immigration New Zealand and New Zealand Post, we rolled out staff vaccination and surveillance testing in accordance with the Government-mandated Testing and Vaccination Order.

**As of 30 June 2021, all MPI staff members who work in an environment with a high risk of exposure to COVID-19 are vaccinated and get regular testing.**

### **We collaborated with other agencies to support the food and fibre sector**

During the COVID-19 response, we have worked with other agencies, including the Department of the Prime Minister and Cabinet, the Ministry of Business, Innovation and Employment (MBIE) and the Ministry of Health, to ensure the food and fibre industries were included in the development of COVID-19 response actions. Collaboration continues to be a central element of our work. For example, we contributed to the MBIE-led travel exemptions process for businesses that continued to operate during alert levels 2 and 3 in Auckland during 2020/21.

We have continued to work with MBIE to support and facilitate the food and fibre sector's access to critical overseas staff via class border, critical worker and time-critical exceptions, and managed isolation and quarantine facility allocations.

### **We helped people get on with their lives**

Since the COVID-19 pandemic started, people's ability to live their normal lives has been disrupted. For example, flights have been reduced, cargo space has been at a premium and blood samples for import permits are taking longer to reach laboratories due to transportation issues.

MPI has taken steps to address these disruptions while still ensuring biosecurity standards are met.

## Case study: Guidance to enable the sector to keep operating and stay safe

Throughout the COVID-19 response, we have worked collaboratively with the Ministry of Health, WorkSafe New Zealand and organisations representing farmers, animal welfare bodies, red meat, poultry meat, seafood, horticulture, forestry, nursery, floriculture, wool and sale yard industries. One of our areas of focus was the development of guidance for the sector on working safely during the COVID-19 pandemic.

Our epidemiologists applied a precautionary approach when developing the protocols to ensure essential businesses could remain open. These protocols included safe social distancing, the use of appropriate personal protective equipment and the minimisation of transmission pathways. This has allowed food businesses to keep operating safely and meant our verifiers could work safely to ensure best practice was being maintained by food businesses.

In contrast to what was happening overseas, our guidance allowed essential services to keep operating throughout changing lockdown levels to ensure food production and supply volumes, as well as food hygiene standards, were maintained.

These successful COVID-19 hygiene protocols have been retained by many producers, who have now adopted these standards as the new normal.

Furthermore, we shared New Zealand's learnings and contributed to international thinking on how to better manage the escalating incidence of COVID-19 cases throughout supply chains.

In August 2021, we revised our guidelines for the food and fibre sector in response to the Delta variant outbreak in New Zealand.



Ensuring food is safe remained a key priority for MPI during changing alert levels.



Our people protecting the border during the 2021 COVID-19 pandemic response.

## Case study: Major changes at New Zealand's border

When COVID-19 reached New Zealand's shores, it brought challenges to the way in which we keep foreign pests and diseases at bay.

As soon as New Zealand's borders closed on 14 March 2020, aircraft passenger numbers declined sharply, by around 97 percent compared with the previous year. This affected other entry pathways too, with the suspension of cruise ship arrivals.

Cargo and mail volumes also dropped sharply (cargo by 10 percent, mail by 30 percent), before partially recovering in the second half of 2020. As global supply-chain delays began to take effect, we saw changes in the profile of freight coming into New Zealand. Fewer

container ships were operating, and this led to a 20 percent increase in air freight.

To respond to this increased demand, we redeployed 142 passenger clearance staff to cargo clearance work. Another 125 staff were deployed to other parts of MPI. Non-essential services were placed on hold or scaled back as required.

As the trans-Tasman and Cook Islands travel bubbles opened in early 2021, we worked closely with our partner agencies through the newly established Border Executive Board to ensure New Zealanders had access to some travel opportunities while still keeping the border secure.



## Next steps: From response to management and recovery

In the first half of 2021/22, MPI has continued to maintain readiness for a community resurgence of COVID-19. This has enabled us to support the sector in the nationwide lockdown in August and September 2021. We have also developed new approaches to helping New Zealand manage and recover from the effects of COVID-19.

### Management

The food and fibre sector will continue to face pressure on supply chains, from inputs and processing to outputs and exports. MPI has supported access to skilled workers and labour, managed seafreight and airfreight challenges and protected international trade. We have identified that proactive supply-chain management is needed to ensure the sector can keep moving, regardless of any future uncertainty that may

arise. An example of the work we have undertaken in this regard is the creation of a team to implement approved class border exceptions for critical-need sectors.

### Recovery

One of the main ways we are facilitating recovery is by helping New Zealanders to reconnect, for example, by supporting the Government's scheme to allow quarantine-free travel zones.

The major positive impact we are having, though, is through our Fit for a Better World roadmap. Progressing this will continue to be a priority for MPI and the wider New Zealand Government as the food and fibre sector leads the country's economic recovery from the COVID-19 pandemic.

Continue to the next section to read more about Fit for a Better World and the progress we made in 2020/21.



Our quarantine officers inspect potential biosecurity threat items using the appropriate personal protective equipment during changing alert levels.

# The role of Fit for a Better World

## Te wāhi ki a Rite mō te Ao Pai Ake

New Zealand's food and fibre sector is leading the country's economic recovery from COVID-19. The sector is on a transformational path. The *Fit for a Better World – Accelerating our Economic Potential* roadmap, which was launched in June 2020, provides ways to accelerate that effort.

The roadmap sets out three ambitious targets for creating a more productive, sustainable and inclusive economy:

- + **Productivity:** Add \$44 billion in export earnings over the next decade via a focus on creating value and building off the strong position of our core sectors.
- + **Sustainability:** Play our part in New Zealand's journey to a low emissions economy, by reducing biogenic methane to 24 to 47 percent below 2017 levels by 2050, including to 10 percent below 2017 levels by 2030, and by restoring New Zealand's freshwater to a healthy state within a generation.
- + **Inclusiveness:** Employ 10 percent more Kiwis from all walks of life in the primary sector by 2030 and 10,000 more New Zealanders in the primary sector workforce over the next four years.

Three principles underpin the roadmap:

- + **Te taiao:** A deep relationship of respect and reciprocity with the natural world that will ensure the long-term viability of industries and the wellbeing of future generations.
- + **A zero-carbon future:** Climate change must be addressed by moving to a zero-carbon society; the health of New Zealand's fresh water and environment must be restored and the decline in biodiversity reversed.
- + **Quality products and a confident sector:** The food and fibre sector should be supported to meet increasing consumer demand for a secure supply of safe and healthy food as well as products that are produced and packaged ethically and sustainably.

## The first year of implementing Fit for a Better World

### Creating true partnerships

We established three new groups to help drive strategic thinking in the sector:

- + The Food and Fibre Partnership Group – this was established to help accelerate current and new transformation efforts across the food and fibre sector. It consists of board chairs and chief executives from across the sector, Māori agribusiness leaders and government agency chief executives.
- + The Māori Primary Sector Forum advises MPI's leadership, from a Māori perspective, on strategically important topics across MPI's work programme. Refer to "Bringing Māori food and fibre sector leaders together" (Visible leadership) for more on the Forum's activities this past year.
- + Te Puna Whakaaronui – a food and fibre sector "think tank" – provides thought leadership and strategic analysis and identifies development pathways to help the food and fibre sector grow its value while reducing its environmental impact.

### He Waka Eke Noa

This is our largest partnership programme between the food and fibre sector, the Government and Māori. It aims to help farmers reduce their emissions footprint and adapt to climate change. He Waka Eke Noa is contributing to New Zealand's goal of achieving carbon neutrality by 2050. Refer to "He Waka Eke Noa" (Sustainability) for more on this programme.

### Regional Comprehensive Economic Partnership

In 2020/21, New Zealand signed the Regional Comprehensive Economic Partnership, the world's largest free trade agreement (FTA). This is made up of 15 economies that are home to almost a third of the world's population. It includes several of our top trading partners and buys over half of New Zealand's total exports.



### Investing in our future

We've increased our SFF Futures funding programme so we can boost innovation. Since mid-2018, we've partnered with industry to support close to 146 projects worth nearly \$270 million to support problem solving and innovation across the sector. About \$121 million of that has been committed by MPI. Refer to "Investing in innovation: Our Sustainable Food and Fibre Futures programme" (Prosperity) for more information.

### Opportunity Grows Here

The Opportunity Grows Here attraction campaign, part of MPI's Primary Sector Workforce programme, was launched in July 2020. The programme aims to attract 10,000 New Zealanders into jobs in the primary industries over the next four years.

In 2020/21, the Primary Sector Workforce programme contributed towards 6,306 people being placed into food and fibre sector employment. Refer to "Opportunity Grows Here: Attracting Kiwis into food and fibre sector jobs" (Prosperity) for more information.

### What's ahead

Together, we've made significant achievements since the release of the Fit for a Better World roadmap. However, we are at the start of a decade-long work programme. Success will require sustained and co-ordinated action.

The success of Fit for a Better World will require true partnership. Several core initiatives within Fit for a Better World will become anchors of our success. As we continue working with Māori, industry, our science partners and others, some of our areas of focus over the next year are:

- + developing a strategy together to identify shared priorities for the future of New Zealand horticulture;
- + expanding open-ocean aquaculture, with a view to supporting the Government's goal of growing the sector five-fold, to \$3 billion in annual revenue, by 2030;
- + developing a plan for the future of New Zealand's forestry and wood-processing sector; transforming it through increased domestic processing so it can generate better jobs and more high-value, low-emissions products; and
- + creating a plan for doubling the rate of planting of native trees.

# Our strategy sets our direction

## Ka whakarite tā mātau rautaki i tā mātau aronga

### The ultimate challenge: balancing the economy and the environment

MPI works hard to protect the sector from pests and diseases, supporting exporters and protecting New Zealand's reputation. It is also our job to ensure our country is moving in the right direction to meet the challenges of moving to a low-carbon-emission society, restoring the health of New Zealand's water and reversing the decline in biodiversity while feeding New Zealanders.

### Our vision

The solution is to enable the primary industries to increase the value of their products while protecting our natural resources.

This is captured by MPI's vision: New Zealand will be the world's most sustainable provider of high-value food and primary products. We aspire to achieve a better future for all New Zealanders by providing the world's most discerning consumers with outstanding ethically produced and eco-friendly nutritional food, natural fibres, beverages, and bioproducts, all sourced from our land and oceans.

We have identified four outcomes we need to achieve to realise this vision.

### Our outcomes

#### Prosperity/Tōnuitanga

*Our food and fibre sector generates a thriving and sustainable economy for all New Zealanders.*

We focus our expertise to support innovation and help producers create higher-value goods that are in demand worldwide. Our partnerships recognise the benefit that mātauranga Māori (Māori knowledge) brings to building a more productive and sustainable sector. We work alongside industry and agencies to attract more people into the sector, create more fulfilling career opportunities and grow regional economies.

#### Sustainability/Kauneke tauwhiro

*Future generations will benefit from improved environmental performance by New Zealand's food and fibre sector.*

We support the food and fibre sector to adopt more sustainable land-use practices, enhance biodiversity, restore freshwater environments, lower carbon emissions and create a healthier marine environment. Through enhanced sustainability, we will improve the resilience of rural communities and the wider sector to potential disruptions and show consumers worldwide the importance we place on the planet's future.

#### Protection/Whakangūngū

*Consumers know and trust that New Zealand's products are safe, healthy and ethical, and that we protect New Zealand from pests and diseases.*

MPI's world-class standards for food safety and animal welfare ensure that New Zealand's food and fibre products are valued by consumers for being safe and healthy as well as ethically and sustainably produced. We help to build strong supply chains so New Zealand's communities have reliable sources of quality food. We support industry to increase the transparency of their production systems. Our border protection ensures that the food and fibre sector and the environment are safeguarded from biosecurity risks. Science is the foundation of our food safety and biosecurity standards and recommendations.

#### Visible leadership/Ngā manukura

*We work in partnership to enable the food and fibre sector to thrive.*

We invest in our people so we can continue to grow a diverse and capable workforce that is open, agile, engaging and proactive in how it interacts with partners and stakeholders and in how we treat each other. We are focused on developing more meaningful partnerships with Māori and industry so the productivity, sustainability and inclusiveness of the food and fibre sector can be accelerated.



## Our vision and outcomes

We work on behalf of all New Zealanders.

Food and fibre products are New Zealand's biggest export earner; we help producers access the world's markets.

The sector will be viable and the environment preserved for generations to come.

### Vision

New Zealand will be the world's most sustainable provider of high-value food and primary products

We support innovation; this will lead to higher-value products with a lower environmental impact.

We protect New Zealand's vital reputation as a trusted source of safe, ethical products.

## Outcomes



### Prosperity Tōnuitanga

Food and primary industries that generate a thriving and sustainable economy for all New Zealanders



### Sustainability Kauneke tauwhiro

Future generations will benefit from improved environmental performance by New Zealand's food and primary industries



### Protection Whakangūngū

Consumers know and trust that New Zealand's products are safe, healthy and ethical, and that we protect New Zealand from pests and diseases




### Visible leadership Ngā manukura

We work in partnership to enable the food and primary industries to thrive



In 2020/21, New Zealand's wine reached over \$2 billion in annual export value (MPI, *Situation and Outlook for Primary Industries: June 2021*).





## **2 Our performance story**

### **He kōrero mō ā mātau mahi**

## Some areas of focus in 2020/21

For MPI, creating prosperity for New Zealand means helping the food and fibre sector thrive in a way that benefits all New Zealanders: growing the economy and creating jobs while minimising the sector's impact on the environment.

As we work towards this, some of the areas we focused on in 2020/21 included:

- + supporting research and innovation aimed at adding value to existing products (through additional processing, for example), developing high-value new products and developing more efficient, sustainable harvesting methods;
- + laying the groundwork for defining organic food;
- + supporting the Mānuka Charitable Trust to protect the name "mānuka honey";
- + strengthening agreements with overseas markets so New Zealand producers can continue exporting their goods through evolving world trade conditions; we also developed guidance for businesses considering exporting; and
- + helping to create jobs, build capability and attract more people to work in the sector.

## Our key indicators

### The value of primary industry exports is increased

The food and fibre sector dominates New Zealand's exports. The continued growth of these export earnings is essential to New Zealand's prosperity and a sign that MPI is focusing on the right things as it supports the sector to increase the value of its products and access new markets.

**Desired change:** The value of exports to overseas markets increases after the refreshed FTA with China comes into force.

**Table 1: Value of New Zealand's food and fibre exports to free trade agreement partners**

	2017/18 (\$b)	2018/19 (\$b)	2019/20 (\$b)	2020/21 (\$b)
Primary industry exports to China	\$11.1	\$13.5	\$15.7	\$16.5
Primary industry exports to other FTA partners (excluding China)	\$16.1	\$16.6	\$17.1	\$16.3

China is the biggest buyer of New Zealand's food and fibre products. Export growth to China remained robust after COVID-19 emerged, growing by \$0.8 billion – just over 5 percent – between March 2020 and March 2021. Particularly strong growth occurred in dairy exports. Exports with other FTA partners fell by \$0.8 billion – just under 5 percent – between March 2020 and March 2021.<sup>3</sup> This reflects the general decrease in trade with these markets due to COVID-19 transport restrictions.

Despite the impact of COVID-19, the total earnings from New Zealand's food and fibre sector to FTA partners remained steady – it was valued at \$32.8 billion in both 2019/20 and 2020/21.

MPI estimates that the sector's total export earnings (to FTA and non-FTA markets) reached \$47.5 billion at 30 June 2021 and will hit a record high of \$49.1 billion by the end of 2021/22, driven mostly by strong demand for New Zealand's dairy, forestry and horticulture products.

### Data sources:

- + MPI (2021) *Situation and Outlook for Primary Industries: June 2021*.
- + Statistics New Zealand (2021) *Overseas Merchandise Trade: March 2021*.

<sup>3</sup> Refer to <https://www.mfat.govt.nz/en/trade/free-trade-agreements/free-trade-agreements-in-force/> to find out more about New Zealand's FTAs.



## A higher proportion of businesses enter new and high-value export markets

MPI is helping to diversify New Zealand's export markets. Gaining access to high-value markets (where consumers have the most spending power) is important to achieving our strategy of increasing the value of New Zealand's products so revenue can be increased without increasing the use of natural resources. As producers continue to enter new and high-value markets, this demonstrates that barriers are being removed for export businesses.

**Desired change:** Increased percentage of businesses entering new markets.

**Table 2: Percentage of businesses entering new and high-value export markets**

	2017/18	2018/19	2019/20	2020/21
Agriculture	5%	7%	4%	6%
Fishing	6%	6%	6%	6%
Forestry	4%	3%	2%	2%
Agricultural services	2%	2%	1%	1%
Food manufacturing	20%	21%	27%	16%
Wood processing	2%	3%	2%	7%

Although the COVID-19 pandemic has had a substantial impact on New Zealand's economy, most parts of the food and fibre sector reported entering new export markets.

Three of the six industries identified here (fishing, forestry and agricultural services) were able to keep increasing their access to new and high-value markets at the same rate as they had in 2019/20. Two others (agriculture and wood processing) increased their access even more than in 2019/20. Only one industry (food manufacturing) did not have an increase in market access.

Wood processing saw the greatest increase in access to new and high-value markets, growing this by 5 percentage points compared with 2019/20.

### Data sources:

- Statistics New Zealand (2020) *Business Operations Survey: 2020* (Table BU0108AA).

## Primary industry businesses develop new and more high-value products and services

This indicator helps to demonstrate how effective MPI has been in supporting the innovation that is leading to increased product values in the food and fibre sector.

**Desired change:** Increased percentage of businesses developing new and more high-value products and services.

**Table 3: Percentage of businesses developing new and more high-value products and services**

	2017/18	2018/19	2019/20	2020/21
Agriculture	29	27	28	19
Fishing	47	31	29	22
Forestry	42	35	32	22
Agricultural services	36	38	32	28
Food manufacturing	47	50	48	40
Wood processing	34	41	37	37

All industries continued to develop new, high-value products and services in 2020/21.

**Data source:** Statistics New Zealand (2020) *Business Operations Survey: 2020* (Table BU0107AA).

# Our achievements

To lift prosperity for New Zealand, this year, we have been:

## ◆ Supporting the food and fibre sector to innovate and grow sustainably

### Investing in innovation: Our Sustainable Food and Fibre Futures programme

SFF Futures is MPI's flagship fund for problem solving and innovation in the food and fibre sector. Applications are open to all innovative ideas, from small, grassroots community projects to large-scale industry developments.

In mid-2020, we developed a new process to increase support for Māori agribusiness. Different parts of the organisation have worked together to identify opportunities and help Māori to realise the economic potential of their food and fibre sector assets. This approach is already starting to have a positive impact, with Māori applications moving from 3 percent of our total funding applications to 5 percent in six months.

In December 2020, MPI held Fit for a Better World workshops to invite innovative new ideas from industry; we also made a call for proposals for projects to research regenerative farming. This will help New Zealand define what regenerative agriculture

means for the country and develop a sound evidence base of what works with New Zealand soils, climates and farming systems. By the end of 2020/21, we had received 18 applications seeking \$34 million in funding. Of those, two projects (\$3.7 million of MPI investment) had been approved and two were withdrawn. The remaining 14 are still under technical assessment.

During 2020/21, 81 SFF Futures projects were approved, with a total MPI investment of \$83.24 million. A further \$99.91 million was invested by industry and community groups. Of the funding provided by MPI, \$37.8 million was spent in 2020/21. Here are some examples of projects we funded that were under way in 2020/21:

- + **Transforming Māori land to high-value horticulture:** \$1.6 million was committed to a project led by Miro – a collaboration of 29 iwi, hapū, whānau, Māori land trusts and Māori authorities across Aotearoa – to help them establish and operate protected cropping systems. The first crop will be blueberries. The project aims to transition 310 hectares of under-used Māori-owned land into high-value horticulture, creating 565 jobs over the next five years.
- + **Future Ready Farms:** More than \$10 million over five years was committed to a project led by Ballance Agri-Nutrients to trial and develop 12 farm nutrient technologies that will help meet national environmental targets for reducing greenhouse gas emissions, agricultural chemical use and nutrient loss to waterways.



MPI is helping to revive New Zealand's strong-wool sector by supporting innovative projects creating valuable new products using wool.

- + **Leading the way in plant protein:** We committed \$8 million over five years to a \$20 million project led by Leaft Foods Ltd to expand on early trials to extract edible protein ingredients from green leafy crops, for use in a range of food products. As a co-product, it will make a high-quality silage feed for farming operations. This will reduce the environmental impact of existing animal-based farming systems.
- + **Finding a higher value for strong wool:** We committed \$80,000 over one year to a \$199,700 project by the company Woolchemy, which has created a new product it calls neweFlex (patent pending). This is a unique, non-woven textile derived mostly from strong wool: the most robust, durable wool. The company is now working with overseas nappy manufacturers to develop a 100 percent biodegradable, disposable nappy using neweFlex as the base material. They are also investigating how to adapt the formula to produce other products such as wipes, wound care and menstrual products, and biodegradable, disposable personal protective equipment.
- + **Peanut-growing trial:** \$60,000 was committed to a \$91,320 project led by Picot Productions Ltd and Plant & Food Research to look at the feasibility of growing peanuts commercially in Northland. The trial crop, harvested in April 2021, showed promising yields. If the project is successful, the peanuts will be used to produce Pic's Peanut Butter, bringing new employment opportunities to the Northland region.

## Accelerating the delivery of the Government's Aquaculture Strategy

The Government's 2019 **aquaculture strategy** sets an ambition for a world-leading sustainable, productive, inclusive, and resilient aquaculture industry. As part of Fit for a Better World, the Government has committed to accelerating its plan to help aquaculture achieve an annual \$3 billion in value by 2030.

Working with industry, we have identified three main pathways for growth:

- + maximising the value of the existing industry, including by increasing productivity by using hatcheries and developing consented but unused space;
- + developing open-ocean salmon farms; and
- + nurturing new opportunities with significant future potential, such as seaweed and new species.

Our efforts over the past year have focused on building the foundations necessary to make progress in these areas. Main actions included:

- + the release of the Aquaculture Strategy 2021 Implementation Plan, which sets the actions that MPI and other agencies will undertake over 2021/22;
- + early engagement with Treaty partners and key stakeholders on open-ocean aquaculture management and advice to the Minister for Oceans and Fisheries on options to accelerate development;
- + identifying options for comprehensive aquaculture biosecurity management and starting the



Encouraging innovation will help aquaculture reach an annual \$3 billion in value by 2030 (Mackenzie Basin). Visit <https://www.mpi.govt.nz/dmsdocument/45343-2021-Aquaculture-implementation-plan-> for more information.

development of biosecurity siting guidelines for open-ocean farms;

- + identifying infrastructure and research priorities that will be required to realise growth opportunities, to inform future funding decisions;
- + the development of environmental guidelines to support open-ocean salmon farming; these relate to the management of effects on water quality, benthic environments, marine mammals and seabirds; and
- + the establishment of the Cross Agency Seaweed Steering Group to assess opportunities for seaweed aquaculture and test whether the appropriate regulatory frameworks for its development are in place.

## A new forum for promoting innovation in horticulture

Accelerating access to new high-value plant varieties and cultivars from other countries is central to achieving the goals for the horticulture sector. To support delivery of these goals, in 2020/21 MPI established the Plant Germplasm Import Council. Germplasm is living tissue from which new plants can be grown, and the Council is a collaborative forum that brings together plant germplasm importers, end users, industry bodies and MPI. The Council is independently chaired by Murray Sherwin, former chair of the Productivity Commission and former Director-General of MPI (formerly the Ministry of Agriculture and Forestry).

An important priority for the Council is to address current challenges in importing new varieties of food and fibre crops. The Council is developing a shared strategy to make system-level improvements that will make it easier to access new varieties of plants. By working with industry, MPI can ensure this strategy will protect New Zealand from biosecurity risk at the same time as making it easier to import new plants.

## ◆ Helping the food and fibre sector add value to its products

### Defining “organic”

The introduction in 2020/21 of new legislation to define New Zealand organic products and how they are produced will provide certainty for consumers as well as organic businesses.

We created a national organics standard that includes tikanga (Māori customs) and established an advisory council through which representatives from the

organics sector, including iwi and hapū, can continue to shape the future for the industry as the new legislation is embedded.

We met with hapū, whānau and organic producers from across New Zealand to better understand the sector’s needs. We also discussed how traditional Māori kai and hauhake (harvesting) have a direct synergy with organic production.

Honouring mātauranga Māori (Māori knowledge) and indigenous kai production and harvesting methods in New Zealand’s organics standards is a world first and a significant point of difference that will help producers command top dollar in overseas markets.

## Mānuka honey: Protecting a taonga (treasure)

MPI is part of a unique cross-agency initiative, in partnership with Māori and the honey industry, to support the formation of a charitable trust under Māori governance that is leading efforts to protect the Māori term “mānuka” for exclusive use by producers from Aotearoa New Zealand.

The Mānuka Charitable Trust was established in 2020 as part of a Provincial Growth Fund application process to ensure Māori rights and interests regarding mānuka as a taonga are represented appropriately. These efforts are also protecting the valuable mānuka honey brand in international markets for all New Zealand producers.

In April 2021, the Trust was further supported by the appointment of an executive chair. In May 2021, a new official working group was established, encompassing



Defining mānuka honey accurately will support the recognition of its importance to Māori and boost its export value.



MPI, Te Puni Kōkiri and the Ministry of Foreign Affairs and Trade (MFAT).

We are also supporting the Trust's Science Advisory Group with a three-year scientific research programme aimed at ensuring that the authentication of mānuka honey uses the most current and robust methods and data. In August 2020, three of MPI's food safety scientists were appointed to the Group.

MPI's tautoko (support) for the project is consistent with Crown obligations under te Tiriti o Waitangi. It aligns with the whole-of-government response to the Waitangi Tribunal claim "Wai 262". The response, led by Te Puni Kōkiri, aims to provide more effective protection for mātauranga Māori and ensure the benefits of commercial development flow back to tangata whenua (the indigenous people, Māori).

In May 2021, our tautoko was further enhanced by the establishment of a new role, Director Partnerships, to help MPI with this and other Treaty partner relationships.

This initiative also supports Aotearoa's economic, social and cultural recovery from the COVID-19 pandemic.

## **Creating opportunities for exporters**

### **Safeguarding access to valuable overseas markets**

MPI works continuously to maintain and improve market access for New Zealand exporters.

In 2020/21, this included negotiating agreements with China and some Southeast Asian and central American countries to update their lists of approved New Zealand export establishments and products. We also safeguarded New Zealand's \$26 million apple trade to India by providing official assurances that New Zealand apples are not genetically modified, meaning they could meet new Indian import requirements.

We engaged with decision makers in the UK and EU to minimise disruption to New Zealand exporters due to Brexit. At the same time, negotiations continued separately to establish FTAs with the UK and EU. We protected New Zealand's current access to the UK (valued at more than \$1 billion) by replicating existing trade agreements and arrangements in advance of the UK's departure from the EU and preparing contingency plans. When the UK officially left the EU in early 2021, New Zealand's vital trade relationships with both the UK and EU continued uninterrupted.

## **Guidance and training for prospective exporters**

With 83 percent of New Zealand's total export revenue coming from food and fibre products, many domestic producers are keen to expand their horizons. As the country recovers from the economic impact of the COVID-19 pandemic, more domestic food businesses are thinking about exporting their products. First, they need to understand how to negotiate the various food standards required by overseas trading partners.

In 2020/21, navigating these complexities became easier as we introduced bespoke webinars to help guide food businesses on their journey. MPI's Exporter Regulatory Advice Service (ERAS) worked closely with other government agencies, producer organisations and chambers of commerce to connect directly with food businesses and target online webinars to exporter's needs.

These webinars provide an opportunity for exporters to interact directly with MPI experts, learn more about the different requirements for each market and influence the next suite of topics. The webinars have become so popular that food businesses have made recordings to use in their staff training. The ERAS team will continue to support domestic producers intending to export and provide a roadmap to demystify their journey.



Log exports accounted for \$3.3 billion in 2020/21 – 57 percent of all forestry exports (Wellington; photo courtesy of Mary Livingston).

## ◆ Building skills and jobs in the sector and regions

### The Primary Sector Workforce Programme

MPI's Primary Sector Workforce programme aims to attract 10,000 New Zealanders into work in the food and fibre sector over four years. The programme, which started in July 2020, focuses on attracting a larger, more diverse talent pool. It seeks to equip New Zealanders with the basic skills and knowledge needed to enter food and fibre sector jobs, helping employers to retain a skilled and productive workforce, supporting skills and labour for Māori through the He Ara Mahi Hou funding programme and developing a detailed skills database and supply-and-demand model.

In 2020/21, 6,306 people moved into food and fibre sector employment and 764 people graduated from "familiarisation" basic skills courses.

The programme is working across the sector with multiple training providers and industry bodies. The following are examples of the range of training and events we delivered in 2020/21:

- + **Familiarisation courses:** These were held through the Taratahi Agricultural Training Centre, Telford – Southern Institute of Technology, New Zealand Kiwifruit Growers Inc, Agri Training, Wine Marlborough and New Zealand Apples and Pears Inc.
- + **Hanzon Jobs:** MPI and the Ministry of Social Development funded a mentoring programme and mobile app that supported new employees into agricultural contracting.
- + **Primary Industries Good Employer Awards:** We held this in partnership with the Agricultural and Marketing Research and Development Trust. The Awards highlighted good employers and good employment practices across the food and fibre sector, provided an incentive to employers to strive for good practice, and changed perceptions about employers in the sector.
- + **He Ara Mahi Hou:** Through this, MPI's Māori Agribusiness Workforce, Skills and Training Programme, we provided support to Māori Agribusinesses and land trusts to develop worker redeployment opportunities and access greater skills training to create sustainable employment that will increase the productivity of their food and fibre sector assets. Projects funded span key sectors, including kiwifruit (Bay of Plenty), forestry (Te Tairāwhiti), dairy (South Taranaki), general food

and fibre sector education and training (Taupō), and education, apiculture and remote digital training (Rēkohu/Wharekauri).

- + **Rural Women NZ:** MPI sponsored the 'Love of the Land' Award at the NZI Rural Women NZ Business Awards. This year's winner of the MPI Award, Higgins Shearing, also went on to win the Supreme Award. A series of innovation activator sessions was also run in Christchurch and Wellington to help enable young rural women turn their business ideas into reality.
- + **Young Enterprise (YES):** YES ran an innovation challenge in Christchurch with 14- to 15-year-olds to find solutions that will attract or retain New Zealanders in food and fibre sector work. MPI also sponsored the Te Arahanga Primary Industries Award at the YES National Awards.
- + **Food and Fibre Youth Network and Council:** MPI established this network and council, which is facilitated by NZ Young Farmers.

Having funded a range of "familiarisation" basic skills courses, the programme is evolving to meet additional workforce challenges and address longer term barriers to employment, including initiatives that focus on schools and youth, life skills and technical skills.

### Opportunity Grows Here: Attracting Kiwis into food and fibre sector jobs

The Primary Sector Workforce Programme includes delivery of the Opportunity Grows Here attraction campaign. Opportunity Grows Here encourages New Zealanders to consider a job in the food and fibre sector. The website [opportunitygrowshere.nz](http://opportunitygrowshere.nz) brings information about training and longer-term career opportunities within the food and fibre sector into one place.

As well as the overarching Opportunity Grows Here campaign, MPI has worked alongside sector organisations to run targeted workforce attraction campaigns for seafood, forestry planting, summerfruit, kiwifruit picking and packing, grape harvest and winter vine pruning roles.

Campaign recall is high, with 42 percent of those surveyed in May 2021 saying they recalled seeing the campaign. Of those people targeted by the campaign, 41 percent said the appeal of working in the primary industries increased in the past year. In addition, 33 percent of the people who recalled the campaign thought about the possibility of working in the primary industries.



## Creating jobs and combating pests

The spread of wilding conifers threatens productive farmland, New Zealand lifestyles, iconic landscapes and native ecosystems, tourism opportunities and the nation's economy. Wallabies are also a pest, and have established themselves in several areas of New Zealand, where they are destroying both native species and productive farmland. MPI is leading the fight against these pests through two key programmes: the Wilding Conifer Control Programme and the National Wallaby Programme.

Both programmes are highly collaborative and work with central government, regional councils, landowners, farmers, forestry owners, iwi, researchers, community trusts and non-governmental organisations.

As part of the Jobs for Nature initiative, Budget 2020 allocated \$100 million over four years to expand wilding conifer control work and \$27 million over four years to improve wallaby management. Importantly, both programmes are also designed to create local jobs. The National Wallaby Programme also supports research and field trials to help us better detect and control wallaby populations.

In 2020/21, the Wilding Conifer Control Programme treated 817,000 hectares (our target is 1.5 million hectares of control activities over four years) and created 1,036 new job starts<sup>4</sup> (our 2020/21 target was 500 to 600). At 30 June 2021, 392 people were employed through this programme.

The National Wallaby Programme created 125 new job starts in 2020/21. At 30 June 2021, 79 people were employed through this programme.

## Helping strengthen the forestry and wood-processing workforce

A suitably skilled and qualified workforce is critical to meeting the needs of a changing forestry and wood processing sector and ensuring its sustainability.

Recognising this, in mid-2019 MPI, in conjunction with the forestry and wood processing sector, published the *Forestry and Wood Processing Workforce Action Plan 2020–2024*. The purpose of the plan is to support the development of a skilled, safe and diverse workforce that meets the sector's current and future needs. It is an important step towards addressing workforce challenges around knowledge, attraction, education and training, and employment.

With support from MPI, the Forestry and Wood Processing Workforce Council was established in June 2020. In 2020/21, the Council started implementing the plan. This included developing initiatives and sourcing funding as well as enabling the delivery of frontline leadership development programmes, familiarisation courses and workforce roadshows. As part of this, the Ngā Karahipi Uru Rākau – Forestry Scholarships were extended to include three scholarships at diploma level along with the six available for tertiary study at the University of Canterbury.

Furthermore, over 130 partnership projects designed to provide employment and training opportunities have been funded through the One Billion Trees Fund.<sup>5</sup>

<sup>4</sup> Job starts are newly created jobs (including all employment types, contractors and self-employed people) funded by a job creation programme in 2020/21.

<sup>5</sup> The One Billion Trees Fund officially closed to applications on 30 June 2021. However, contracts will continue to be administered until all projects are completed. Preceding its official closure, \$23 million of the fund was reallocated to the creation of Te Uru Rākau – New Zealand Forest Service, which provides planning and advisory services to forest owners.



## Case study: Empowering Māori landowners and agribusinesses to make the most of their whenua (land)

### Our aim

Māori are major players in New Zealand's regional economies. Partnering with and investing in Māori in the food and fibre sector will help MPI realise long-term, inclusive and sustainable growth for all New Zealand.

### Our role

Māori freehold land constitutes about 5 to 6 percent of New Zealand's total land area (around 1.5 million hectares) and Māori hold a significant proportion of all food and fibre sector assets. Land and assets owned by Māori hold huge prospects, with around 80 percent of whenua Māori having yet to realise its development potential.<sup>6</sup> Our Māori Agribusiness team works directly with Māori landowners and agribusinesses, facilitating access to the support, expertise and investment that is available across MPI and the Government for whenua Māori.

We provide "by Māori, for Māori" programmes underpinned by tikanga Māori (Māori customs). We work with individual land trusts through the Māori Agribusiness Pathway to Increased Productivity programme (MAPIP). We work with collectives of

land trusts and agribusinesses through the Māori Agribusiness Extension programme (MABx), through which we tailor our services to the specific needs of whenua Māori. In 2020/21, we worked with 32 Māori land trusts through MAPIP and 25 clusters under MABx (representing 250 land trusts and about 160,000 hectares), all investigating and developing pathways to support their whānau through their whenua.

In addition, we work closely with other MPI and cross-agency initiatives. We funded five Māori organisations a total of \$829,000 to create work redeployment opportunities and primary sector skills and training programmes under He Ara Mahi Hou, our Māori Agribusiness Workforce, Skills and Training Programme. Through SFF Futures, we increased Māori access to funding for innovation through the development of a co-funding pathway. Our on-the-ground support has also enabled Māori entities to trial new ways of partnering through government funding. This approach ensured the economic, employment, and social benefits from a project remained with the project owners and within their local community rather than with external service providers.



Our Te Uru Rākau – New Zealand Forest Service and Agriculture and Investment Services staff with Hon Meka Whaitiri, Associate Minister of Agriculture (centre) at one of the Ahuwhenua Awards field days (Tataiwhetu Trust property).

<sup>6</sup> The statistics on Māori land ownership and the development potential of Maori land are from a report by the former Ministry of Agriculture and Forestry (2011), *Māori agribusiness in New Zealand: A study of the Māori freehold land resource*.





A Māori agribusiness apiary project; our people work with Māori agribusinesses like these to help them reach their potential.

### MABx highlights in 2020/21

We funded 18 MABx projects in 2020/21. The examples below demonstrate the work we do with Māori landowners and agribusinesses.

#### Whangaparaoa

The Whangaparaoa MABx cluster, launched in August 2019, is nearing the successful conclusion of its work programme. Comprising 27 land blocks, with 18,000 hectares, the cluster started with an initial list of 72 potential land-use options to explore as a group. After two years, with an expanding network of relationships, a series of wānanga (seminars) and discovery tours and the input of 17 land-use experts, the cluster has now narrowed down its options. Moving from the original intention to develop one or two land uses at scale, the landowners have now opted to pursue a more diverse "mixed land use" kaupapa (plan) involving sustainable cropping rotations, livestock enterprises and permanent tree crops, as well as opportunities with their ngahere (bush, forest). These initiatives have been identified as suitable matches for their land and climate as well as supportive of their aspirations as a community.

The cluster is now considering the best structure to adopt for a new business entity that will manage the opportunities afforded by a collective approach to the four land-use options. In addition, the cluster is scoping an SFF Futures application to advance its land-use choices and build its capabilities.

#### Hiruhārama

The owners of the Hiruhārama whenua Māori blocks (Whanganui River) have been working with us for the past six years. Most recently, the blocks have formed a cluster to participate in the MABx programme, investigating high-value crops and the establishment of a community horticulture venture. The MABx project draws on work completed through previous MAPIP projects that built an understanding of the potential of the whenua and developed the potential of the people through education. Members of the community now have New Zealand Qualifications Authority qualifications across pest management, environment and sustainability, business administration, apiary, horticulture, pasture management and agricultural vehicle maintenance.

The whānau on these blocks are making significant progress towards productive use of their whenua. The blocks received a significant boost in 2020, when a combined \$1.1 million in funding from the Provincial Growth Fund's Fencing of Waterways Fund and the One Billion Trees Fund was secured to undertake 25 kilometres of fencing, purchase and plant 180,000 native seedlings, install a stockwater system and carry out animal pest control. With our support, the whānau were set up to deliver these works themselves through the provision of training and support to purchase materials and equipment. The project is transforming the farming operation and the Hiruhārama community, and creating the foundation for a successful horticulture enterprise.



# Sustainability

## Kauneke tauwhiro

### Some areas of focus in 2020/21

Ensuring that the food and fibre sector has a minimal impact on the environment and uses natural resources sustainably is essential to maintaining the long-term viability of the sector and New Zealanders' quality of life.

As we work towards this, in 2020/21, we continued to focus on three of the areas in which we can have the most impact:

- + helping farmers and growers make the shift to more environmentally friendly practices that generate lower levels of greenhouse gases;
- + helping farmers and communities adapt to climate change; and
- + ensuring that fishing is sustainable and the effects of fishing on the overall marine ecosystem are minimised.

### Our key indicators

#### Greenhouse gas emission intensity of the production of milk solids and beef decreases

As a country with a significant environmental footprint from primary production, understanding how the sector produces and releases greenhouse gases and how to mitigate or reduce them is of great importance.

Every year, MPI funds and leads a variety of research programmes that aim to solve the problem of greenhouse gas emissions from agriculture.

**Desired change:** Emissions intensity decreases each year, compared with 2013 levels.

**Table 4: Greenhouse gas emissions per kilogram of milk solids and per kilogram of beef**

	Change in intensity 2013–2016	Change in intensity 2013–2017	Change in intensity 2013–2018	Change in intensity 2013–2019
Milk solids	-3.4%	-3.1%	-3.7%	-5.5%
Beef	-9.5%	-8.8%	-10.2%	-10.8%

Farmers have reduced greenhouse gas emissions intensity (emissions per unit of product) from cattle farming for beef and dairy significantly since 2013. This will continue to be a focus area for MPI for the foreseeable future.

**Data source:** Ministry for the Environment (2021) *New Zealand's Greenhouse Gas Inventory 1990–2019*.

#### Percentage of scientifically evaluated fish stocks with no sustainability issues

We regularly assess and adjust the regulated quotas to ensure the sustainability of New Zealand's fish stocks.<sup>7</sup>

**Desired change:** Value is at or above 80 percent

**Table 5: Percentage of scientifically evaluated fish stocks with no sustainability issues**

2017/18	2018/19	2019/20	2020/21
84	84	82	82

This past year, we successfully achieved the target for this indicator. We assessed 131 out of 159, or 82.4 percent, of fish stocks as having no sustainability issues. This is consistent with the result in 2019/20.

**Data source:** MPI (2021) *The Status of New Zealand's Fisheries 2021*.

<sup>7</sup> The key performance measure for determining the status of New Zealand's fish stocks is the soft limit, a biomass level below which a stock is deemed to be overfished. In all cases where stocks need support, corrective management action has been or is being put in place to improve stock levels.

# Our achievements

To safeguard New Zealand's natural resources for future generations, this year, we have been:

## ◆ Addressing greenhouse gas emissions and building resilience against climate change

### He Waka Eke Noa

The He Waka Eke Noa Primary Sector Climate Action Partnership was formed in October 2019 and aims to develop a system for measuring, managing and reducing agricultural greenhouse gas emissions. Through this partnership, the Government, the food and fibre sector and Māori are working together to implement a framework by 2025 to reduce on-farm emissions and build agriculture's resilience against climate change.

#### Our role

MPI is working as one of 13 partners to implement a five-year action plan. We are helping to develop recommendations for a farm-level system to reduce agricultural methane and nitrous oxide emissions, including a pricing mechanism. We are also scoping options for enabling farmers and growers to understand and be recognised for the carbon sequestration taking place on their farms.

#### Outcomes

Once governance arrangements were developed in 2020, the Partnership started working to deliver legislated outcomes. In December 2020, the Partnership released farm planning guidance for farmers on how to measure and manage greenhouse gas emissions. By the end of December 2021, a quarter of the country's farms will know their annual total on-farm emissions and have a written plan to manage them. One hundred per cent of farms will have a written plan to measure and manage emissions by 2025. Recommendations for a farm-level pricing mechanism to incentivise farmers and growers to reduce greenhouse gas emissions within New Zealand's agricultural sector are due with Ministers by March 2022.

#### What this means for New Zealanders

He Waka Eke Noa will equip farmers and growers with the knowledge and tools they need to reduce emissions while continuing to sustainably produce quality food and fibre products.

## Helping rural professionals adapt to climate change

In 2020/21, MPI funding of \$340,000 enabled the New Zealand Agricultural Greenhouse Gas Research Centre (NZAGRC) to deliver climate change seminars and workshops around New Zealand. The NZAGRC held 10 seminars with support from the New Zealand Institute of Primary Industry Management and AgFirst. These seminars were aimed at equipping rural professionals with an understanding of climate change, agricultural greenhouse gas emissions and soil carbon. They also gave an overview of on-farm forestry and the Emissions Trading Scheme.

Four advanced workshops were also held, to equip farm consultants with modelling skills to estimate and analyse on-farm greenhouse gas emissions, as well as assess the impact of different mitigation options on emissions and profitability.

The NZAGRC will deliver a further 17 seminars and workshops over the next two years.

Refer to Chapter 6, "Legislation we administer and grant programmes" for more information on the NZAGRC.

## Canopy: A new website with advice and information for forest owners

In 2020/21, MPI worked with industry representatives and landowners to create Canopy, a website to provide sound, practical information to help New Zealanders with forestry projects of all sizes to achieve their environmental and economic goals.

New Zealanders have many reasons to grow trees, such as increasing biodiversity, protecting waterways, conserving soil, diversifying income and restoring forests. Our research indicated that a lot of information is available across the industry, but it is distributed widely across many organisations and in some cases is difficult to find and comprehend.

Canopy was launched on 16 June 2021. It connects people with the information they need based on their goals. The content has been designed around the stages of a forestry project: planning, establishing, managing, harvesting and marketing. It includes entry-level information with a path to more detailed information, including data and research.

Work is already under way to develop the next stage of the website, which will provide specific guidance for Māori landowners, information about regional and



national events, training opportunities, case studies and real-life examples of people and experts working in forestry. Visit [www.canopy.govt.nz](https://www.canopy.govt.nz) for more.

## Working with local leaders to restore native forest on Motutapu Island

In 2020/21, the Motutapu Island Restoration Project in the Hauraki Gulf received \$707,143 of funding from MPI to create 100 hectares of native forest on the island. Motutapu Island is known for its many wāhi tapu (sacred places) and for being the oldest archaeological site in Auckland. This project aims to plant 123,200 native plants and tree seedlings by September 2023.

The project, which started in 1993, is being managed and delivered by Ngāi Tai ki Tāmaki according to Ngāi Tai tikanga (customs) to ensure the success of planting goals. An inspection carried out in late 2020 showed excellent growth and high seedling survival rates.

Ngāi Tai ki Tāmaki are planning and preparing a second nursery on the island to supply the trees needed for further planting. The tapu (sacred) status of the island means it is essential that tangata whenua (the indigenous people, Māori) are at the centre of any planting and ecological efforts.

MPI will continue to fund this important work, which supports the kaitiakitanga (guardianship) of Ngāi Tai, mitigates the impacts of greenhouse gas emissions and helps to create a healthier future for New Zealanders.

## ◆ Collaborating to reduce the sector's wider environmental impact

### Helping farmers transition to more sustainable land-use practices

Farmers and growers are taking leadership roles in the transition to a sustainable and prosperous future.

One highly effective way for MPI to connect with them has been through catchment groups – groups of people based around a water catchment area who are working together for a common purpose. These groups are demonstrating the effectiveness of shared goals and learning together to improve land-use practices.

#### Funding catchment-group projects

MPI's Productive and Sustainable Land Use programme funds community-led projects to help farmers and growers make decisions that support sustainable land use and improve economic, environmental and social wellbeing in rural communities.

In 2020/21, we funded 16 projects totalling \$21 million across the country and involving over 4,000 farmers and growers to firm up short- and long-term goals and measures and take action to improve the environment and strengthen communities. The funding has enabled these groups to employ co-ordinators and, increasingly, connect and collaborate with sector groups, regional councils, science providers and others across Aotearoa to share learnings and provide support.

#### Establishing new catchment groups

As part of the COVID-19 recovery, we set up an additional nine catchment groups using \$9.8 million from the Jobs for Nature fund. This led to the creation of 108 job starts related to weed and pest control, fencing and planting of native trees to restore wetlands and riparian margins in 2020/21 (refer to "Creating jobs and combating pests" under Prosperity for a definition of job starts). The main components of these projects have been training new employees and building connections with local iwi groups.

#### Other support for catchment groups

We have also funded NZ Landcare Trust to increase support for catchment groups and Quorum Sense to maintain and build networks for groups implementing regenerative farm systems, to improve environmental performance, economic resilience and wellbeing.



## Tools to minimise the environmental impact of farming

### Sustainable Vegetable Systems Partnership

MPI is contributing \$4.72 million over four years to the Sustainable Vegetable Systems Partnership programme. Established in July 2020, this industry-driven programme will assess nitrogen uptake and nitrate leaching for vegetable crops in multiple regions throughout New Zealand and investigate and validate predictions from modelling tools. The industry has also committed \$2.79 million to the programme.

The data and tools developed will be used to reduce the impact of vegetable farming practices on the environment and water quality, while maintaining growers' licence to operate and enhancing the vegetable industries' ability to grow and export products.

### Enabling better management of New Zealand's precious soil

S-map is a digital soil spatial information system for New Zealand managed by Manaaki Whenua – Landcare Research. S-map data can be used for crop and pasture management, nutrient budgeting, erosion control, irrigation management, drought resilience, land valuation and more.

MPI is providing \$6.25 million over 4.5 years to support an S-map Expansion programme, established in December 2020. This programme is a partnership between MPI, Manaaki Whenua – Landcare Research and regional councils that will expand S-map's coverage, supporting farmers' ability to improve their farm management and environmental sustainability.

We expect that around 60 percent of farmable land and 80 percent to 85 percent of multiple-use land will have S-map coverage by the end of this project.

Sixteen projects are under way throughout New Zealand and at least four more are in the pipeline.

## New rules to protect and restore New Zealand's fresh water

Healthy freshwater ecosystems are essential to human health, biodiversity and the viability of the food and fibre sector. MPI has worked with the Ministry for the Environment (MfE), Kāhui Wai Māori (the Māori Freshwater Forum), regional councils and the food and fibre sector to implement key parts of the Government's 2020 Essential Freshwater Package. This package aims to stop further degradation of New Zealand's freshwater resources, reverse

past damage and restore the health of freshwater ecosystems within a generation.

Steps taken during 2020/21 included working with MfE and others to:

- develop proposals for the national fresh water farm plans regime, which will provide a flexible and risk-based approach to farm planning and encourage continuous improvement of farm practices to improve the outcomes for fresh water;
- address issues highlighted by stakeholders on the low-slope map used to set stock exclusion requirements for livestock, particularly those in the high country; and
- co-develop a publicly available intensive winter grazing farm planning module to help farmers achieve immediate improvements to winter grazing practices. The module highlights practical solutions farmers can take to mitigate the effects on fresh water of grazing livestock on fodder crops during the winter months.

## New guidance on farm planning that meets environmental, economic, social and regulatory needs

Farmers and growers must balance an increasing number of social, business, economic and regulatory challenges. The Government is establishing an integrated farm planning framework that will help them to incorporate regulated requirements into their farm planning processes.

In June 2021, Minister O'Connor released *Good Farm Planning Principles: Towards Integrated Farm Planning*. This guide, developed by MPI in conjunction with industry and councils, outlines what integrated farm planning is and gives advice on managing key areas: biosecurity, animal welfare, greenhouse gases, fresh water and the human elements of farming. Our holistic approach will make it easier to comply with the rules and provide a structured approach for farmers and growers wanting to increase their profits in an environmentally sustainable way.

The guidance complements the \$37 million investment made in Budget 2021 (over four years) towards MPI delivering 100 extra rural advisers with the right skills, improved data and information tools to drive better on-farm decision making and a fund to help farmers transitioning to an integrated farm planning approach.

Once fully rolled out, MPI's integrated farm planning strategy will ensure New Zealand's farmers and

growers will be equipped to add value to their farming operations while also making a vital contribution to a sustainable food and fibre sector.

## ❖ **Modernising fishing practices to support healthy oceans**

### **Next steps for on-board camera monitoring of commercial inshore fishing**

This past year, Cabinet approved the funding, business case and beginning of procurement for the wider roll-out of on-board cameras across the inshore commercial fishing fleet. The continued roll-out of onboard cameras will give greater assurance that commercial fishing practices are sustainable by enabling increased monitoring and verification of fishing activity. This will lead to improved fisheries management and better environmental outcomes. It will help increase transparency and trust in the seafood sector, improve the quality of fishing data and drive positive on-the-water behavioural change.

Public consultation on the proposed roll-out will take place over the second half of 2021. Topics for consultation will include which fishing vessels will get cameras, when they will be installed and the level of industry contribution. The proposed roll-out would see

cameras placed on up to 300 vessels and would focus on those inshore vessels that pose the greatest risk to protected species and/or have significant amounts of fish bycatch. It is expected that the deployment of cameras in the inshore fleet will begin in late 2022 and finish in late 2024.

### **Implementing new plans for protecting dolphins**

In October 2020, we implemented important new measures to better protect Hector's and Māui dolphins from risks posed by fishing.

This included restricting commercial and recreational set-net fishing and commercial trawl fishing off the west coast of the North Island, and commercial and recreational set-net fishing off the north, south and east coasts of the South Island.

The Government recognised the effect these measures would have on some commercial fishers, and the importance of this fishing to local economies and coastal communities. A financial transition package was approved. Financial assistance for business advice was provided to all impacted fishers, as well as an ex-gratia payment for fishers significantly affected by these new measures to support them to manage the impacts of the measures and remain in the industry wherever possible.



In October 2020, new measures were enacted to protect Hector's (pictured) and Māui dolphins.

MPI worked in collaboration with Guard Safety and Te Ohu Kaimoana to develop specific transition plans to support fishers to test new approaches to fishing in their local areas.

We continue to work with affected fishers and industry representatives to monitor their progress and support their ongoing transition to more dolphin-friendly methods.

## New National Environmental Standards for Marine Aquaculture

In 2020/21, MPI successfully led the development of the new National Environmental Standards for Marine Aquaculture. We worked closely with the Department of Conservation (DOC) and MfE to achieve this, with broad support from the aquaculture industry, regional councils and iwi.

The standards came into effect on 1 December 2020 and will provide the aquaculture industry and local communities with greater certainty about how marine farms are managed. The regulations ensure important environmental effects will be managed, while enabling farmers to change what and how they farm to improve farming and environmental outcomes.

With consents for around 55 percent of New Zealand's existing 1,150 marine farms due to expire by 2025, the clarity provided by the new standards is expected to encourage continued growth and innovation in the aquaculture industry.

Finalising these new regulations has been an important step forward in achieving the Government's **aquaculture strategy**, which aims to grow the sector five-fold to \$3 billion by 2030.

## Working with Māori to manage kaimoana (seafood)

"Ehara taku toa i te toa takitahi, engari he toa takitini" is a reference to success being the result of the efforts of many rather than the individual.

Strengthening relationships with iwi and developing strategies for more Māori-centred and iwi-led localised management of fisheries has been a major outcome in our work with tangata whenua (the indigenous people, Māori) and community organisations.

Our work in the Hawke's Bay region is an example of where strong relationships have helped deliver action. MPI worked alongside the Ngāi Hapū o Waimārama confederation, made up of Ngāti Kurukuru, Ngāti Whakaiti, Ngāti Urakiterangi and Ngāti Hikatoa, to put in place a temporary closure of the harvest of blackfoot pāua in Waimārama Bay.

We will continue to work closely with Ngāi Hapū o Waimārama and their community on restoring their taonga kai (treasured food resource) for future generations.



The new National Environmental Standards for Marine Aquaculture will ensure that the aquaculture industry can expand while protecting the environment.



## Case study: A year in the life of our Fisheries Compliance team

MPI's Fisheries Compliance team protects New Zealand fisheries resources by preventing illegal, unreported and unregulated fishing.

### Our areas of focus in 2020/21

In 2020/21, we implemented several fisheries management changes. We introduced new pāua bag limits, new rock lobster catch limits in some areas, the new Hector's and Māui Dolphin Threat Management Plan and on-board cameras. Fishing grounds around both the North Island and the South Island were also temporarily closed to manage local fish stocks. These changes made it important to provide education about new rules and regulations.

In terms of monitoring different fisheries, we focused on rock lobsters, tuna (freshwater eels) and seabirds (our protected species focus). As we improve our knowledge of these species, we are better able to protect them. We also conducted over 33,000 inspections on the water and on land – an increase of almost 4,000 inspections compared with 2019/20. The number of offences that resulted in a fine or prosecution also increased.

**Table 6: Snapshot of MPI's fisheries protection activities in 2020/21**

Number of activities	2019/20	2020/21
Commercial inspections	1,618	1,723
Commercial advice	1,529	1,022
Non-commercial inspections	29,766	32,149
Poaching-related phone calls	1,356	1,207
Offences with infringement decision	848	952
Offences with prosecution decision	414	525

### Other projects

We completed several other important projects in 2020/21:

- + In partnership with MFAT, we delivered Te Pātuitanga Ahumoana a Kiwa, an online learning tool for frontline fisheries compliance officers in Pacific Island countries. Surveillance in rural areas was increased to prevent the gathering of products for the black market.

- + We worked with tangata whenua (the indigenous people, Māori) on rāhui (traditional closure of a food-gathering area) and engaged with our Treaty partners on fisheries compliance matters at iwi fisheries forums across New Zealand.
- + Together with the New Zealand Defence Force, we carried out multiple patrols in New Zealand's Exclusive Economic Zone and the Southern Ocean to monitor and protect seabirds.
- + We led two multi-agency patrols (with DOC and Environment Southland) supporting the efforts of the Fiordland Marine Guardians to maintain and enhance the quality of Fiordland's marine environment and fishing experience. This involved inspecting vessels, catch and gear, and diving to inspect hulls. When biosecurity issues were discovered, fishery officers educated boat owners as well as undertaking other interventions.
- + At the end of 2020, MPI ran a summer media campaign to raise public awareness of the recreational fishing rules. This resulted in a 23 percent increase in downloads of the NZ Fishing Rules mobile application (visit <https://www.mpi.govt.nz/fishing-aquaculture/recreational-fishing/nz-fishing-rules-app/>).
- + We led the development of an implementation plan (published in July 2021) for the **National Plan of Action – Seabirds**. The plans were created by the Seabird Advisory Group, which is headed by MPI and includes DOC, fishing industry representatives and non-governmental organisations.<sup>8</sup>

### What our work means for New Zealanders

The high level of engagement we have had with our stakeholders over the past year will ensure continued trust in our ability to monitor and protect New Zealand's fisheries for future generations.

<sup>8</sup> MPI also leads the Shark Advisory Group. The plan of action for sharks is currently in development.





Honorary fishery officers (like our Southland cohort, shown here in Otago) play a vital role encouraging voluntary compliance in non-commercial fishing through education and talking to fishers. Our people help to keep the public informed and ensure compliance when harvesting kaimoana (seafood).



# Download the free New Zealand Fishing rules App

the easiest way to check the rules!



New Zealand Government  
Te Kāwanatanga o Aotearoa



**Fisheries New Zealand**  
Tini a Tangaroa

Check the rules! Please visit <https://www.mpi.govt.nz/fishing-aquaculture/recreational-fishing/nz-fishing-rules-app/>.



# Protection Whakangū

## Some areas of focus in 2020/21

MPI protects the sector by overseeing New Zealand's biosecurity, animal welfare and food safety systems.

In 2020/21, we focused on:

- + completing the construction of New Zealand's highest-level biocontainment laboratory to enhance our ability to research and manage threats to the sector and human health;
- + eradicating several pests and diseases that made it past the border, getting closer to eradicating *M. bovis* and increasing farmer compliance with the NAIT system;
- + investigating animal welfare complaints and enforcing animal protection rules; and
- + dealing with food safety issues, leading to the development of a better Asia-Pacific food safety system, and working towards better food safety and nutrition outcomes for pregnant women.

## Our key indicators

### Rates of foodborne illness are maintained or reduced

Foodborne illness can be serious – even life threatening. MPI is committed to ensuring consumers can trust that their food is safe and suitable.

Campylobacteriosis – an infection of *Campylobacter* bacteria – produces a distressing inflammatory gut reaction, often including fever and pain. As the most common bacterial infection of humans, rates of campylobacteriosis are a good indicator of the overall safety of food in New Zealand.

It is also important because, in 2006, New Zealand had one of the highest reported rates of *Campylobacter* infections in the world: 379 cases per 100,000 people. Since then, MPI has had a successful strategy for reducing rates of *Campylobacter*.

**Desired change:** MPI has a five-year performance target to reduce the number of human cases of foodborne campylobacteriosis by 10 percent from 88.4 cases per 100,000 people in 2014 to 79.6 cases per 100,000 by the end of 2020.

Table 7: Rate of campylobacteriosis per 100,000 of the population

2017/18	2018/19	2019/20	2020/21
78.7	78.3	69.1	66.0

Campylobacteriosis infections have declined steadily over the years. We will continue to build on this as we continue our campaign to increase the safety of all food in New Zealand.

**Data source:** MPI internal data (latest data is at 31 December 2020).

### Compliance of targeted import consignments

This indicates how effective MPI is at protecting New Zealand from incoming biosecurity threats.

**Desired change:** Increase in compliance rate.

Table 8: Percentage of compliant targeted import consignments

2017/18	2018/19	2019/20	2020/21
75.0%	73.8%	77.6%	75.8%

While the percentage of cargo consignments that are compliant with the biosecurity rules naturally varies from year to year, since 2017/18, the average proportion of compliant consignments has been 75.55 percent. In 2020/21, we inspected 59,290 consignments and found that 75.8 percent were compliant.

**Data source:** MPI internal data.



# Our achievements

To strengthen the protection of New Zealand's food and fibre sector, environment, food safety and animals, this year, we have been:

## ◆ Responding to biosecurity issues that threaten the sector and our environment

### Completing Te Whare Rerenga Koiora o Aotearoa – the National Biocontainment Laboratory

In a major milestone for MPI and the food and fibre sector, Te Whare Rerenga Koiora o Aotearoa – the National Biocontainment Laboratory – has been completed.

This world-leading laboratory, based just north of Wellington, is the largest and most advanced biocontainment facility in New Zealand. It enables MPI scientists to safely conduct diagnostic testing, surveillance work and research to a level that could deal with organisms that represent a risk to New Zealand's animal industries, human health and the environment. These could include foot and mouth disease, avian influenza, African swine fever, *Brucella* and anthrax. The laboratory provides the highest level of biocontainment in New Zealand.



Science underpins all areas of our work (Te Whare Rerenga Koiora o Aotearoa – the National Biocontainment Laboratory, Wallaceville, Upper Hutt).

The National Biocontainment Laboratory also collaborates with the Institute of Environmental Science and Research under the collective banner of the National Centre for Biosecurity and Infectious Disease. MPI supports the Institute of Environmental Science and Research with human-health-related work by providing biocontainment and expertise at the National Biocontainment Laboratory.

### Successfully eliminating major biosecurity threats

In 2020/21, MPI was able to confirm the successful elimination of seven major threats:

- + the Australian subterranean termite *Coptotermes acinaciformis*, first detected in Omaha in 2014;
- + unapproved *Prunus* varieties, identified in post-entry quarantine in 2018;
- + Queensland fruit fly, first detected in Northcote (Auckland) in 2019;
- + Queensland fruit fly (second incursion), first detected in Devonport (Auckland) in 2019;
- + infectious bursal disease virus, first detected in Otago in 2019;
- + tomato red spider mite, first detected in Auckland in 2020; and
- + *Theileria equi* (a tick-borne horse parasite), first detected in 2020.

*C. acinaciformis* had probably been in New Zealand for decades. Although not detected until 2014, they are thought to have made it here in imported hardwood from Australia during the 1990s. They posed a significant threat to New Zealand because they attack trees, including native tree species such as mānuka, kanuka and potentially kauri, and they compromise timber structures.

We have also taken steps to reduce the risk of future incursions by modifying New Zealand's import health standards for potentially at-risk products from Australia.

### Towards eradicating *Mycoplasma bovis*

*M. bovis* is a bacterium that, while posing no risk to food safety for consumers, can cause a range of serious conditions in cattle. It was first detected in New Zealand in 2017.

Along with DairyNZ and Beef + Lamb New Zealand, we are continuing to work hard towards our goal of eradicating *M. bovis*, minimising the impact on farmers and their families, and leaving the biosecurity system stronger.

In 2021, we extended our National Beef Surveillance Programme to include a wider range of beef farms, by teaming up with local vets and one of MPI's partner organisations, OSPRI, which runs the programme to eradicate bovine tuberculosis (TB) from New Zealand. This extra surveillance enables the sampling of animals not currently in a surveillance programme before they move on to milking platforms in the spring.

Progress towards eradication is positive, with less disease being found. On 22 July 2021, the Technical Advisory Group released a report confirming eradication is feasible and agreeing with the path we are taking towards eradication.<sup>9</sup>

On 30 June 2021, New Zealand had five properties with confirmed active cases of *M. bovis*. At the most recent inspection, on 17 September 2021, there were three properties with confirmed active cases.

We still have work to do before we can be sure the disease is eradicated. We will continue to look for infected animals over the next 12 months, while optimising our national surveillance programmes. These programmes will be essential as we move to the next phase of the eradication effort. We are collaborating with industry and stakeholders to ensure communities have a better understanding of the importance of on-farm biosecurity, which will make our farming sector stronger. We are also continuously improving our processes so we can minimise time under testing and restrictions on the movement of cattle while still managing the risk of the disease being spread.

## Dramatically increasing levels of on-farm biosecurity compliance

This past year, the NAIT Compliance team successfully continued its efforts to achieve higher levels of farmer compliance with the requirements of the National Animal Identification and Tracing Act 2012. These requirements are designed to help trace animals infected with *M. bovis* and other diseases so that farmers' livelihoods, New Zealand's reputation and the economy can be protected.

OSPRI provides education and support through a contact centre and website to help farmers with their NAIT obligations. Those farmers who choose not to comply or make little effort to comply are detected by MPI NAIT Compliance Officers or brought to our attention by OSPRI.

Over the past two years, a more enforcement-oriented approach has been adopted by MPI to hold those who do not comply to account. At the start of 2019/20, 70 percent of NAIT animals were correctly registered. By the end of 2020/21, this had increased to 91.5 percent.

Should a future biosecurity emergency occur similar to the *M. bovis* incursion, MPI will be much better placed to rapidly trace potentially infected animals.



We are continuing our efforts to protect the national cattle herd from *M. bovis* (Hawke's Bay; photo courtesy of Mary Livingston).

<sup>9</sup> For a copy of the report, visit <https://www.mpi.govt.nz/dmsdocument/45967-TAG-M-bovis-report-July-2021>.



## The National Pest Register: Making it easier for the sector to participate in the biosecurity system

In December 2020, MPI launched the official New Zealand Pest Register website,<sup>10</sup> the central database of all regulated pests in New Zealand. The Register is a single reference tool for information on pests that the Government takes a regulatory interest in. It contains information on pests that may be of risk to imports and pests that trading partners regulate on New Zealand exports. This means that New Zealand's importers and exporters now have easily accessible information on the pests they might find and what to do when they find them.

With more than 20,000 pests, the Register replaces two decades-old databases that have become obsolete. It is scheduled to replace several other databases, consolidating information from across MPI.

The Register is the first building block of a larger project to make biosecurity information more easily and quickly available. The next stage of the project, the Product Import/Export Requirements tool, is scheduled to be completed by October 2021 (with expanded functionality planned for June 2022).

## ◆ Protecting animal welfare

### Investigating animal welfare complaints

The Animal Welfare Act 1999 places a duty of care on people in charge of animals to meet their animals' physical and behavioural needs. MPI has 29 animal welfare inspectors spread out around New Zealand to investigate and enforce the requirements of the Act.



<sup>10</sup> Visit <https://pierpesterregister.mpi.govt.nz/>.

In 2020/21, we investigated 1,050 public complaints and 1,002 referrals from our veterinarians working at export meat premises, as well as from organisations such as AsureQuality and OSPRI that deal with animals regularly.

In around half of the cases we investigated, we did not find any animal welfare issues. However, we progressed 37 cases to prosecution, and a further 803 cases resulted in issuing infringement notices under the Animal Welfare (Care and Procedures) Regulations 2018. In two cases, the courts disqualified the offender from owning, exercising authority over, or being the person in charge of, animals. For more minor offending, we sent 113 warning letters and 112 educational letters.

The MPI–industry programme Safeguarding our Animals, Safeguarding our Reputation is led by MPI's Animal Welfare Sector Liaison team. It recognises that everyone has a role to play in animal welfare and engages with animal owners directly at field day events and through education campaigns to raise awareness of welfare requirements.

## ◆ Leading the food safety system

### Protecting consumers from foodborne illness

MPI typically receives and responds to around 2,000 reports of food-related problems each year, mainly from the public. Around 700 of those reports result in investigations. We also work with businesses to coordinate food recalls (around 150 food recalls annually).

During investigations and recalls our officers work with food businesses, councils, scientific experts, public health units, and other New Zealand and overseas government agencies.

Occasionally, our investigations can be urgent or have significant consequences for consumers. For example, in 2020/21 we responded to a cluster of *Listeria monocytogenes* cases in Nelson–Marlborough associated with ham products from one food manufacturer. *L. monocytogenes* commonly causes diarrhoea and vomiting, and in vulnerable groups it can cause death. It can also cause pregnant women to miscarry. MPI helped to prevent further spread of the illness by identifying the source, stopping further distribution and co-ordinating a recall of affected product from consumers.

## Case study: Helping pregnant women and their babies stay healthy

### New food safety guidance for mothers

Eating safely when pregnant helps the health of mother and baby. In extreme cases, foodborne illness can cause serious illness, premature birth, stillbirth or the death of a new-born baby.

The launch in 2020/21 of new guidance material on the MPI website about food safety in pregnancy was a significant milestone. It has already become the most frequently visited food safety page on our website.

The guidance covers a variety of topics, including:

- + which foods could cause foodborne illness and are high-risk for pregnant women;
- + food safety guidelines when preparing food or eating at a restaurant or café;
- + supporting good nutrition during pregnancy; and
- + how to recognise the symptoms of foodborne illnesses.

### Mandatory folic acid fortification for all non-organic wheat flour

Another topic of concern for pregnant women is the rate of birth defects such as spina bifida in New Zealand. Known collectively as neural tube defects, they occur at a much higher rate in New Zealand than in other countries with a similar socio-economic status. This is a serious health problem that results in high social and financial costs for affected families, whānau and communities.

Since 1996, fortification of food with the B vitamin folic acid, which prevents these birth defects, has been voluntary. In 2020/21, it became mandatory to fortify all non-organic wheat flour to be used in breadmaking with folic acid.

This new requirement will help prevent between 8 and 14 cases of neural tube defects each year. It will also save significant health system resources (estimated at \$47 million over 30 years).


Mills now have until mid-2023 to ensure all non-organic wheat flour used in breadmaking is fortified.

To support this, MPI will create standards for flour producers to follow. We are providing \$1.6 million in grants to eight flour mills so they can buy the infrastructure required to fortify the flour.

We will continue to monitor the health benefits of folic acid for all New Zealanders, actively work with health professionals caring for pregnant woman to share the food safety message and use the latest scientific evidence to provide the best advice on which foods to eat during pregnancy.

**New Zealand Food Safety**  
Haumaru Kai Aotearoa

## Food safety in pregnancy



For pregnant women some foodborne illnesses can be more dangerous than usual. Advice and guidance on what you can do to eat and prepare food safely.

Ministry for Primary Industries  
Manatū Ahu Matua

For more guidance on safe food preparation and practices, visit <https://www.mpi.govt.nz/food-safety-home/preparing-and-storing-food-safely-at-home/clean-cook-chill/>.



# Visible leadership

## Ngā manukura

### Some areas of focus in 2020/21

MPI is the lead agency for New Zealand's food and fibre sector. For MPI, visible leadership means investing in creating meaningful relationships with our Treaty partners, customers and stakeholders. We listen and collaborate so that, together, we can protect New Zealand's environment and reputation and accelerate the sector's prosperity, sustainability and inclusiveness.

In addition, our Director-General is the Government Health and Safety Lead. That means we are responsible for building the Government's health and safety capability so it can safely do its job – raising the wellbeing of all New Zealanders.

As we work towards this, in 2020/21, we focused on:

- + partnering with rural communities to help them recover from adverse events and deal with the challenges of rural life;
- + collaborating with our Treaty partners on projects to support Māori food and fibre sector aspirations;
- + connecting with food and fibre businesses and recognising outstanding performance by sponsoring awards; and
- + continuing to increase health and safety capability across the public sector.

### Our key indicator

#### More target groups engage with our preparedness and responsiveness programmes

We can't achieve our vision for the food and fibre sector on our own. This applies especially in dealing with biosecurity threats; we need the whole country to know what the threats are and to alert us to potential incursions of pests and diseases. This impact indicator reflects our Biosecurity 2025 strategic goal of creating a biosecurity team of millions – all New Zealanders.

#### Biosecurity Business Pledge

MPI, alongside industry, launched the Biosecurity Business Pledge in October 2019. This partnership aims to help all New Zealand businesses take a proactive approach to their biosecurity practices. The Pledge provides a framework for managing the risk

of unwanted pests and diseases (plant or animal) disrupting individual businesses and sectors. Members pledge to integrate these proactive biosecurity practices into their activities and supply chains.

Following a slight pause in activity in 2020, due to the COVID-19 pandemic, the programme introduced a membership forum in February 2021 along with peer-to-peer learning sessions every two months. Our aim is to continue to work with businesses to embed better practices and scale up the impact of this programme by using existing networks.

At 30 June 2021, 90 businesses and industry associations had signed the Pledge since it started.

#### Brown marmorated stink bug awareness campaign

The brown marmorated stink bug (BMSB) is one of New Zealand's biggest biosecurity threats. This small insect, native to Asia, has already affected tree fruits, nuts, vegetables and row crops such as corn and soybeans in Europe and North America. While not yet established here, it has been detected on several occasions. It is estimated that, if the BMSB did establish itself here, it could have a major negative effect on the fruit and vegetable industry and eventually cause a loss in GDP of up to \$3.6 billion.<sup>11</sup>

In 2014, we started a campaign to raise public awareness of the BMSB. We continued this in 2020/21. Our BMSB awareness-raising campaign appeared over 8.4 million times (number of times digital advertisements appeared on screens). We estimate that we reached over 730,000 people through television advertising and about 400,000 through print advertising.

This resulted in 45,800 visits to our BMSB web page (in 2019/20, this was 45,000).

#### Data sources:

- + Horticulture New Zealand (2017) *Quantifying the economic impacts of a Brown Marmorated Stink Bug incursion in New Zealand: A dynamic Computable General Equilibrium modelling assessment* (New Zealand Institute of Economic Research report for Horticulture New Zealand).
- + MPI internal data.

<sup>11</sup> Refer to <https://www.epa.govt.nz/assets/FileAPI/hsno-ar/APP203336/6accd4b014/Appendix-2-Quantifying-the-economic-impacts-of-a-Brown-Marmorated-Stink-Bug-Incursion.pdf>.





## BIOSECURITY BUSINESS PLEDGE

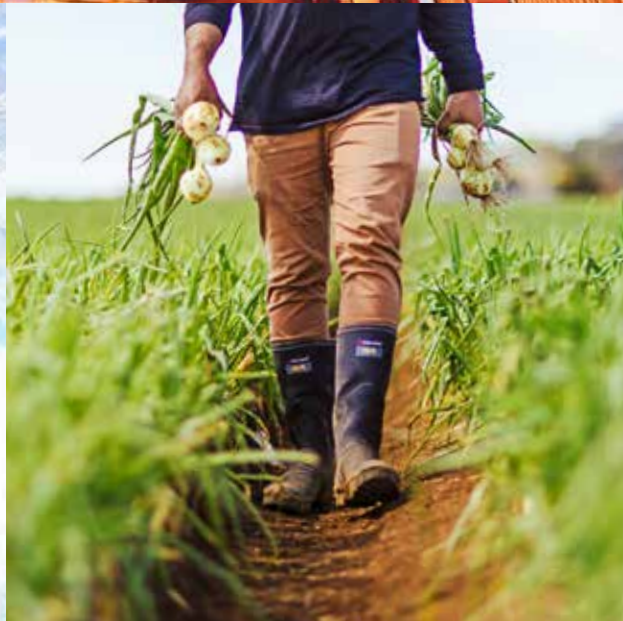
It takes all of us to  
protect what we've got

KO TĀTOU

THIS IS US BIOSECURITY 2025

## JOIN THE PLEDGE

Protect your business, the  
environment and the economy



# Our achievements

To enable New Zealand's food and fibre sector to thrive, this year, we have been:

## ◆ Partnering to build thriving regions

### Supporting communities through adverse events

#### Rural Support Trusts

Rural Support Trusts (RSTs) are a nationwide network that help rural communities and individuals during and after adverse events, such as floods and drought. Funding for RSTs and recovery co-ordinators was provided to support pastoral care, community events and one-on-one support.

In 2020/21, MPI provided \$1.07 million of funding and partnered with a network of 14 RSTs to support primary producers, their families and employees who experienced challenges. The RSTs used MPI funding to support people and businesses during and after droughts, floods, hail events and *M. bovis*. They responded to 2,000 incoming calls and provided 400 supermarket vouchers and 1,000 care packs to those in need.

One of the main adverse events MPI helped people through in 2020/21 was the drought that affected many parts of the country from summer 2020 to autumn 2021. Stock feed and water shortages were a particular challenge for the food and fibre sector and rural communities. The effects were worsened by disruptions to supply lines and processing due to the COVID-19 pandemic. MPI earmarked \$3.5 million of grants for recovery advice to over 1,000 farming businesses, with around 810 taking up the service (\$2.8 million in total).

Another was the May 2021 Canterbury floods. We worked closely with Federated Farmers to ensure farmers in the region were supported through this event. Funding of \$500,000 was made available immediately. This was given to farmers as grants of \$3500 each. A further \$4 million of funding support was announced by the Prime Minister on 24 June 2021.

#### Other services supporting recovery

Other services we provided to the rural community through adverse events and recovery included:

- + the Farm Business Advice Support Fund, in partnership with the RSTs and the New Zealand Banking Association, which funds farmers to receive financial or business advice from an independent consultant;
- + the Farm Debt Mediation Scheme, which enabled 38 trained and authorised mediators to facilitate 50 mediation sessions for farmers and their creditors; and
- + the national stock-feed co-ordination service, which helps farmers forecast and plan their feed and supplementary feed requirements and access supplies of commercial and donated feed.

### Helping rural communities respond to the unique challenges of rural life

In 2020/21, MPI partnered with several other organisations to help build thriving rural communities.

#### Community projects

A total of 12 community projects were funded. Here are some examples:

- + Tokomairiro Waioara, a kaupapa Māori (based on a Māori approach) health service based in Milton, was connected to complementary services funding through MPI. Funding bolstered the delivery of counselling services and allowed training and support to be provided to those who have entered or are considering careers in the food and fibre sector.
- + The Mid Canterbury Rural Driver Licensing Scheme helped 32 people obtain restricted or full licences, of whom 25 have since gained employment. The scheme also provided transport to classes, childcare for participants with children, and up to four professional driving lessons.

#### Community hubs

MPI also funded 13 rural community hubs. The hubs help rural communities build social connections, which support their ability to adjust and respond positively to change, improve employment prospects through training opportunities, and promote activities that encourage social inclusion and help develop networks. One example of this is the Tapawera Connect Trust, which started a mothers' group to strengthen connectedness in the rural settlement of Tapawera. Before the group was established, new mothers had nowhere to meet unless they drove 45 minutes to Nelson.

#### Financial planning

In 2020/21, we funded the Agri-Women's Development Trust to develop a pilot module on financial literacy for farmers, to lift their skills. These skills will be taught through various workshops held nationally.





## Supporting fishers and their whānau

In 2020, funding of \$4.6 million over three years was provided to MPI to establish a national seafood sector support network. Like the Rural Support Trusts in the farming sector, the network provides sector-led, sector-specific support to help fishers and their whānau access help services.

The support network was established as a charitable trust in March 2021 and launched in June 2021 at the annual conference of the New Zealand Federation of Commercial Fishermen. The Trust is operating under the name FirstMate New Zealand. Members on the Trust's board bring skills and experience from across the sector and will work with MPI over the next two years to develop the operating model, to realise how the Trust can deliver value to fishers and their whānau.

FirstMate New Zealand is operating regionally via locally based advisers (navigators). These navigators connect commercial fishers and aquaculture farmers, and their whānau, to services such as business advice and counselling. The network provides links and opportunities for training and mentorship, and help with access to innovation funding.

## ◆ Collaborating with our Treaty partners

### Bringing Māori food and fibre sector leaders together

MPI facilitated the coming together of Māori practitioners with experience across the food and fibre sector at the Māori Primary Sector Forum, which held its first meeting on 27 May 2021. The term of the first

Forum runs until May 2023.

The Forum's role is to advise MPI leadership, from a Māori perspective, on strategically important topics across our main work programmes. These include productivity growth, working sustainably, growing a skilled workforce, domestic and international trends and new products.

The nine Forum members possess a mix of food and fibre sector trade and export experience, business and research skills, regional networks, and commercial and cultural knowledge. The members of the first Māori Primary Sector Forum are: Traci Houppapa (Chair); Tane Bradley; Ingrid Collins; Bob Cottrell; Te Kapunga Dewes; Dr Riri Ellis; Dr Tanira Kingi; Richard Manning and Nadine Tunley.

## Supporting Māori forestry

Māori are a major player in the New Zealand forestry sector. Together with Māori, MPI identifies opportunities where forestry can support their land aspirations and communities. This includes partnering with Māori through Crown Forestry joint ventures, giving direct landowner grants and providing partnership funding for organisations and community groups. These projects aim to deliver what is needed to overcome barriers, such as training and development needs, nursery capability and operations, and specialised advice.

In 2020/21, we partnered with Whenua Oho to enable close working relationships with Māori landowners to provide advice and education to tangata whenua (the indigenous people, Māori) on afforestation options for their land. This programme connects Māori



landowners with potential investors, piloting a model that encourages Māori to consider forestry as an investment option.

In addition, in December 2020, Crown Forestry entered into a forestry joint venture with the Maraeroa A&B Trust, based in Te Kuiti, to plant a second crop of *Pinus radiata* and manage areas of regenerating pine. This partnership will restore the economic potential of the land and create an income for the Trust.

### **Tūranga Ararau Forestry Programme**

An iwi-led, New Zealand Qualifications Authority-accredited forestry programme has been funded through He Ara Mahi Hou, an MPI fund supporting the creation of food and fibre sector training initiatives by Māori, for Māori. Tūranga Ararau, developed by Te Rūnanga o Tūrangānui ā Kiwa, helps address the needs of local iwi and forestry owners, and has a particular focus on retaining forestry talent within Te Tairāwhiti.

The programme addresses two main issues in the forestry sector in Te Tairāwhiti: ensuring the current forestry workforce is provided with opportunities to upskill and gain training, and enabling forestry workers to transition into higher-value, higher-paying employment.

It is anticipated that eight to ten Tūranga Ararau cadets per year will progress from entry-level positions into higher-skilled roles, such as those of harvest co-ordinator and forest manager.

### **Tōtara industry pilot project**

In 2020/21, One Billion Trees funding helped support a pilot to explore the feasibility of commercially grown and harvested tōtara in Northland. The Tōtara Industry Pilot is a partnership between MPI, Scion and Māori. It is testing how sustainable regeneration and cultivation of tōtara can incentivise indigenous afforestation to deliver commercial opportunities for local industries, businesses and communities in the region.

The pilot has found that enough tōtara are growing on private and Māori-owned land to develop a strong, productive local and national economy. It has been estimated that the total value to New Zealand after 10 years could be from \$5 million to more than \$30 million a year, depending on harvest rate and product mix. Tōtara grows quickly in Northland and is a highly regenerative resource. The pilot uncovered an increasing interest from landowners in diversifying

their land and growing tōtara for harvesting and milling. Tōtara wood creates high-end building products, such as framing, posts and beams, exterior joinery and cabinetry, and is the main wood used in Māori carving.

In the future, the project will be led by Māori, working with landowners, wood processors, iwi and manufacturers to develop plans for increased commercialisation, identify new markets and ensure long-term economic, social and environmental benefits to local communities.

## **Matariki Tu Rākau: Trees as living memorials**

In 2020/21, Matariki Tu Rākau grants (part of the One Billion Trees programme) were given to recipients to plant living memorials honouring community heroes. The purpose of Matariki Tu Rākau is to bring communities together and recognise the efforts of community members while promoting the importance of trees for the health of the environment.

In 2020/21, Matariki Tu Rākau supported 53 community tree-planting projects. Since we introduced the grant in 2018, we have funded the planting of 160 living memorials through 130 applications.

In 2021, the scope of the grant was broadened to include rongoā (medicinal) species. The change helped increase opportunities for Māori to realise aspirations for their land and connect to their cultural traditions.

During this past year, we formed a partnership with Ngāti Koata, Nelson, to plant 20,000 tree and rongoā species next to the Maitai River. The project commemorates their tipuna (ancestor) Peneamine, who fought for the right to continue to harvest tuna (freshwater eel) from the river. The memorial planting site demonstrates the long-term role of Ngāti Koata as mana whenua (the holders of territorial rights), and kaitiaki (guardians) of the Maitai.

## **Making it easier for marae to provide and sell kai**

Marae have been making safe food for generations and continue traditional practices to protect the supply of food, from planting, harvesting and gathering to preparation and serving.



MPI developed Te Kete Haumarū Kai, a toolkit of practical haumarū kai (food safety) requirements and resources – made with marae for marae – to give space for tikanga (customs) and mātauranga Māori (Māori knowledge) within Food Act 2014 requirements.

Te Kete makes it easier for marae to provide and sell kai to visitors while supporting local food production and the economy. It also translates the legislation into practical, cost-effective, marae-based food rules. It is a reorua (bilingual) resource.

Te Kete was developed in partnership with some of the Northland hapū, Pou Herenga Tai Twin Coast Cycle Trail Trust, the Far North District Council, New Zealand Food Safety and Northland Inc. It is being piloted by six marae along Northland's Pou Herenga Tai Cycle Trail, with the potential to roll out across the country.

## **Connecting and celebrating success with the sector**

### **Fieldays 2021 – return to Mystery Creek**

In June 2021, we connected with farmers, growers, food producers and urban visitors at Fieldays – the southern hemisphere's largest agricultural fair. An estimated 130,000 people attended the event.

After a year of COVID-19 disruption that saw the flagship National Fieldays event held online, in 2021 the event returned to Mystery Creek for four days of exhibits focused on farming, agribusiness and rural living.

The information at the MPI site was presented under the umbrella of the Fit for a Better World roadmap, highlighting the ways MPI is working with industries

and communities to accelerate New Zealand's economic potential (refer to "The role of Fit for a Better World" for more on this). We provided information on topics such as how to access MPI funding for study scholarships and rural communities.

We held several high-profile events, including giving an update on our progress towards our Fit for a Better World goals. We also launched the new forestry resource Canopy (refer to "Canopy: A new website with advice and information for forest owners", under Sustainability) and released our latest quarterly *Situation and Outlook for Primary Industries* report.

MPI won the 2021 National Fieldays Award for Best Indoor Site.

## **Engaging with the regions through our Connection Series events**

Launched in 2019, the Primary Industries Connection Series was developed to proactively strengthen stakeholder relationships through targeted and personalised regional engagement. Although put on hold due to COVID-19 restrictions, the programme of engagement restarted with a visit to Christchurch in August 2020 and a Connection Series event in Manawātū in May 2021. The programme has been an important vehicle for MPI to share its strategic vision and updates on the Government's Fit for a Better World roadmap (refer to "The role of Fit for a Better World").

A highlight of both the Christchurch and Manawātū visits was the opportunity to learn more about the world-leading research and development under way to ensure food and fibre products are sustainably

produced while safeguarding the future prosperity of all New Zealanders. Equally, our senior leaders were able to personally engage with industry concerns and be inspired by the innovations of the food and fibre sector.

The regional visits also provided our senior leaders with opportunities to visit regional MPI staff and to hear more about the important work underway in the regions.

Many attendees of the events shared that they had found it to be an excellent forum for connecting with MPI and making more industry connections.

## Recognising success in the sector

MPI recognises excellence and best practice across the food and fibre sector by celebrating the success of industry leaders. This includes hosting award ceremonies such as the Biosecurity Awards and Good Employer Awards.

The Ko Tātou – This is Us Biosecurity Awards recognise organisations, volunteers, businesses, iwi, hapū, government agencies and tamariki (children)

who are contributing to New Zealand's biosecurity. The 2020 Supreme Award was awarded to Miraka, a Taupō-based dairy company that created an extensive on-farm biosecurity course.

The Good Employer Awards are co-sponsored by MPI and the Agricultural and Marketing Research and Development Trust and recognise exceptional employment practices in the primary industries. This year's Supreme Award went to Rayonier Matariki Forests.

MPI is also major sponsor of the Ahuwhenua Awards, which recognise excellence in Māori agribusiness, the New Zealand Institute of Food Science and Technology Awards for significant contributions to food safety and the Guild of Agricultural Journalists Awards. Other awards sponsored included the New Zealand Food Awards, Dairy Business of the Year, Ballance Farm Environment Awards, Champions of Cheese Awards and several regional forestry awards.

For more information on events and awards sponsored by MPI visit [www.mpi.govt.nz/about-mpi/our-work/sponsorships](http://www.mpi.govt.nz/about-mpi/our-work/sponsorships).



Our people at the MPI Fieldays site celebrate winning the Best Indoor Site category of the Fieldays Awards at the event in June 2021.





Winners of the Ahuwhenua Trophy for the top Māori dairy farm, Tataiwhetu Trust, in May 2021. The trophy encourages Māori farmers to make the most of their land and their overall farming position, with an emphasis on sustainability (New Plymouth, Taranaki).



Penny Nelson, Deputy Director-General of Biosecurity New Zealand (left), with Minister O'Connor and the Biosecurity Awards Supreme Award winner, Miraka. The Taupō-based dairy company has created an extensive course educating their suppliers about biosecurity risks in the dairy industry (November 2020).

## Case study: Building health and safety capability across the public sector

MPI's Director-General, Ray Smith, is also the Government Health and Safety Lead for the public service. In this role, the GHSL supports 39 agencies to build their health and safety capability and improve their performance and maturity. A small, dedicated team within MPI oversees this work on his behalf.

In August 2020, the GHSL team launched a new development programme in partnership with the Institute of Directors. The programme aims to improve health and safety governance capability across the public service, recognising that many chief executives and senior leaders have both executive management and officer responsibilities under the Health and Safety at Work Act 2015.

The four-month programme explores health and safety governance and assurance in a public service context, recognising the dual leadership and governance roles. It includes 8.5 hours of structured workshops (split into four modules), supplemented by ongoing support and access to materials, resources, tools and case studies.

At 30 June 2021, more than 90 senior leaders, including chief executives and Crown agency board members, had completed the programme. The programme was recognised at the 2021 New Zealand

Workplace Health and Safety Awards as co-winner of the Governance Category.

The GHSL team also won the Leadership category for its summer intern programme. This programme aims to build a pipeline of future health and safety professionals, recognising the significant gap in supply and demand. In 2018, the Health and Safety Association of New Zealand estimated that the shortage of health and safety generalists in New Zealand could be at least 2,100 by 2028. In the past four years, 59 interns completed the programme, and 23 are now employed in government health and safety positions.

### Health and Safety Representatives' Hub

Building on the GHSL team's success at the annual Health and Safety Representative of the Year Awards, this year, the team launched a new hub for health and safety representatives on the MPI website (<https://www.healthandsafety.govt.nz/hsrhub/>). The "HSR Hub" is a centralised platform for the public service's health and safety representatives, hosting a range of practical tools, resources, and inspiration to help them in their roles. This hub will help to address what we know was a significant gap in the tools and resources available to health and safety representatives.



The GHSL team (centre) with representatives of the sponsor, Safeguard (far left and far right), at the 2021 New Zealand Workplace Health and Safety Awards; the GHSL team won the Leadership category for its summer internship programme.





Forestry pilot studies (like these in the Wairarapa) are crucial to determining where to plant trees – we want the right tree in the right place.



### 3 Statement of service performance Te tauākī whakaoti mahi





# Statement of service performance

## Ko te tauākī taumata mahi

This section reports on MPI's performance against our service performance measure (SPM) targets as included in the Estimates of Appropriations documents 2020/21 (Main and Supplementary Estimates) for Vote Agriculture, Biosecurity, Fisheries and Food Safety, and Vote Forestry. Full details are available on the Treasury's website.<sup>14</sup>

Our performance against the targets in the Estimates documents is published each year in MPI's annual report and tabled in Parliament. The year-end SPM results are subject to audit by Ernst & Young (EY) as part of its annual audit of MPI's end-of-year performance, in accordance with the Public Finance Act 1989 and other legislative or administrative requirements and expectations.

### Summary of 2020/21 performance of services funded by Departmental appropriations



In 2020/21, we met the standards for 93 out of 106 SPMs (88 percent). This result is an improvement on 2019/20, when we met the standards for 66 out of 92 SPMs (72 percent).

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### Key to MPI service performance measures

- ✓ Achieved
- ✗ Not Achieved
- Not assessed / Not applicable

<sup>14</sup> Refer to <https://www.treasury.govt.nz/publications/budgets/estimates-appropriations-government-new-zealand-year-ending-30-june-2021> and <https://www.treasury.govt.nz/publications/budgets/supplementary-estimates-appropriations-government-new-zealand-year-ending-30-june-2020>.

# Vote Agriculture, Biosecurity, Fisheries and Food Safety

## Appropriation: Ministry for Primary Industries – Capital Expenditure PLA

### What we intend to achieve with the appropriation

This appropriation is intended to achieve the implementation of the Ministry's Capital Expenditure programme, including the National Biocontainment Laboratory project, and relocation of Wellington services to a new location.

Vote Agriculture, Biosecurity, Fisheries and Food Safety	2020/21		2019/20
	Budget	Actual	Actual
<b>Departmental Capital Expenditure and Capital Injections</b>			
Capital expenditure programme implemented	Achieved	Programme implemented	–

Spending against the Ministry for Primary Industries – Capital Expenditure PLA, with an appropriation of \$23.4 million, amounted to \$22.2 million allowed for the implementation of MPI's capital expenditure programme.

## Appropriation: Implementation of COVID-19 Assistance for Primary Industries

This appropriation contributes to the outcome Prosperity.



Prosperity  
Tōnuitanga

### What we intend to achieve with the appropriation

This appropriation is intended to achieve more New Zealanders employed in the primary sector workforce and to address longer term workforce issues.



Spend: \$3.14 million

Vote Agriculture, Biosecurity, Fisheries and Food Safety	2020/21			2019/20	2018/19
Performance measures	Target	Actual	Standard met	Actual	Actual
<b>Departmental Output Expenses</b>					
Number of people who have been placed directly into employment in the primary industries through the Programme	3,000	6,306	✓	New measure for 2020/21	–

6,306 people were employed between 1 July 2020 to 30 June 2021. This involved full time, part time and seasonal work within the primary industries. The Primary Sector Workforce programme, the *Opportunity Grows Here* campaign, and initiatives such as the roll out of familiarisation courses, have proven successful in moving New Zealanders into employment. The Programme has also shifted its focus earlier ahead of its years 2 and 3 outcomes, such as attracting school students and youth into thinking about careers in the sector, helping people become 'work ready' and improving the capability of primary industry employers.



## Output Class – Implementation of COVID-19 Assistance for Primary Industries

Revenue and output expenses			
Actual June 2020 \$000	Actual June 2021 \$000	Main Estimates June 2021 \$000	Supp Estimates June 2021 \$000
<b>Revenue Crown</b>			
- Implementation of COVID-19 Assistance for Primary Industries	4,682	-	4,682
- Total revenue Crown	4,682	-	4,682
<b>Revenue other</b>			
- Implementation of COVID-19 Assistance for Primary Industries	2	-	-
- Total revenue other	2	-	-
- Total revenue	4,684	-	4,682
<b>Expenses</b>			
- Implementation of COVID-19 Assistance for Primary Industries	3,143	-	4,682
- Total expenses	3,143	-	4,682
<b>Surplus/[deficit]</b>			
- Implementation of COVID-19 Assistance for Primary Industries	1,541	-	-
- Total surplus/[deficit]	1,541	-	-

## Appropriation: Agriculture: Programmes Supporting Sustainability

The single overarching purpose of this appropriation is to support a sustainable and competitive agricultural sector through implementing and delivering programmes, and undertaking research.

This appropriation contributes to the outcomes Prosperity, Sustainability and Protection.



**Prosperity**  
Tōnuitanga



**Sustainability**  
Kauneke Tauwhiro



**Protection**  
Whakangūngū

### What we intend to achieve with the appropriation

This appropriation is intended to achieve the development and implementation of policies and programmes that support the agriculture sector in being competitive and sustainable.



**Spend: \$27.36 million**

Vote Agriculture, Biosecurity, Fisheries and Food Safety			2020/21		2019/20	2018/19
Appropriations	Performance measures	Target	Actual	Standard met	Actual	Actual
Overarching MCA measure	Reporting on an annual basis	Achieved	Achieved	✓	Achieved	Achieved
<b>Departmental Output Expenses</b>						
<b>Agriculture: Administration of Grants and Programmes</b>  This category is intended to achieve the effective administration of MPI's agricultural grants and programmes activities.	Percentage of funding applications processed for the financial year against the agreed criteria <sup>1</sup>	80%	88.9%	✓	100%	100%
	Slippage this year was mainly due to a higher number of applications received than expected and processed at any point in time. Processing adjustments were made to accommodate the rise in applications.					
	Percentage of applications tested, that have had funding approved and met their funding criteria <sup>2</sup>	100%	100%	✓	New measure for 2020/21	—
	Total number of funding applications received for the financial year	Minimum 100	254	✓	New measure for 2020/21	—
Due to targeted business development activities and increased industry engagement, SFF Futures received significantly more applications than in previous years. We expect this growth of the pipeline to continue into the future.  A delay between receiving an application and making a funding decision resulted in some applications received in 2020/21 being approved in 2021/22, and some 2020/21 approvals coming from applications received in 2019/20. Funding committed is spent over the life of the grant (1-7 years). Total value of applications approved (funding committed) was \$41,045,650.						

#### Notes:

1. The funding application criteria applied is internally set. This SPM measures the proportion of applications processed in the financial year that achieved the timeframe. Funds have varied operating models, therefore each fund has its own processing timeframe target.
2. This SPM measures the accuracy of processing against the criteria of each fund. MPI selects a representative sample of six approved applications across the funds administered. The assessment is completed by an analysis team, which is independent of the teams doing funding assessments. It is verified that each application in the sample is approved based on an assessment against the respective fund's criteria.

Vote Agriculture, Biosecurity, Fisheries and Food Safety		2020/21			2019/20	2018/19
Appropriations	Performance measures	Target	Actual	Standard met	Actual	Actual
<b>Animal Welfare: Education and Enforcement</b>  This category is intended to achieve the effective provision of education and enforcement to improve animal welfare in New Zealand.	Percentage of priority 1 (Grade 1 – significant/ acute) complaints are recorded and responded to within 24 hours <sup>1</sup>	95–100%	97.8%	✓	100%	99%
	Percentage of inspections where offences have been detected resulting in an enforcement activity	70–80%	98%	✓	New measure for 2020/21	–
	Percentage of investigations resolved within the required timeframes	90–95%	97%	✓	New measure for 2020/21	–
	Percentage of cases taken to court that achieve their objective <sup>2</sup>	90–95%	100%	✓	New measure for 2020/21	–
<b>Non-Departmental Output Expenses</b>						
<b>Agriculture: Climate Change Research</b>  This category is intended to achieve increased knowledge of agricultural and forestry emissions, mitigation practices, technologies and business opportunities.	Percentage of contracts completed in the financial year that met their contracted deliverables	90–100%	100%	✓	100%	–
	Percentage of Agriculture: Climate Change Research (M2) appropriation contracted for the financial year	90–100%	97.7%	✓	New measure for 2020/21	–
<b>Agriculture: Recovery Assistance</b>  This category is intended to achieve support to rural communities, build wellbeing, resilience and significantly deepen MPI's engagement with the primary sector.	Percentage of pre-approved farmers taking up funding for professional drought management advice	85%	85.1%	✓	New measure for 2020/21	–

1,024 farmers were eligible for funding and 871 took up the funding.

#### Notes:

- 1 Grade 1 complaints refer to the situation where animals are comatose / recumbent, having broken limb, severely injured, receiving aggravated / severe ill treatment, or dying.  
 2 "Achieve their objective" is defined as achieving a successful prosecution or setting legal precedent.



## Output Class – Agriculture: Programmes Supporting Sustainability

Revenue and output expenses				
Actual June 2020 \$000		Actual June 2021 \$000	Main Estimates June 2021 \$000	Supp Estimates June 2021 \$000
<b>Revenue Crown</b>				
12,362	Agriculture: Administration of Grants and Programmes	13,190	7,322	13,190
15,701	Animal Welfare: Education and Enforcement	18,523	18,876	18,523
28,063	Total revenue Crown	31,713	26,198	31,713
<b>Revenue other</b>				
52	Agriculture: Administration of Grants and Programmes	53	29	29
144	Animal Welfare: Education and Enforcement	124	6	6
196	Total revenue other	177	35	35
28,259	Total revenue	31,890	26,233	31,748
<b>Expenses</b>				
5,874	Agriculture: Administration of Grants and Programmes	10,291	7,351	13,219
15,344	Animal Welfare: Education and Enforcement	17,064	18,882	18,529
21,218	Total expenses	27,355	26,233	31,748
<b>Surplus/[Deficit]</b>				
6,540	Agriculture: Administration of Grants and Programmes	2,952	–	–
501	Animal Welfare: Education and Enforcement	1,583	–	–
7,041	Total surplus/[deficit]	4,535	–	–

## Appropriation: Biosecurity: Border and Domestic Biosecurity Risk Management

The single overarching purpose of this appropriation is to improve biosecurity risk management by providing operational support to prevent harmful organisms from crossing the borders and working to reduce the unwanted harm caused by organisms already established in New Zealand.

This appropriation contributes to the outcome Protection.



Protection  
Whakangūngū

### What we intend to achieve with the appropriation

This appropriation is intended to achieve effective management of biosecurity monitoring and clearance programmes, the development and maintenance of biosecurity risk processes associated with imports and exports and the assessment, containment and possible eradication of suspected organisms. This includes the management of domestic biosecurity surveillance activities.



Spend: \$338.98 million

Vote Agriculture, Biosecurity, Fisheries and Food Safety		2020/21			2019/20	2018/19
Appropriations	Performance measures	Target	Actual	Standard met	Actual	Actual
Overarching MCA measure	Reporting on an annual basis	Achieved	Achieved	✓	Achieved	Achieved
Departmental Output Expenses						
<b>Biosecurity Incursion Response and Long Term Pest Management</b>  This category is intended to achieve effective management of the leadership and co-ordination of all activities relating to all biosecurity and food responses, in order to mitigate the adverse impacts of risk organisms.	Percentage of Government Industry Agreement (GIA) signatories signed up to an Operational Agreement	80%	80%	✓	New measure for 2020/21	—
	20 out of 25 agreements were signed.					
	Number of response exercises held to prepare MPI for the possible incursion of new pests and diseases into New Zealand	4	6	✓	New measure for 2020/21	—
	All service providers who are contracted, or have funding arrangements to manage pests and diseases already established in New Zealand, meet their service level agreements	Achieved	Not Achieved	✗	New measure for 2020/21	—
22 out of 30 contracts met service level agreements. Three contracts had operational delays due to flooding and changes in monitoring requirements for use of herbicides that were introduced in 2020. Three contracts met almost all their operational deliverables for 2020/21. These will be completed in 2021/22.						

Vote Agriculture, Biosecurity, Fisheries and Food Safety		2020/21			2019/20	2018/19
Appropriations	Performance measures	Target	Actual	Standard met	Actual	Actual
<b>Border Biosecurity Monitoring and Clearance</b>  This category is intended to achieve the effective clearance of passengers, vessels, mail and goods arriving in New Zealand to prevent exposure of our community and environment to a range of biosecurity risks.	Percentage of international air passengers that comply with biosecurity requirements by the time they leave the Biosecurity Control Area at the airport	98.5%	Not assessed	—	Not assessed	99%
	This indicator was not measured due to the COVID-19 pandemic and the associated border restrictions. However, there are still border security controls in place for biosecurity threats and controls have not been removed because of the current COVID-19 pandemic situation.					
	Percentage of international mail that complies with biosecurity requirements by the time it leaves the International Mail Centre	99%	99.9%	✓	99.40%	99.78%
	The average turnaround time for responding to: Air cargo applications do not exceed 3 hours; Sea cargo applications do not exceed 21 hours	Achieved	Not Achieved	✗	New measure for 2020/21	—
	The average turnaround for responding to: Air cargo applications = 5 hours, 28 minutes; Sea cargo applications = 23 hours, 27 minutes. The last 12 months have seen supply chain disruptions and a significant increase in the number of consignments arriving via air cargo. This has translated to increased processing time by staff when screening documents on arrival. MPI is addressing the increased workload by increasing resources and updating tools and processes.					
<b>Border Biosecurity Systems Development and Maintenance</b>  This category is intended to achieve the effective maintenance of New Zealand's biosecurity system that prevents the introduction and establishment of serious notifiable organisms through manageable pathways.	The requirements of Biosecurity Import Health Standards are met when clearing import entries	95%	98.4%	✓	New measure for 2020/21	—
	All consignments with an identified risk have been mitigated before being released	Achieved	Achieved	✓	New measure for 2020/21	—
	78,138 out of 78,182 consignments met standards when clearing import entries.					
	From a total of approximately 68,000 export certificates issued annually, the percentage of certificates issued which meet biosecurity and phytosanitary technical requirements of overseas competent authorities <sup>1</sup>	99%	99.8%	✓	99.30%	99.7%
	60,179 export certificates out of 60,277 met requirements.					
	Percentage of World Organisation for Animal Health and International Plant Protection Convention standards that are adopted by New Zealand	90%	97.2%	✓	100%	100%
	25 out of 26 standards were adopted in order to achieve the effective maintenance of New Zealand's biosecurity system.					
	The number of new import health standards developed and the number of amendments made to existing import health standards	At least 8	25	✓	New measure for 2020/21	—
The output of 25 new import health standards this year was the result of increased resourcing in this area and the work undertaken to review and streamline Import Health Standard processes.						

**Note:**

1. "Overseas competent authorities" is a World Trade Organisation term that defines a specific group of authorities.



Vote Agriculture, Biosecurity, Fisheries and Food Safety		2020/21			2019/20	2018/19
Appropriations	Performance measures	Target	Actual	Standard met	Actual	Actual
<b>Domestic Biosecurity Surveillance</b>  This category is intended to achieve effective management of the information received from the public, industry and the scientific community about suspected exotic pests or diseases. It also includes the collection, sampling and testing of organisms suspected of carrying or being infected with a potential biosecurity risk.	ISO 17025 accreditation maintained for all laboratory processing, testing and reporting	100%	100%	✓	100%	100%
	Percentage of incursion investigations closed within 30 days with biological risk managed or no further action warranted	80%	82.7%	✓	New measure for 2020/21	—
	983 out of 1,188 investigations were closed within 30 days.					
	With any suspected high risk or serious pest or disease notification, the investigation commences within 24 hours of notification	100%	100%	✓	99.75%	100%
	No export markets are closed due to the standard of MPI's active surveillance programmes	Nil	Nil	✓	Nil	Nil
	MPI's surveillance programmes met acceptable and recognised standards to achieve their objectives.					
	Undertake targeted surveillance programmes on pest and diseases	Achieved	Achieved	✓	New measure for 2020/21	—
<b>Response to <i>Mycoplasma bovis</i></b>  This category is intended to achieve the effective eradication and long-term management of <i>Mycoplasma bovis</i> .	Percentage of farms whose Restricted Place notices are revoked within 140 days of placement	80%	95.2%	✓	89%	79%
	The notices for 20 out of 21 farms were revoked within 140 days of placement during 2020/21.					
	MPI aims to process all farms within 140 days of being issued a Restricted Place notice as a result of actions to control and eradicate <i>M. bovis</i> in New Zealand cattle. This overall result excludes those farms that have chosen to delay their eradication process through a "phased eradication" plan. This approach is used to allow farmers flexibility around timing to offset production losses and to better plan their future through to recovery.					
	Percentage of farms whose Section 122 Notice of Direction is revoked within 90 days of placement of the notice <sup>1</sup>	80%	88.5%	✓	New measure for 2020/21	—
500 out of 565 farms were processed within 90 days of placement of the notice. MPI aims to process all farms within 90 days of being issued a Section 122 Notice of Direction which is a legal notice.						
	Percentage of urgent farms that complete casing <sup>2</sup> in 30 days or less	80%	86.2%	✓	New measure for 2020/21	—
1,399 out of 1,624 urgent farms had casing completed within 30 days in 2020/21.						

**Notes:**

1. A section 122 Notice of Direction is used to impose movement restrictions on cattle and goods for higher risk farms, while the Programme determines the disease status of each farm.
2. "Casing" is the process of gathering and confirming information that relates to the business practice and stock numbers, previous involvement with the programme and the details of any risk posed to cattle on farm for farms of interest, so as to accurately determine the appropriate next steps required for disease control purposes.

Vote Agriculture, Biosecurity, Fisheries and Food Safety		2020/21			2019/20	2018/19
Appropriations	Performance measures	Target	Actual	Standard met	Actual	Actual
<b>Non-Departmental Output Expenses</b>						
<b>Biosecurity: Control of Bovine TB</b>  This category is intended to achieve the effective management of the Crown's contribution to Tbfree's vector control programme.	Number of cumulative hectares (within +/- 5%) where eradication has been achieved and reclassified as vector-free from vector risk	200,000 hectares	395,000 hectares	✓	0.44 million	2.29 million
	The word "cumulative" is an error and will be removed during the Supplementary Estimates 2021/22 process.					
	Annual period prevalence of infected cattle and deer herd as a percentage of herds <sup>1</sup>	0.20%	0.1%	✓	0.08%	0.07%
This SPM measures the annual level of TB infection in deer and cattle herds; we aim for this to be under 0.2%.						
<b>Non-Departmental Other Expenses</b>						
<b>Biosecurity: Compensation and Ex-Gratia Payments following a Biosecurity Event</b>  This category is intended to achieve the financing of expenditure incurred by MPI as a result of compensation and ex-gratia payments arising from biosecurity events.	All claims are acknowledged within 3 working days of receipt <sup>2</sup>	90%	89.7%	✗	90%	98.50%
	486 out of 542 claims were acknowledged on time. <sup>3</sup> The marginal shortfall of this result is due to personnel changes and training requirements. Following additional training and implementation of several process improvements, we expect to improve our performance in this area.					
<b>Compensation and Ex-Gratia Payments in Response to Mycoplasma bovis</b>  This category is intended to achieve compensation and ex-gratia payments relating to actions taken to manage <i>Mycoplasma bovis</i> under the Biosecurity Act 1993.	Percentage of non-complex compensation claims where a payment has been made within 30 working days of receipt of a claim <sup>4</sup>	80%	93.9%	✓	89%	67%
	185 out of 197 claims had payments made within 30 working days of receipt of a claim in 2020/21. The number of compensation claims for eligible losses associated with the M. bovis 2017 response in accordance with the requirements of section 162A of the Biosecurity Act 1993 has reduced since 2019.					

**Notes:**

1. The annual period prevalence is the measure used by the World Organisation for Animal Health for reporting on disease prevalence in animal herds in a country or region for chronic diseases such as bovine TB.
2. This measure does not appear in the Estimates of Appropriations 2020/21 and the Supplementary Estimates of Appropriations 2020/21 for *Vote Agriculture, Biosecurity, Fisheries and Food Safety*, but is added here to report on what was achieved with the funding received, in accordance with the requirements of the Public Finance Act 1989.
3. This SPM measures the time it takes to acknowledge receipt of a compensation claim for eligible losses associated with a biosecurity response.
4. Non-complex compensation claims include those for stock destruction (surveillance/testing purposes, or depopulation of an infected property) where an exercise of power has directed the destruction of a claimant's cattle.

## Output Class – Biosecurity: Border and Domestic Biosecurity Risk Management

Revenue and output expenses				
Actual June 2020 \$000		Actual June 2021 \$000	Main Estimates June 2021 \$000	Supp Estimates June 2021 \$000
<b>Revenue Crown</b>				
7,187	Border Biosecurity Monitoring and Clearance	7,699	15,309	7,740
16,708	Border Biosecurity Systems Development and Maintenance	23,618	18,436	23,618
53,442	Biosecurity Incursion Response and Long Term Pest Management	81,664	43,384	81,664
44,423	Domestic Biosecurity Surveillance	47,028	50,145	47,028
138,462	Response to <i>Mycoplasma bovis</i>	143,509	140,348	143,509
260,222	Total revenue Crown	303,518	267,622	303,559
<b>Revenue other</b>				
90,558	Border Biosecurity Monitoring and Clearance	41,710	117,600	118,063
7,795	Border Biosecurity Systems Development and Maintenance	7,124	6,362	8,404
379	Biosecurity Incursion Response and Long Term Pest Management	3,466	775	1,735
2,387	Domestic Biosecurity Surveillance	5,767	4,276	5,222
200	Response to <i>Mycoplasma bovis</i>	277	–	50
101,319	Total revenue other	58,344	129,013	133,474
361,541	Total revenue	361,862	396,635	437,033
<b>Expenses</b>				
129,418	Border Biosecurity Monitoring and Clearance	107,627	132,909	125,803
21,220	Border Biosecurity Systems Development and Maintenance	25,834	24,798	32,022
48,294	Biosecurity Incursion Response and Long Term Pest Management	71,398	44,159	83,399
46,529	Domestic Biosecurity Surveillance	52,227	54,421	52,250
148,935	Response to <i>Mycoplasma bovis</i>	81,895	140,348	143,559
394,396	Total expenses	338,981	396,635	437,033
<b>Surplus/[Deficit]</b>				
–18,918	Border Biosecurity Monitoring and Clearance	–58,218	–	–
–1,785	Border Biosecurity Systems Development and Maintenance	4,908	–	–
1,042	Biosecurity Incursion Response and Long Term Pest Management	13,732	–	–
–464	Domestic Biosecurity Surveillance	568	–	–
14,142	Response to <i>Mycoplasma bovis</i>	61,891	–	–
–5,983	Total surplus/[deficit]	22,881	–	–



## Appropriation: Development and Implementation of Primary Industries Policy Advice

The single overarching purpose of this appropriation is to provide both policy and operational advice and support to Ministers in discharging their policy and operational decision-making responsibilities with regards to primary industries.

This appropriation contributes to the outcomes Prosperity, Sustainability, Protection and Visible Leadership.



**Prosperity**  
Tōnuitanga



**Sustainability**  
Kauneke Tauwhiro



**Protection**  
Whakangūngū



**Visible Leadership**  
Ngā Manukura

### What we intend to achieve with the appropriation

This appropriation is intended to achieve the development, provision and implementation of policy advice relating to agriculture, biosecurity, fisheries management and food safety.



**Spend: \$155.20 million**

Vote Agriculture, Biosecurity, Fisheries and Food Safety		2020/21			2019/20	2018/19
Appropriations	Performance measures	Target	Actual	Standard met	Actual	Actual
Overarching MCA measure	The average satisfaction of the Ministers with MPI policy advice services, on a scale of 1 to 5, will be equal to or greater than <sup>1</sup>	4	4.4	✓	8.69	–
<b>Non-Departmental Other Expenses</b>						
<b>Agriculture: Policy Advice and Ministerial Servicing</b>  This category is intended to achieve the effective development, provision and implementation of policy advice and efficient ministerial servicing related to agriculture and the promotion of farm productive and sustainable land use practices.	The number of new Māori focused extension clusters established in the financial year under the Productive and Sustainable Land Use programme	Minimum 6	23	✓	6	–
	The MABx pipeline expansion exceeded the standard due to additional funding through SFF Futures to progress applications received.					
	The number of farmers involved in extension clusters in the financial year under the Productive and Sustainable Land Use regional extension projects	750–1,000	1,000	✓	800	–
	Percentage of agriculture-related requests completed within either specified or statutory timeframes: Aide Memoires and Briefings; Ministerial Correspondence; Ministerial Official Information Act 1982 requests; and Parliamentary Questions <sup>2</sup>	95–100%	99.8%	✓	New measure for 2020/21	–
	The technical quality assessment level for MPI policy advice papers, on a scale of 1 to 5, will be equal to or greater than <sup>3</sup>	3.5	3.7	✓	7.58	7.7

#### Notes:

1. The survey has been changed from a 10 point scale to a 5 point scale to align with the recommended public service wide approach led by the Department of the Prime Minister and Cabinet (DPMC).
2. This has been reported differently in previous years. From 2020/21, Privacy Act 2020 and Ombudsman requests are no longer reported.
3. This year, we updated our methodology to align with the new policy quality framework developed by the Department of the Prime Minister and Cabinet. The new guidelines assess the average score for papers out of 5, compared to the old scoring system of 10.

Vote Agriculture, Biosecurity, Fisheries and Food Safety			2020/21		2019/20	2018/19
Appropriations	Performance measures	Target	Actual	Standard met	Actual	Actual
	The satisfaction of the Minister of Agriculture with the policy advice service, on a scale of 1 to 5, will be equal to or greater than <sup>1</sup>	4	4.6	✓	8.17	8.5
<b>Animal Welfare: Policy Advice and Ministerial Servicing</b>  This category is intended to achieve the effective development and provision of policy advice and efficient ministerial servicing relating to animal welfare.	Percentage of animal welfare-related requests completed within either specified or statutory timeframes: Aide Memoires and Briefings; Ministerial Correspondence; Ministerial Official Information Act 1982 requests; and Parliamentary Questions	95–100%	100%	✓	New measure for 2020/21	–
	The technical quality assessment level for MPI policy advice papers, on a scale of 1 to 5, will be equal to or greater than	3.5	3.7	✓	7.58	7.7
	The satisfaction of the Minister of Agriculture with the policy advice service, on a scale of 1 to 5, will be equal to or greater than	4	4.6	✓	8.67	8
<b>Biosecurity: Policy Advice and Ministerial Servicing</b>  This category is intended to achieve the effective development and provision of policy advice and efficient ministerial servicing relating to biosecurity matters, including contributing to policy advice led by other agencies.	Percentage of biosecurity-related requests completed within either specified or statutory timeframes: Aide Memoires and Briefings; Ministerial Correspondence; Ministerial Official Information Act 1982 requests; and Parliamentary Questions	95–100%	99.7%	✓	New measure for 2020/21	–
	The technical quality assessment level for MPI policy advice papers, on a scale of 1 to 5, will be equal to or greater than	3.5	3.7	✓	7.58	7.7
	The satisfaction of the Minister for Biosecurity with the policy advice service, on a scale of 1 to 5, will be equal to or greater than	4	4.1	✓	8.22	8
<b>Fisheries Policy Advice</b>  This category is intended to achieve the effective development and provision of policy advice and efficient ministerial servicing relating to fisheries matters, including the development of standards and guidelines for the sustainable management of New Zealand's fisheries, both domestically and internationally.	The technical quality assessment level for MPI policy advice papers, on a scale of 1 to 5, will be equal to or greater than	3.5	3.7	✓	7.58	7.7
	The satisfaction of the Minister for Oceans and Fisheries with the policy advice service, on a scale of 1 to 5, will be equal to or greater than	4	Not assessed	–	9.56	7
	The Minister for Oceans and Fisheries prefers to raise any concerns on policy advice with officials as and when required.					

**Note:**

1. The survey has been changed from a 10 point scale to a 5 point scale to align with the recommended public service wide approach led by the DPMC.

Vote Agriculture, Biosecurity, Fisheries and Food Safety			2020/21		2019/20	2018/19
Appropriations	Performance measures	Target	Actual	Standard met	Actual	Actual
<b>Food Safety: Policy Advice and Ministerial Servicing</b>  This category is intended to achieve the effective development and provision of policy advice and efficient ministerial servicing relating to food safety.	Percentage of food safety-related requests completed within either specified or statutory timeframes: Aide Memoires and Briefings; Ministerial Correspondence; Ministerial Official Information Act 1982 requests; and Parliamentary Questions	95–100%	100%	✓	New measure for 2020/21	–
	The technical quality assessment level for MPI policy advice papers, on a scale of 1 to 5, will be equal to or greater than	3.5	3.7	✓	7.58	7.7
	The satisfaction of the Minister for Food Safety with the policy advice service, on a scale of 1 to 5, will be equal to or greater than	4	4.5	✓	8.84	8
<b>Operational Advice on Sustainability and Management Controls in Fisheries</b>  This category is intended to achieve the effective development and provisions of operational advice for the sustainable management of New Zealand's fisheries.	The satisfaction of the Minister for Oceans and Fisheries with MPI operational advice, on a scale of 1 to 5, will be equal to or greater than	4	Not assessed	–	New measure for 2020/21	–
	The Minister for Oceans and Fisheries prefers to raise any concerns on policy advice with officials as and when required.					
<b>Trade and Market Access Primary Industries</b>  This category is intended to achieve the development and implementation of government interventions and arrangements that influence and facilitate trade in primary products.	Percentage of priority items progressed for the Sanitary and Phytosanitary Standards Market Access Programme, as agreed with key meat, dairy, seafood and horticulture sector stakeholders	75%	70.7%	✗	87%	90%
	MPI's ability to engage directly with counterpart foreign authorities was affected by the COVID-19 pandemic. Other factors, such as growing protectionism, an increased number and complexity of non-tariff barriers also contributed to this measure not being met this year.					
	An agreed prioritised work programme on market access for primary products to foreign markets has been developed with relevant key industry groups	Achieved	Achieved	✓	New measure for 2020/21	–
	Provide updates each quarter to sector groups, on the progress of the Ministry for Primary Industries' market access work programme that has been agreed with these groups	Achieved	Achieved	✓	New measure for 2020/21	–
	Sector groups referred to here are dairy, meat, seafood and plants.					
	Conclude bilateral (or regional) arrangements with key trading partners accepting New Zealand primary industry regulatory systems	Minimum 1	2	✓	New measure for 2020/21	–
Some of the agreements relevant to the measure were concluding a new Agriculture Cooperation Agreement with Vietnam, replicating EU arrangements for application to trade with the UK, and implementing food safety arrangements with Saudi Arabia and the United Arab Emirates.						



Vote Agriculture, Biosecurity, Fisheries and Food Safety		2020/21			2019/20	2018/19
Appropriations	Performance measures	Target	Actual	Standard met	Actual	Actual
	Hold at least one formal meeting annually with regulators from each key trading partner to build trust	Achieved	Achieved	✓	New measure for 2020/21	–
MPI has had formal meetings involving senior officials with New Zealand's key trading partners, other major markets with which New Zealand has trade agreements and other strategically important/emerging markets.						

## Output Class – Development and Implementation of Primary Industries Policy Advice

Revenue and output expenses				
	Actual June 2020 \$000	Actual June 2021 \$000	Main Estimates June 2021 \$000	Supp Estimates June 2021 \$000
<b>Revenue Crown</b>				
4,590 Biosecurity Policy Advice		–	–	–
13,637 Fisheries Policy Advice		9,271	9,246	9,271
37,813 Operational Advice on Sustainability and Management Controls in Fisheries		34,722	33,451	34,722
18,529 Implementation of Biosecurity Policy Advice		–	–	–
16,603 Trade and Market Access Primary Industries		16,933	16,901	16,933
– Agriculture: Policy Advice and Ministerial Servicing		88,916	66,791	88,916
– Animal Welfare: Policy Advice and Ministerial Servicing		8,238	5,330	8,238
– Biosecurity: Policy Advice and Ministerial Servicing		11,907	14,229	11,907
– Food Safety: Policy Advice and Ministerial Servicing		6,917	9,973	6,917
4,218 Animal Welfare: Implementation of Policy Advice and ministerial servicing		–	–	–
1,398 Animal Welfare Policy Advice		–	–	–
31,838 Agriculture: Implementation of Policy Advice and ministerial servicing		–	–	–
28,931 Agriculture: Policy Advice		–	–	–
6,721 Food Safety: Development of Policy Advice		–	–	–
2,045 Food Safety: Implementation of Policy Advice and ministerial servicing		–	–	–
166,323 Total revenue Crown		176,904	155,921	176,904
<b>Revenue other</b>				
29 Biosecurity Policy Advice		–	–	–
698 Fisheries Policy Advice		505	482	566
245 Operational Advice on Sustainability and Management Controls in Fisheries		166	194	194
23 Implementation of Biosecurity Policy Advice		–	–	–
1,243 Trade and Market Access Primary Industries		889	–	–
– Agriculture: Policy Advice and Ministerial Servicing		1,290	134	1,143
– Animal Welfare: Policy Advice and Ministerial Servicing		53	9	9
– Biosecurity: Policy Advice and Ministerial Servicing		87	14	14
– Food Safety: Policy Advice and Ministerial Servicing		332	54	54
49 Animal Welfare: Implementation of Policy Advice and ministerial servicing		–	–	–
22 Animal Welfare Policy Advice		–	–	–
570 Agriculture: Implementation of Policy Advice and ministerial servicing		–	–	–
372 Agriculture: Policy Advice		–	–	–
177 Food Safety: Development of Policy Advice		–	–	–
463 Food Safety: Implementation of Policy Advice and ministerial servicing		–	–	–
3,891 Total revenue other		3,322	887	1,980
170,214 Total revenue		180,226	156,808	178,884

## Revenue and output expenses

Actual June 2020 \$000		Actual June 2021 \$000	Main Estimates June 2021 \$000	Supp Estimates June 2021 \$000
<b>Expenses</b>				
4,035	Biosecurity Policy Advice	-	-	-
11,680	Fisheries Policy Advice	8,621	9,728	9,837
36,629	Operational Advice on Sustainability and Management Controls in Fisheries	33,401	33,645	34,916
7,187	Implementation of Biosecurity Policy Advice	-	-	-
16,002	Trade and Market Access Primary Industries	17,565	16,901	16,933
-	- Agriculture: Policy Advice and Ministerial Servicing	73,644	66,925	90,059
-	- Animal Welfare: Policy Advice and Ministerial Servicing	7,002	5,339	8,247
-	- Biosecurity: Policy Advice and Ministerial Servicing	8,610	14,243	11,921
-	- Food Safety: Policy Advice and Ministerial Servicing	6,352	10,027	6,971
4,260	Animal Welfare: Implementation of Policy Advice and ministerial servicing	-	-	-
1,495	Animal Welfare Policy Advice	-	-	-
29,959	Agriculture: Implementation of Policy Advice and ministerial servicing	-	-	-
25,465	Agriculture: Policy Advice	-	-	-
6,108	Food Safety: Development of Policy Advice	-	-	-
2,185	Food Safety: Implementation of Policy Advice and ministerial servicing	-	-	-
145,005	Total expenses	155,195	156,808	178,884
<b>Surplus/[Deficit]</b>				
584	Biosecurity Policy Advice	-	-	-
2,655	Fisheries Policy Advice	1,155	-	-
1,429	Operational Advice on Sustainability and Management Controls in Fisheries	1,487	-	-
11,365	Implementation of Biosecurity Policy Advice	-	-	-
1,844	Trade and Market Access Primary Industries	257	-	-
-	- Agriculture: Policy Advice and Ministerial Servicing	16,562	-	-
-	- Animal Welfare: Policy Advice and Ministerial Servicing	1,289	-	-
-	- Biosecurity: Policy Advice and Ministerial Servicing	3,384	-	-
-	- Food Safety: Policy Advice and Ministerial Servicing	897	-	-
7	Animal Welfare: Implementation of Policy Advice and ministerial servicing	-	-	-
-75	Animal Welfare Policy Advice	-	-	-
2,449	Agriculture: Implementation of Policy Advice and ministerial servicing	-	-	-
3,838	Agriculture: Policy Advice	-	-	-
790	Food Safety: Development of Policy Advice	-	-	-
323	Food Safety: Implementation of Policy Advice and ministerial servicing	-	-	-
25,209	Total surplus/[deficit]	25,031	-	-



## Appropriation: Food Safety: Protecting Consumers

The single overarching purpose of this appropriation is to protect consumers from food borne disease and maintain and enhance New Zealand's reputation as a trusted supplier of safe and suitable food.

This appropriation contributes to the outcome Protection.



**Protection**  
**Whakangūngū**

### What we intend to achieve with the appropriation

This appropriation is intended to provide assurances, standards, information and response activities that protect consumers from food borne diseases, as well as maintaining and enhancing New Zealand's reputation as a trusted supplier of safe and suitable food.







**Spend: \$101.69 million**

Vote Agriculture, Biosecurity, Fisheries and Food Safety			2020/21		2019/20	2018/19
Appropriations	Performance measures	Target	Actual	Standard met	Actual	Actual
Overarching MCA measure	Reporting on an annual basis	Achieved	Achieved	✓	Achieved	Achieved
<b>Departmental Output Expenses</b>						
<b>Food Safety: Assurance</b>  This category is intended to achieve effective administration and management of New Zealand's food assurance systems.	Percentage of access to overseas markets maintained after overseas audits	100%	100%	✓	100%	100%
	Despite a small number of isolated temporary suspensions for particular products, New Zealand's exporters did not lose access to any overall markets during 2020/21.					
	From a total of approximately 200,000 export certificates issued annually, the number rejected due to verification error	5 or fewer	2	✓	2	4
	Out of the total of 187,040 export certificates issued during 2020/21, 2 were rejected due to verification error.					
	Percentage of customers that participate in a satisfaction survey rate overall verification service as 4 or higher (satisfaction rating – 1 represents very dissatisfied to 5 which represents very satisfied)	80%	Not achieved	✗	Not assessed	81%
The customer satisfaction survey was not conducted for 2020/21.						
Work is currently underway to undertake a customer satisfaction survey for 2020/21. The scope of the survey has been revised to be more targeted toward Māori enterprises. Due to this the timeframe of delivery has been extended to the end of 2021, therefore results are not available for this report.						
	Percentage of Verification Services corrective actions that are closed out by the agreed date	85%	84.2%	✗	New measure for 2020/21	–
	The standard was not met because the corrective actions process was not followed in all cases. This resulted in Corrective Action Results being marked as overdue. Additionally, some Verifiers were redeployed to support a <i>Salmonella</i> response. This created pressure to maintain the same level of activity in this area and resulted in late closures of audits and requests for corrective actions.					

Vote Agriculture, Biosecurity, Fisheries and Food Safety			2020/21		2019/20	2018/19
Appropriations	Performance measures	Target	Actual	Standard met	Actual	Actual
	Percentage of food businesses registered within 20 working days	85%	99.8%	✓	New measure for 2020/21	–
	10,250 out of 10,270 businesses registered within 20 working days.					
<b>Food Safety: Information</b> This category is intended to achieve effective provision of information programmes related to general food safety and the food regulations.	Percentage of exporters rate the overall satisfaction level with Export Regulatory Advice Service as 6 or higher (satisfaction rating – 1 being completely dissatisfied to 7 being completely satisfied)	75%	76.3%	✓	New measure for 2020/21	–
	171 out of 224 exporters rated their satisfaction with MPI's Exporter Regulatory Advice Service as 6 or 7 out of 7 in 2020/21.					
<b>Food Safety: Response</b> This category is intended to achieve the effective administration and management of responsibilities linked to food-related incidents, emergencies, complaints and suspected breaches of food legislation.	Percentage of investigations resolved within the required timeframe	90–95%	96.6%	✓	New measure for 2020/21	–
	814 out of 843 investigations were resolved within required timeframes. Required timeframes are defined as within 6 months for non-complex investigations and 18 months for complex investigations.					
	Percentage of serious category investigations resulting in an appropriate enforcement intervention	95–100%	99.4%	✓	New measure for 2020/21	–
	171 out of 172 serious category investigations resulted in an appropriate enforcement intervention.					
	Percentage of serious complaints that are recorded and responded to within 24 hours of notification to MPI	95–100%	100%	✓	100%	100%
	130 out of 130 serious complaints were recorded and responded to within 24 hours.					
<b>Food Safety: Standards</b> This category is intended to achieve the effective administration of food standards, including those related to food production – ensuring standards are in place to manage industry compliance.	From a total of approximately 200,000 export certificates issued annually, the percentage of certificates issued which meet food safety technical requirements of overseas competent authorities <sup>1</sup>	99%	99.9%	✓	100%	100%
	27 out of 261,172 export certificates did not meet requirements.					
	The percentage of high priority animal product initiatives for the year progressed, as agreed with key animal product sector stakeholders <sup>2</sup>	80%	100%	✓	New measure for 2020/21	–
	A minimum of four formal stakeholder engagement sessions with major food sectors to help develop technical standards are delivered in each quarter of the financial year	Achieved	Achieved	✓	New measure for 2020/21	–

**Notes:**

1. "Overseas competent authorities" is a World Trade Organisation term that defines a specific group of authorities.
2. Progressed is defined as standards and notices that are reviewed and developed as agreed with industry.

Vote Agriculture, Biosecurity, Fisheries and Food Safety			2020/21		2019/20	2018/19
Appropriations	Performance measures	Target	Actual	Standard met	Actual	Actual
<b>Food Safety: Trade and Market Access Food Safety</b>  This category is intended to achieve the development and implementation of activities, frameworks and arrangements that influence and facilitate the food-related safety aspects of trade in primary products.	Percentage of priority items progressed for the Sanitary and Phytosanitary Standards Market Access Programme, as agreed with key meat, dairy, seafood and horticulture sector stakeholders	75%	70.7%		87%	90%
	MPI's ability to engage directly with counterpart foreign authorities was impacted by the COVID-19 pandemic. Other factors, such as growing protectionism, an increased number and complexity of non-tariff barriers also contributed to this standard not being met.					
	An agreed prioritised work programme on market access for primary products to foreign markets has been developed with relevant key industry groups	Achieved	Achieved		New measure for 2020/21	—
	Provide updates each quarter to sector groups on the progress of MPI's market access work programme that has been agreed with these groups	Achieved	Achieved		New measure for 2020/21	—
	Sector groups referred to here are dairy, meat, seafood and plants.					
	Conclude bilateral (or regional) arrangements with key trading partners accepting New Zealand primary industry regulatory systems	Minimum 1	3		New measure for 2020/21	—
	Some of the agreements relevant to the measure were concluding a new Agriculture Cooperation Agreement with Vietnam, replicating EU arrangements for application to trade with the UK, and implementing food safety arrangements with Saudi Arabia and the United Arab Emirates.					
	Hold at least one formal meeting annually with regulators from each key trading partner to build trust	Achieved	Achieved		New measure for 2020/21	—
MPI has had formal meetings involving senior officials with New Zealand's key trading partners, other major markets with which New Zealand has trade agreements and other strategically important/emerging markets.						



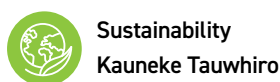
## Output Class – Food Safety: Protecting Consumers

Revenue and output expenses				
Actual June 2020 \$000		Actual June 2021 \$000	Main Estimates June 2021 \$000	Supp Estimates June 2021 \$000
<b>Revenue Crown</b>				
4,500	Food Safety: Assurance	207	901	207
4,722	Food Safety: Information	5,534	3,114	5,534
7,512	Food Safety: Response	9,259	6,465	9,259
9,929	Food Safety: Standards	7,701	13,007	7,701
3,939	Food Safety: Trade and Market Access Food Safety	5,553	5,383	5,553
30,602	Total revenue Crown	28,254	28,870	28,254
<b>Revenue other</b>				
59,136	Food Safety: Assurance	58,154	70,684	73,412
166	Food Safety: Information	535	2	2
61	Food Safety: Response	117	360	360
8,707	Food Safety: Standards	8,601	12,378	12,368
1,127	Food Safety: Trade and Market Access Food Safety	1,543	2,066	2,066
69,197	Total revenue other	68,950	85,490	88,208
99,799	Total revenue	97,204	114,360	116,462
<b>Expenses</b>				
68,613	Food Safety: Assurance	67,513	71,585	73,619
3,790	Food Safety: Information	4,096	3,116	5,536
6,643	Food Safety: Response	7,535	6,825	9,619
19,394	Food Safety: Standards	16,714	25,385	20,069
5,162	Food Safety: Trade and Market Access Food Safety	5,828	7,449	7,619
103,602	Total expenses	101,686	114,360	116,462
<b>Surplus/[Deficit]</b>				
-4,977	Food Safety: Assurance	-9,152	-	-
1,098	Food Safety: Information	1,973	-	-
930	Food Safety: Response	1,841	-	-
-758	Food Safety: Standards	-412	-	-
-96	Food Safety: Trade and Market Access Food Safety	1,268	-	-
-3,803	Total surplus/[deficit]	(4,482)	-	-

## Appropriation: Fisheries: Managing the Resource Sustainably

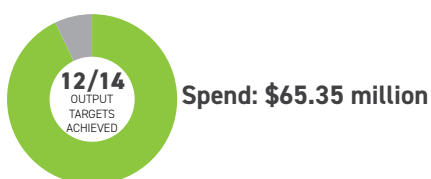
The single overarching purpose of this appropriation is to manage the sustainable use of fisheries resources and protection of the aquatic environment.

This appropriation contributes to the outcome Sustainability.



### What we intend to achieve with the appropriation

This appropriation is intended to achieve the sustainable use of fisheries resources and protection of the aquatic environment.



Vote Agriculture, Biosecurity, Fisheries and Food Safety		2020/21			2019/20	2018/19
Appropriations	Performance measures	Target	Actual	Standard met	Actual	Actual
Overarching MCA measure	The percent of scientifically evaluated fish stocks with no sustainability issues are at or above 80%	Achieved	Achieved	✓	Achieved	–
<b>Departmental Output Expenses</b>						
<b>Fisheries Enforcement and Monitoring</b>	Percentage of commercial operators inspected are found to be voluntarily compliant	80–90%	87.5%	✓	89.6%	89.7%
This category is intended to achieve the adherence to New Zealand fisheries laws.						
1,482 out of 1,693 commercial operators were inspected and found to be voluntarily compliant.						
	Percentage of recreational fishers inspected are found to be voluntarily compliant	90–95%	94.6%	✓	95%	94%
29,778 out of 31,486 recreational fishers were checked and found to be voluntarily compliant.						
	Percentage of investigations involving significant offending or multiple offenders reaching a prosecution decision made within the required timeframes	95–100%	Not assessed	–	New measure for 2020/21	–
This measure was not assessed because of a mid-year change in criteria to correct the previous calculation methodology. We will rectify both the wording and methodology of this measure during the 2021/22 Supplementary Estimates process.						
	Percentage of Planned Days that Fisheries Observers are at sea	90%	99.6%	✓	96%	–
Fisheries Observers were at sea for 10,496 out of total of 10,541 sea days planned.						
	Percentage of cases taken to court that achieve their objective <sup>1</sup>	90–95%	97.6%	✓	New measure for 2020/21	–
123 out of 126 cases were taken to court.						

#### Note:

1. "Achieve their objective" is defined as achieving a successful prosecution or setting legal precedent.

Vote Agriculture, Biosecurity, Fisheries and Food Safety		2020/21			2019/20	2018/19
Appropriations	Performance measures	Target	Actual	Standard met	Actual	Actual
<b>Departmental Output Expenses</b>						
<b>Fisheries Management</b>  This category is intended to achieve the implementation of policy advice relating to fisheries matters and ministerial servicing.	The percentage of scientifically evaluated fish stocks with no sustainability issues	80%	82.4%	✓	82%	–
	Percentage of fisheries management-related requests completed within either specified or statutory timeframes: Aide Memoires and Briefings; Ministerial Correspondence; Ministerial Official Information Act 1982 requests; and Parliamentary Questions <sup>1</sup>	95–100%	99.8%	✓	New measure for 2020/21	–
	Percentage of the Crown's obligations to Māori under the Fisheries Act is delivered <sup>2</sup>	100%	100%	✓	92%	92%
	The Crown has a number of legislative obligations to Māori in relation to fisheries. To demonstrate how we deliver on our obligations, a programme of work and relevant measures have been designed to monitor progress against some of our key obligations to Māori. This SPM relates to the programme of work that sits under this measure.					
	Ministerial decisions made on sustainability rounds are implemented within agreed timeframes	Achieved	Achieved	✓	Achieved	–
<b>Fisheries: Administration of Grants and Programmes</b>  This category is intended to achieve the effective administration of MPI's fisheries grants and programme activities.	Percentage of funding applications processed within timelines	100%	N/A	–	N/A	N/A
	No fisheries-related applications for grants and programmes were received under this appropriation.					
<b>Fisheries: Aquaculture</b>  This category is intended to achieve support for all-of-government pathway to promote growth in the aquaculture sector.	Obligations to Māori under the Māori Commercial Aquaculture Settlement Act are delivered by statutory deadline	Achieved	Achieved	✓	Achieved	–
	Since 2011, settlement of aquaculture obligations to Māori has been completed through regional agreements, via the Māori Commercial Aquaculture Claims Settlement Amendment Act 2011.					
	This measure assesses if the regional aquaculture obligations to Māori are fulfilled within agreed timeframes.					
	The annual Aquaculture Strategy Implementation Plan is completed	Achieved	Achieved	✓	Not achieved	–
	The 2019/20 failure to meet the target was a direct consequence of the COVID-19 pandemic affecting our work programme. In 2020/21, it was crucial to publish the implementation plan as required by MPI's <a href="#">aquaculture strategy</a> .					
	Percentage of the annual Aquaculture Strategy Implementation Plan deliverables for MPI completed	80%	100%	✓	0%	–

**Notes:**

1. This has been reported differently in previous years. From 2020/21, Privacy Act and Ombudsman requests are no longer reported.
2. Refer to section 12 of the Fisheries Act – Consultation, Input and Participation of Māori.

Vote Agriculture, Biosecurity, Fisheries and Food Safety		2020/21			2019/20	2018/19
Appropriations	Performance measures	Target	Actual	Standard met	Actual	Actual
<b>Fisheries: Transition Support</b>  This category is intended to achieve support to fishers affected by the Dolphin Threat Management Plan transition to alternative and more sustainable fishing methods.	All claims for Transition Support Fund ex gratia payments (excluding those subject to appeal) are completed, and payments made, by 30 June 2021	100%	100%	✓	New measure for 2020/21	–

## Exempt appropriations in Vote Agriculture, Biosecurity, Fisheries and Food Safety

The following non-departmental appropriations are exempt from end-of-year reporting under section 15D(2)(b) (ii) of the Public Finance Act 1989, as this information is unlikely to be informative because this appropriation is solely for payments made in accordance with statutory requirements:

- + Fisheries: Aquaculture Settlements
- + Fisheries: Provision for Fisheries Debt Write Downs

The following non-departmental appropriations are exempt from end-of-year reporting under section 15D(2)(b)(ii) of the Public Finance Act 1989 because their annual amount is less than \$5 million:

- + Support for Walking Access
- + Subscriptions to International Organisations
- + Agriculture: Programmes Supporting Sustainability – Agriculture: Adverse Climatic Events
- + Fisheries: Managing the Resource Sustainably – Fisheries Quota Shares & ACE Administration Costs
- + Food Safety: Protecting Consumers – Food Safety Science and Research
- + Food Safety: Protecting Consumers – Food Safety: Joint Food Standards Setting Treaty



## Output Class – Fisheries: Managing the Resource Sustainably

Revenue and output expenses				
Actual June 2020 \$000		Actual June 2021 \$000	Main Estimates June 2021 \$000	Supp Estimates June 2021 \$000
<b>Revenue Crown</b>				
265	Fisheries: Administration of Grants and Programmes	239	243	239
3,675	Fisheries: Aquaculture	4,206	3,406	4,206
46,330	Fisheries Enforcement and Monitoring	51,036	47,514	51,036
12,179	Fisheries Management	13,002	12,745	13,002
62,449	Total revenue Crown	68,483	63,908	68,483
<b>Revenue other</b>				
–	Fisheries: Administration of Grants and Programmes	–	1	1
57	Fisheries: Aquaculture	39	16	16
2,692	Fisheries Enforcement and Monitoring	5,727	2,117	2,268
156	Fisheries Management	143	875	875
2,905	Total revenue other	5,909	3,009	3,160
65,354	Total revenue	74,392	66,917	71,643
<b>Expenses</b>				
228	Fisheries: Administration of Grants and Programmes	345	244	240
3,254	Fisheries: Aquaculture	2,473	3,422	4,222
46,968	Fisheries Enforcement and Monitoring	51,102	49,631	53,304
11,564	Fisheries Management	11,429	13,620	13,877
62,014	Total expenses	65,349	66,917	71,643
<b>Surplus/[Deficit]</b>				
37	Fisheries: Administration of Grants and Programmes	–106	–	–
478	Fisheries: Aquaculture	1,772	–	–
2,054	Fisheries Enforcement and Monitoring	5,661	–	–
771	Fisheries Management	1,716	–	–
3,340	Total surplus/[deficit]	9,043	–	–

# Vote Forestry

## Appropriation: Growth and Development of the Forestry Sector

The single overarching purpose of this appropriation is to support the growth and development of the forestry sector.

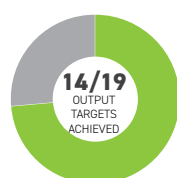
This appropriation contributes to the outcome Sustainability.



**Sustainability**  
**Kauneke Tauwhiro**

### What we intend to achieve with the appropriation

This appropriation is intended to support the growth and development of the forestry sector.



**Spend: \$36.98 million**

Vote Forestry		2020/21			2019/20	2018/19
Appropriations	Performance measures	Target	Actual	Standard met	Actual	Actual
Overarching MCA measure	Reporting on an annual basis	Achieved	Achieved	✓	Achieved	Achieved
<b>Departmental Output Expenses</b>						
<b>Forestry: Administration of Grants and Programmes</b>	Percentage of One Billion Trees funding applications processed within timelines	90–100%	60%	✗	49%	100%

This category is intended to achieve the sustainable growth and development in the forestry sector.

78 of 130 applications received were processed within timelines. Many applications were complex, requiring reassessment and significant support to progress them. Applications that were not processed or progressed were redirected where possible, and this was done only once Cabinet approved reprioritisation of funding in March 2021.

Vote Forestry		2020/21			2019/20	2018/19
Appropriations	Performance measures	Target	Actual	Standard met	Actual	Actual
<b>Forestry: Management of the Crown's Forestry Assets</b>  This category is intended to achieve the effective administration and management of the Crown's interest in forests and forestry-related assets.	The number of hectares of the Crown's forestry assets divested via a surrender or sale process <sup>1</sup>	1,300ha	1,467ha	✓	986ha	1,388ha
	Number of hectares contracted under commercial forest leases or forestry joint ventures as part of the One Billion Trees programme <sup>2</sup>	3,386ha	1,234ha	✗	New measure for 2020/21	—
The shortfall of 2,151 hectares contracted during 2020/21 was because Crown Forestry had to pause promotion and evaluation of properties while the Minister of Forestry reviewed the One Billion Trees programme's priorities. In May 2021, the Minister of Forestry and Minister of Finance agreed to extend the timeframe for Crown Forestry to complete the forestry joint venture programme to 30 June 2023.						
<b>Forestry: Policy Advice and Ministerial Servicing</b>  This category is intended to achieve the effective development, provision and implementation of policy advice and legislation, and efficient ministerial servicing relating to forestry.	Percentage of forestry-related requests completed within either specified or statutory timeframes: Aide Memoires and Briefings; Ministerial Correspondence; Ministerial Official Information Act 1982 requests; and Parliamentary Questions <sup>3</sup>	95–100%	100%	✓	New measure for 2020/21	—
	The technical quality assessment level for MPI policy advice papers, on a scale of 1 to 5, will be equal to or greater than <sup>4</sup>	3.5	3.7	✓	7.58	7.7
	The satisfaction of the Minister of Forestry with the policy advice service, on a scale of 1 to 5, will be equal to or greater than <sup>5</sup>	4.0	4.4	✓	8	8.5
	Percentage of emissions returns that relate to registered post 1989 forest land activity in the Emission Trading Scheme (ETS) are verified for accuracy	100%	100%	✓	100%	100%
	780 out of 780 emissions returns that relate to registered post 1989 forest land activity in the Emission Trading Scheme were verified for accuracy. This reflects that a tight screening process is in place.					
	Percentage of pre-approved inspections are undertaken to verify the information submitted in annual logging plans	100%	100%	✓	100%	100%
	Percentage of forest land registered in the Emission Trading Scheme that is verified for eligibility	100%	100%	✓	New measure for 2020/21	—
	Percentage of high priority registered sawmills inspected annually for compliance with the Forests Act 1949 (Part 3A)	90%	89.8%	✗	New measure for 2020/21	—
Due to the Covid-19 pandemic impacts and associated travel restrictions experienced during the first quarter of 2020/21, sawmill inspections were limited. A number of new sawmills were registered during the third and fourth quarters and the required inspections restricted our capacity to visit other high-priority mills.						

#### Notes:

1. The number of hectares divested is subject to the programmed surrender or exit under agreed lease or forestry right terms.
2. The Crown Forestry joint ventures programme target to contract 24,000ha by 30 June 2020 was extended, with a new due date for completion of 30 June 2021. The contracted hectares as at 30 June 2020 was 20,614ha with the remaining 3,386ha to be contracted by 30 June 2021.
3. This has been reported differently in previous years. From 2020/21, Privacy Act and Ombudsman requests are no longer reported.
4. This year, we updated our methodology to align with the new policy quality framework developed by the DPMC. The new guidelines assess the average score for papers out of 5, compared to the old scoring system of 10.
5. The survey has been changed from a 10 point scale to a 5 point scale to align with the recommended public service wide approach led by the DPMC.

Vote Forestry		2020/21			2019/20	2018/19
Appropriations	Performance measures	Target	Actual	Standard met	Actual	Actual
<b>Non-Departmental Output Expenses</b>						
<b>Forestry: Operational management of the Crown's Forests</b>  This category is intended to achieve the effective purchase of forestry operations, management services, research and related forest asset expenditure including expenditure related to asset divestment.	Cubic metres (m³) of logs harvested and sold, on behalf of the Crown, from the Crown Forestry Estate, to within +/- 10%	750,000m³	900,665m³	✓	733,972m³	772,222m³
	Production volume was carried forward to 2020/21 from 2019/20, due to the cessation of harvest operations during Alert Level 4 restrictions in 2020. To take advantage of drier than normal weather conditions during the year, available harvesting capacity and favourable market conditions it was decided, in agreement with Rotoaira Forest Trust, to increase the harvest volume at Rotoaira Forest.  750,000m³ is a new target set for 2020/21, estimated and requested to be adjusted by Crown Forestry. The target for the previous year was 852,000m³.					
	Percentage of forest management activities comply with all statutory requirements, lease agreements and other contractual arrangements as assessed by annual independent review of a sample forest¹	100%	100%	✓	100%	100%
	Percentage of costs and revenues are consistent with industry norms as assessed by annual independent review of a sample of forests	100%	100%	✓	100%	100%
<b>Forestry: Grants and Partnerships Programme</b>  The category is intended to achieve effective provision of grant funding and partnership agreements to stimulate growth in the forestry sector and promote sustainable land use.	The number of hectares of trees contracted for planting through One Billion Trees grants	14,000ha	10,287ha	✗	17,121ha	751ha
	This measure was not achieved because applications were put on hold from 31 December 2020 pending decisions from Cabinet.					
	Percentage of trees funded across the lifetime of the One Billion Trees Fund are native species²	67%	71.6%	✓	New measure for 2020/21	–
	The total number of trees funded for 2020/21 was 34,566,271 out of 48,265,291. The wide variety of native species selected included totara, kanuka, mānuka and kahikatea.					
	The percentage of contract milestones delivered	80-90%	53.3%	✗	New measure for 2020/21	–
	Milestones have been moved due to lack of availability of seedlings, delays in research results and delays in gathering all the evidence to submit the milestone report. MPI will continue to work with grantees to ensure that milestones are realistic and achievable.					

**Notes:**

1. An annual management review of a sample of the Crown Forest estate assesses that all lease and forestry right obligations that apply to the Crown are met; and that the Crown does not breach relevant forest industry statutes.
2. The lifetime of the fund is financial years 2018/19 to 2020/21.



Vote Forestry		2020/21			2019/20	2018/19
Appropriations	Performance measures	Target	Actual	Standard met	Actual	Actual
<b>Forestry: Hill Country Erosion Fund</b>  This category is intended to achieve effective provision of projects that protect erosion-prone hill country.	The number of hectares treated through Hill Country Erosion Funding in 2020/21	4,900ha	4,984ha	✓	5,452ha	–
<b>Non- Departmental Capital Expenses</b>						
<b>Forestry: Capital investment in the Crown's Forestry Assets</b>  This category is intended to achieve the effective purchase or planting of the Crown's Forestry assets.	Hectares of joint venture forest assets contracted for planting over the 2021 planting season <sup>1</sup>	2,200ha	2,280ha	✓	3,177ha	7,019ha

**Note:**

1. This measure relates to the area contracted for planting for a given planting season (June to August 2021).

## Output Class – Forestry: Administration of Grants and Programmes

Revenue and output expenses				
Actual June 2020 \$000		Actual June 2021 \$000	Main Estimates June 2021 \$000	Supp Estimates June 2021 \$000
<b>Revenue Crown</b>				
10,837	Forestry: Administration of Grants and Programmes	9,207	9,221	9,207
19,889	Forestry: Implementation of Policy Advice and ministerial servicing	–	–	–
2,478	Forestry: Management of the Crown's Forestry Assets	2,444	2,446	2,444
10,852	Forestry: Policy Advice	–	–	–
–	Forestry: Policy Advice and Ministerial Servicing	41,332	44,160	41,332
44,056	Total revenue Crown	52,983	55,827	52,983
<b>Revenue other</b>				
68	Forestry: Administration of Grants and Programmes	70	15	15
239	Forestry: Implementation of Policy Advice and ministerial servicing	–	–	–
23	Forestry: Management of the Crown's Forestry Assets	9	116	116
458	Forestry: Policy Advice	–	–	–
–	Forestry: Policy Advice and Ministerial Servicing	560	37	352
788	Total revenue other	639	168	483
44,844	Total revenue	53,622	55,995	53,466
<b>Expenses</b>				
10,145	Forestry: Administration of Grants and Programmes	8,332	9,236	9,222
16,987	Forestry: Implementation of Policy Advice and ministerial servicing	–	–	–
1,838	Forestry: Management of the Crown's Forestry Assets	1,832	2,562	2,560
9,648	Forestry: Policy Advice	–	–	–
–	Forestry: Policy Advice and Ministerial Servicing	26,814	44,197	41,684
38,618	Total expenses	36,978	55,995	53,466
<b>Surplus/[Deficit]</b>				
760	Forestry: Administration of Grants and Programmes	945	–	–
3,141	Forestry: Implementation of Policy Advice and ministerial servicing	0	–	–
663	Forestry: Management of the Crown's Forestry Assets	621	–	–
1,662	Forestry: Policy Advice	0	–	–
–	Forestry: Policy Advice and Ministerial Servicing	15,078	–	–
6,226	Total surplus/[deficit]	16,644	–	–



Our biosecurity people working in the new Auckland office, located on site at the airport.

## 4 How we managed our business I pēhea tā mātau whakahaere i ā mātau mahi





# We want a diverse workforce and inclusive workplace

## He kanorau tā mātau ohu mahi, he tauawhi te wāhi mahi

*Manaaki whenua, manaaki tangata, haere whakamua*

As we care and nurture the land, and each other, we move forward.

We want to help create a safe, sustainable and prosperous Aotearoa. Our approach to diversity, equity and inclusion in the workplace is core to us achieving this ambition. We need our workforce to reflect the community we serve, and we need to treat our people and the community with manaakitanga (kindness) and whanaungatanga (a sense of connection). We are proud to have been recognised for our efforts and impact in diversity, equity and inclusion. We were the winners of the 2021 Human Resources Institute of New Zealand Award for Best Workplace Diversity and Inclusion Programme and Best Workplace Flexibility Programme.

### Workforce profile

At 30 June 2021, we had 3,538 permanent and full-time staff. This equates to 3,449.6 full-time-equivalent positions. It includes staff on secondment and excludes staff on leave without pay.

Ethnicity was disclosed by 98.1 percent of staff. Our staff ethnicity profile<sup>14</sup> is as follows:

- + European – 68.1%
- + Asian – 11.6%
- + Māori – 6.4%
- + Pacific – 3.3%
- + Middle Eastern, Latin American or African – 2.3%
- + Other – 29.3%

Our staff gender profile is as follows:

- + Women – 55.5%
- + Men – 44.5%

Average service is 8.2 years.

### Creating equal employment opportunities

#### A flexible workplace by default

As a lead agency piloting the Government's "flexible-by-default" approach, our holistic approach to flexible

working is held up as an example. Te Kawa Mataaho Public Service Commission's sector-wide guidance was based on MPI's strategy, approach and toolkits.

We improved our approach to flexible working in the latter half of 2020 based on our learnings from operating under COVID-19 lockdown conditions. We've seen a huge uptake in our flexible working capability resources, including internal news stories and videos about balancing work and parenting during lockdown.

#### Commitment to the Accessibility Charter

MPI is a signatory of the Accessibility Charter, a programme of work to ensure the public sector is accessible for everyone and inclusive of people with disabilities. We have a sponsor on our senior leadership team to champion accessibility challenges and to ensure work continues in this space.

Our Accessibility and Wellbeing Employee Network also advocates for accessibility across the organisation.

#### Helping staff speak up

We want MPI to be a place where people are treated fairly and with respect, where they feel their uniqueness and contribution is valued, and that they belong.

Underpinning this approach are our guidelines on misconduct, protected disclosures and bullying, harassment and discrimination. These guidelines provide information on what misconduct, protected disclosures, bullying, harassment and discrimination are, how to raise situations of concern, how these will be addressed, and the roles and responsibilities we each have.

At MPI, we place great importance on fostering a culture that encourages people to speak up about issues or behaviour that concerns them. This could be anything from serious misconduct or corruption to noticing something that just doesn't feel quite right. MPI has a "Speak Up" process that people can follow if they wish to raise any concerns about potential wrongdoing at MPI. These can range from having a conversation with a manager, a Human Resources

representative or a union, through to an anonymous external reporting line or form.

We treat complaints seriously and sensitively – they are dealt with impartially and are subject to the principles of natural justice. We intervene early to address inappropriate behaviour in the most appropriate way. All allegations are treated with fairness, compassion and respect for everyone involved.

## Progress in the five Papa Pounamu focus areas

Papa Pounamu is the chief executive governance group for the public service-wide diversity and inclusion programme. In 2020, it became mandatory for public service organisations to start strengthening their competency in five Papa Pounamu focus areas.

### 1. Te āheinga ā-ahurea – cultural competence

#### Cultural competency training

Building our cultural competency lets us have a fair, diverse and inclusive MPI that reflects the different communities we serve. It will also allow our people to engage meaningfully, and to design and deliver services that meet the needs of all New Zealanders, now and into the future.

Over 50 percent of our people have completed various cultural competency learning activities, such as:

- + Mana Āki: Working Effectively Across Diverse Cultures cultural competency e-learning;
- + learning te reo Māori at three levels of competency (beginners, intermediate and advanced);
- + workshops on te Tiriti o Waitangi and tikanga Māori (Māori customs) in the workplace;
- + workshops delivered by Te Arawhiti on engaging with Māori;
- + our Waharoa ki te Manatū Ahu Matua week-long induction programme for new staff, which has a strong cultural element; and
- + Tūrangawaewae: MPI's Inclusion, Belonging and Diversity Learning Hub, which is a series of e-learning modules developed in house, for example, Including the Rainbow Community at MPI, Unconscious Bias in the Workplace, and Inclusion and Belonging at MPI (with a module on flexible working).

We also have a wealth of resources available to all staff to access. These include Te Kākano Puāwai (nurturing the seed to blossom), an app that helps to develop an understanding of te ao Māori (the Māori

world) and how it relates to MPI. We also have a tikanga hub that includes te reo Māori classes and resources, a te Tiriti o Waitangi Workshop and tikanga Māori resources.

### Te Reo Māori Language Plan: Mairangatia Te Reo Māori

We submitted our te reo Māori language plan to Te Taura Whiri i te Reo Māori on 30 June 2021. Our plan builds on the foundations we have laid and supports a culture change across MPI to raise up and elevate the use and understanding of te reo Māori. The plan identifies opportunities for us to further grow the use of te reo Māori. Over time, this will mean:

- + all staff know the basics of te reo Māori and can engage appropriately in a short-term transactional setting (based on the "comfortable" stage described in the Māori Crown Relations Individual Capability Framework from Te Arawhiti);
- + MPI will be further supporting specific staff to be "confident" and "capable" in their use of te reo Māori for specific roles and areas;
- + te reo Māori forms an inherent part of how we work at MPI;
- + MPI leaders lead by example using te reo Māori, demonstrating visible leadership (ngā manukura) in their use, understanding and engagement; and
- + written materials include and support a general understanding of mātauranga Māori (Māori knowledge) and kaupapa Māori (Māori approach) models, and proficient use of te reo Māori.

When working with te iwi Māori, our people will demonstrate an understanding and commitment to te ao Māori (the Māori world), including te reo Māori, tikanga Māori (Māori customs) and te Tiriti o Waitangi. They will also foster te iwi Māori partnerships and work alongside te iwi Māori to grow the long-term viability of our primary industry sectors.

Our te reo Māori plan forms part of our wider approach to building Māori cultural competency (this separate plan is in development, with the working name Te Ara Ahurea Mātau). A focus on te reo Māori alone will not enable the shift in capability we need across MPI.

### 2. Te urupare i te mariu – addressing bias

At MPI, our focus on recognising and mitigating bias has been primarily on improving our human resources systems and processes and building the capability of managers and staff to recognise and address bias. The learning solutions we use to support these changes include bias toolkits for hiring managers and panels, online learning on unconscious bias for all of our people (with specific delivery to new employees) and

unconscious bias learning in our leadership programmes.

Our Waharoa ki te Manatū Ahu Matua induction programme discusses the impact of bias and our commitment to diversity and inclusion. In 2020/21, the programme reached over 600 new staff. Our e-learning module has been completed by 760 of our people, with 92 percent of participants rating the e-learning as “quite useful” or “very useful”, and 100 percent rating it as “quite relevant” or “very relevant”. Ensuring staff have the proper training in diversity and inclusion is important for continuing to strengthen our performance in this area.

### **3. Hautūtanga ngākau tuwhera – inclusive leadership**

We need people to act inclusively, and leaders who value diversity and foster inclusivity. This is critical to ensure we have a workplace that is free from discrimination, bullying, harassment, bias and harm. We want our people to be treated fairly and respectfully, to have their unique value known and appreciated, and to feel confident and safe to speak up. We want our leaders to be inclusive by “walking the talk” through their everyday actions, challenging non-inclusive behaviour and encouraging others to do the same. They hold their teams accountable for inclusive behaviours and decisions. They treat their people and groups fairly, understanding and valuing the uniqueness of all people to increase their sense of belonging, and leveraging the thinking of diverse groups.

### **4. Te whakawhanaungatanga – building relationships**

#### **Strengthening inclusiveness**

We offer a suite of training opportunities and resources to help our people become more inclusive as individuals, teams and leaders. For a number of years, MPI has provided a three-tiered, cutting-edge programme on emotional agility and how to “discover your strengths”. These programmes build the foundations of inclusive thinking in our workplace. In 2020/21, 327 staff attended these courses.

MPI has also taken the following steps to build positive and inclusive workplace relationships by:

- + supporting flexible working for all our roles;
- + providing guidance through Taunga Kanorau, our diversity and inclusion information repository; and
- + providing training through Tūrangawaewae, which is our hub for learning modules on cultural capability, inclusion and belonging, flexible working and including our rainbow community.

### **Creating a positive workplace**

We are proud to be a system-wide leader of the Positive Workplace Cultures programme,<sup>12</sup> which is visibly co-led across the public sector by our Director-General, Ray Smith. This has been instrumental in creating positive culture change across MPI. Several initiatives contributed to this mahi (work) in 2020/21, such as our Speak Up programme, our revised bullying, harassment and discrimination guidelines, our diversity, equity and inclusion programme, our learning strategy and our working styles.

### **5. Ngā tūhononga e kōkiritia ana e ngā kaimahi – employee-led networks**

MPI supports several employee network groups that help our people connect with others and bring their whole selves to work. The groups ensure our people and minority groups have a voice. We also have a staff social club staff. We have significantly increased our financial contribution for the public sector employee-led network groups this past year, recognising the importance and impact that they have. Each group is sponsored and championed by a senior leader.

Two new active network groups were established in 2020/21, making eight groups that amplify the diverse range of voices and views within our MPI whānau:

- + Te Tauaki Puāwai, MPI's Māori rōpū;
- + the Women's Network – Ngā Wāhine Toa;
- + the Accessibility and Wellbeing Network;
- + Primary Pride, MPI's LGBTQIA+ network;
- + the MPI-Customs Asian Network;
- + Primary Pasifika;
- + the MPI Business Support Network (new in 2020/21); and
- + the Sustainability Network (new in 2020/21).

Our network groups represent over 1,100 (over 30 percent) of our people across MPI. With a growing strength in representation and mana (status, authority, influence) within MPI, our network groups are increasingly contributing to initiatives that enhance the workplace experience of our diverse communities and raise the profile of these communities.

In 2020/21, network groups contributed to a refresh of our parental leave policy and our bullying, harassment and discrimination guidelines. Our Director-General sought advice from our Women's Network, Ngā Wāhine Toa, on the latest public service pay guidance.

<sup>12</sup> Government Health and Safety Lead (2021) *Positive Workplace Cultures Agency Planning Workbook*. Visit <https://www.healthandsafety.govt.nz/assets/Documents/2021-Positive-Workplace-Cultures-Agency-Workbook.pdf>.

## Shrinking the gender pay gap

We continue to make progress in reducing our gender pay gap. This has fallen steadily since 2018, when it was 10.5 percent. At 30 June 2021, it was 8.8 percent.

At MPI, 48 percent of our managers are women and 47 percent of earners in MPI's highest salary quartile are women.

Over-representation in lower paid roles is a major driver of both gender and ethnic pay gaps at MPI. This has a compounding effect for females in ethnic minority groups. Our focus therefore continues to be on actions to reduce these vertical gaps, such as supporting flexible working for all genders at all levels of the organisation and recognising and reducing bias in our systems and processes. We have started to make structural and system changes by applying the Gender Pay Taskforce guidance<sup>13</sup> in all of our human resources processes, including recruitment panels and shortlisting.

As a result of this focus, we are starting to see changes, such as more women in leadership roles and a continued reduction in our organisational gender pay gap.

In a review undertaken in 2020, MPI did not find evidence of systemic gender bias in salaries for the same or similar roles.

## Helping our people to keep learning and grow their careers

### Our learning strategy

To help MPI deliver on its vision and priorities, we have created a learning strategy to develop the capability of our people. We plan to deliver this strategy, developed in October 2020, over the next three to five years. As well as supporting delivery on our strategic goals, the strategy also helps give assurance that we are getting value from our learning investments and providing better learning experiences, ensuring our people can develop their careers and grow at MPI. Foundation work to build a modern learning service for our people is also under way.

### Connecting and growing talent in MPI through mentoring

Our popular mentoring programme continued, with high participation levels across the 2020/21 intakes.

This programme provides targeted and adaptable learning opportunities and fosters an understanding of the diversity of people and work within MPI. We are delighted that one of our mentors was a finalist for the Mentor of the Year 2020 Award from Art of Mentoring, an Australian professional mentoring business. We now have over 200 mentor-mentee pairs set up through the programme. One of the goals behind the programme is to provide accessible learning to a geographically spread workforce. We have achieved this with new e-learning modules and the use of digital conferencing platforms for networking, roundtables and mentoring sessions.

### Creating a pipeline of talent through our graduate programmes and internships

Since the first intake in 2014, our Graduate Development Programme has continued to evolve to reflect our changing needs. The ongoing success of the programme has been recognised through national awards, including placement in the top 20 organisations for graduates as an Employer of Choice 2020 and winning the 2021 Human Resources Institute of New Zealand Excellence Award (runner up) for Best Graduate Development Programme.

MPI continues to leverage established partnerships with TupuToa and Tupu Tai MPI to support internships for Māori and Pasifika and encourage youth into the food and fibre sector.

### Our Kaitiaki Toa cohort of Māori and Pasifika graduates

In 2021, we recruited a unique cohort of 10 graduates who identify as Māori and/or Pasifika (our Kaitiaki Toa cohort). This supports our focus on building a more culturally diverse workforce and uplifting the capability within MPI for future leadership.

Kaitiaki Toa graduates also benefited from mentoring by members of our Māori and Pasifika employee network groups to support their early career development in the public sector. A partnership with Rise2025 provides the *korowai manaaki* (a protective cloak) to our Kaitiaki Toa through regular hui and *kōrero* as well as shared offsite *wānanga* (seminars).

<sup>13</sup> The Gender Pay Taskforce – Te Rōpū Whakarite Utu Ira Tangata is a partnership between the Ministry for Women and Te Kawa Mataaho Public Service Commission designed to realise the Government's aims on the gender pay gap and pay equity. Visit <https://www.publicservice.govt.nz/our-work/the-gender-pay-gap-and-pay-equity/>.



# Keeping our staff healthy and safe

## Kia noho hauora, haumaru hoki ō mātau tāngata

### **Our strategy – *A healthy and safe workplace* – has led to a number of significant improvements to health, safety and wellbeing at MPI**

Our people operate in a range of environments, from paddocks, orchards, forests and oceans, to airports, ports, transitional facilities and corporate offices.

We are dedicated to actively protecting the health and safety of our people and partners as we focus on delivering our key outcomes for New Zealanders. Embedding risk management into our business processes, practices and culture is an important part of how we keep our people healthy and safe.

This has included focusing on our 11 critical risks and completing critical risk deep dives for driving, hazardous substances, aggressive interactions, working around mobile plant and working on or near water. This has allowed us to map health and safety critical risk profiles across MPI, confirm organisational controls, and identify opportunities to further strengthen how our critical risks are managed.

### **We are working with our partners to improve health, safety and wellbeing**

We engage and work alongside a wide range of other government agencies, regional councils, the food and fibre sector, the private sector, volunteers and many others. The nature of these relationships may be contractual or via funding, programme management or regulatory arrangements.

We focus on working with our partners to improve health and safety across our higher-risk operations. This includes working closely with ports, transitional facilities, meat processing plants, the seafood industry and across MPI's pest management programmes. We have developed an overlapping duties framework to help us manage these relationships, which is now being used as a model across central government.

The Wilding Conifer Programme has produced a safety charter that outlines health and safety roles and responsibilities. This is driving safer outcomes for the multiple organisations involved in the programme.

We have also completed a health and safety pre-qualification process for our major contractors. MPI's two largest contractors, the National Institute of Water and Atmospheric Research andASUREQuality, provide us with monthly consolidated reporting across all their contracts with MPI. These reports are focused on management of critical risks and controls.

### **We are strengthening the involvement of our people at every level in health, safety and wellbeing**

At the New Zealand Workplace Health and Safety Awards in June 2021, MPI's Fishery Observer Services team won the award for "Best initiative to encourage worker engagement in health and safety" and the Supreme Award for "Best overall contribution to improving workplace health and safety in New Zealand".

MPI's health and safety representative numbers continue to rise, and a 49 percent increase has occurred over the past three years.

### **We are building the health, safety and wellbeing understanding and knowledge of our people**

In October 2020, we launched the Dynamic Risk Management e-module for those deployed to the field.

The module takes our people through how to identify, assess and respond to changing situations, allowing them to effectively manage new or changing risks in their work environment. At 30 June 2021, 460 employees had completed this training.

In June 2021, 60 of our level 5 and level 6 managers attended a full training day focused on health and safety leadership for supervisors. These sessions built

on existing health and safety capability and provided tools to identify and implement health and safety solutions within teams.

## We boosted our health, safety and wellbeing function

MPI's central Health, Safety and Wellbeing team expanded over the year and was split into two functions – Strategy and Assurance, and Operational Guidance and Support – to ensure a strong focus both on operational imperatives and continuous improvement in health, safety and wellbeing at MPI. Embedded health and safety advisers were also brought in to support our higher-risk business areas.

## New Zealand Workplace Health and Safety Awards

The Fisheries Observer Services, part of Fisheries New Zealand, have been working hard to improve

the health and safety of its people when deployed on a fishing vessel. Observers collect independent information on fishing activity and its interactions with the environment. Observers work in a dynamic, high-risk environment that requires strong controls to keep them safe.

The Fisheries Observer Services team developed new material, including a Quick Reference Guide for Staying Safe on Deployment, and extensive briefing notes for each observer pre-deployment. They have also redeveloped how they track and monitor risks, to ensure we keep our observers as safe as possible, informed, and always alert when on a vessel.

This hard work was recognised at the 2021 New Zealand Workplace Health and Safety Awards, where the Fisheries Observer Services team won the award for Worker Engagement, as well as taking the Supreme Award.



Fisheries New Zealand's Observer Services at the 2021 New Zealand Workplace Health and Safety Awards. The team won the Engagement category and Supreme Award.

# A new challenge: Going carbon neutral

## He wero hou: Ko te huri kia waro kore

The Carbon Neutral Government Programme has been set up to accelerate the reduction of emissions within the public sector. MPI is developing a carbon neutral action plan to ensure it plays its part in transitioning New Zealand to a low-emissions economy.

We are currently measuring and assessing our emissions, and we will report on MPI's emissions from December 2022. In our next annual report, we will publish emissions reduction targets and outline our plan for achieving them.

MPI intends to follow best practice and reduce emissions as much as possible before offsetting residual emissions. We already know that our three largest emission sources are air travel, vehicle use and the use of electricity. In 2020/21, COVID-19-related restrictions dramatically reduced our air travel. MPI is committed to using virtual meetings and other means of avoiding travel wherever possible from now on. We also carried out a fleet optimisation review and will be starting to decarbonise our light passenger fleet with the purchase of electric vehicles in 2021/22.



MPI will join businesses and communities leading the way to reduce our emissions as we move towards a low-emissions future.

# Good governance underpins our work

## Ko tā mātau pūnaha whakahaere, whakatau mōrearea hoki

### Our governance system

A lot of work goes into ensuring that the decisions we make as an organisation are the right ones for our people, the food and fibre sector and New Zealand.

A robust and well-functioning governance system provides a framework for delivering our strategy, staying accountable and shaping our organisational culture.

The senior leadership team acts as MPI's governing body. Members of the team also sit on four cross-cutting subcommittees that focus on finance, technology, wellbeing and physical assets. Additional committees provide further support for our governance system.

Through our governance system:

- + **we set our strategy and purpose** – understanding and responding to the needs of stakeholders, now and for the future, in our direction setting;
- + **we hold ourselves to account** – promoting the transparency and accountability of our operational, financial, risk management and reporting processes to safeguard and promote MPI's reputation and ensure compliance with legal requirements; and
- + **we shape our organisational culture** – driving positive change through visible leadership, developing our capable and diverse workforce, following robust work practices and overseeing results.

In 2020/21, we continued to review our progress and make improvements as needed.

### Our internal governance committees

Our governance committees have oversight to ensure MPI carries out its legislative duties and functions, provides advice to Ministers and is run efficiently and effectively.

Our internal governance committees consist of senior leadership team members as well as other staff with the relevant responsibilities and expertise:

- + Investment and Finance Governance Committee;
- + Digital, Data and Technology Governance Committee;

- + Property and Major Assets Governance Committee; and
- + Health, Safety and Wellbeing Governance Committee.

### Independent assurance

The Risk and Assurance Committee provides impartial oversight and advice to ensure we are managing key risks to the effective operation of the organisation. This committee consists of five independent external members with a combination of skills in assurance, financial management, risk management and organisational change. MPI's senior leaders meet with the committee four times a year to review key strategic risks and discuss topics of importance to MPI.

### How we manage risk

We ensure our performance is optimised by identifying and managing our most significant risks.

MPI's enterprise risk management framework is based on a "three lines of defence" model. Business units and functional areas, as the first line of defence, have day-to-day ownership of risks and controls and are accountable for identifying and managing their risks. The central risk management function is the second line of defence, providing independent oversight of the work undertaken to manage risks, as well as developing and maintaining the enterprise risk management framework.

The final line of defence is the Internal Audit team, which provides independent assurance that evaluates the adequacy and effectiveness of both the first- and second-line risk management approaches.

Our enterprise risk management policy and procedures outline MPI's risk principles and accountabilities as well as the requirements for managing and reporting risk within the organisation.

Our aim is to deepen the understanding, management and reporting of key risks, as well as reporting on emerging risk, as part of our approach to strengthening organisational resilience.



This past year, we have continued to strengthen our risk management capabilities. This included:

- + launching our refreshed and updated risk management framework and guidelines, including refreshed likelihood and consequence criteria; and
- + continuing to enhance the proactive management of the top strategic risks, including addressing the possible impacts of the COVID-19 pandemic; and developing dedicated risk management workshops that are a training resource available to all staff.

## Internal audit

### Overview of our internal audit function

Our Internal Audit team provides advice on the effectiveness of MPI's internal control framework. Based on the approved 2020/21 audit plan, the team carries out reviews designed to ensure that the systems and processes supporting MPI are robust and key risks are being addressed.

Findings and recommendations from these reviews are reported to the senior leadership team and the Risk and Assurance Committee on a quarterly basis.

### Co-sourcing partnership

Internal Audit has a co-source partnership with Deloitte that has been put in place to complement the in-house team with additional expertise and capacity. By sharing insights and findings, this ensures comprehensive assurance coverage.






Our state-of-the-art laboratories ensure we can provide the food and fibre sector with cutting-edge diagnostics for compliance, safety and verification.





A scenic landscape of Lake Wanaka. In the foreground, a flock of sheep stands on a dry, yellowish-brown grassy field. Behind them is the calm, greyish-blue water of the lake. The lake is bordered by steep, rugged hills covered in dense green forest. In the distance, more hills are visible under a pale, overcast sky.

## 5 Our financial statements

### Ko ā mātau tauākī pūtea



# Statement of responsibility

## Ko te tauākī whai kawenga

I am responsible, as Chief Executive of the Ministry for Primary Industries (MPI), for:

- + the preparation of MPI's financial statements, and statements of expenses and capital expenditure, and for the judgements expressed in them;
- + having in place a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting;
- + ensuring that end-of-year performance information on each appropriation administered by MPI is provided in accordance with sections 19A to 19C of the Public Finance Act 1989, whether or not that information is included in this annual report; and
- + the accuracy of any end-of-year performance information prepared by MPI, whether or not that information is included in the annual report.

In my opinion:

- + the financial statements fairly reflect the financial position of MPI as at 30 June 2021 and its operations for the year ended on that date; and
- + the forecast financial statements fairly reflect the forecast financial position of MPI as at 30 June 2022 and its operations for the year ending on that date.

Signed

Countersigned



**Ray Smith**  
Director-General  
30 September 2021



**Neil Cherry**  
Deputy Director-General  
Corporate Services  
30 September 2021

# Independent auditor's report

## Ngā pūrongo a te ōtita motuhake

### To the Readers Of the Ministry for Primary Industries' Annual Report for the Year Ended 30 June 2021

The Auditor-General is the auditor of the Ministry for Primary Industries (the Ministry). The Auditor-General has appointed me, Stuart Mutch, using the staff and resources of Ernst & Young, to carry out, on his behalf, the audit of:

- + the financial statements of the Ministry on pages 109 to 144, that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2021, the statement of comprehensive revenue and expense, statement of changes in equity, statement of cash flows, and statement of trust monies for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information;
- + the performance information prepared by the Ministry for the year ended 30 June 2021 on pages 25 to 89;
- + the statement of departmental expenses and capital expenditure against appropriations for the year ended 30 June 2021 on pages 117 to 119; and
- + the schedules of non-departmental activities which are managed by the Ministry on behalf of the Crown on pages 145 to 169 that comprise:
  - the schedules of assets; liabilities; commitments; and contingent liabilities and contingent assets as at 30 June 2021;
  - the schedules of revenue; expenses and capital expenditure for the year ended 30 June 2021;
  - the statement of expenditure and capital expenditure against appropriations for the year ended 30 June 2021;
  - the schedule of trust monies for the year ended 30 June 2021; and
  - the notes to the schedules that include accounting policies and other explanatory information.

### Opinion

In our opinion:

- + the financial statements of the Ministry on pages 109 to 144:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2021; and
    - its financial performance and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.
- + the performance information of the Ministry on pages 25 to 89:
  - presents fairly, in all material respects, for the year ended 30 June 2021:
    - what has been achieved with the appropriation; and
    - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure; and
  - complies with generally accepted accounting practice in New Zealand.
- + the statement of expenses and capital expenditure against appropriations of the Ministry on pages 117 to 119 are presented fairly, in all material respects, in accordance with the requirements of section 45A of the Public Finance Act 1989.
- + the schedules of non-departmental activities which are managed by the Ministry on behalf of the Crown on pages 145 to 169 present fairly, in all material respects, in accordance with the Treasury Instructions:
  - the assets; liabilities; contingent liabilities and contingent assets and commitments as at 30 June 2021;
  - revenue; expenses and capital expenditure for the year ended 30 June 2021;
  - the statement of expenditure and capital expenditure against appropriations for the year ended 30 June 2021; and
  - the schedule of trust monies for the year ended 30 June 2021.

Our audit was completed on 30 September 2021. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Director-General and our responsibilities relating to the information to be audited, we comment on other information, and we explain our independence.

### **Basis for our opinion**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of the Director-General for the information to be audited**

The Director-General is responsible on behalf of the Ministry for preparing:

- + financial statements that present fairly the Ministry's financial position, financial performance, and its cash flows, and that comply with generally accepted accounting practice in New Zealand.
- + performance information that presents fairly what has been achieved with each appropriation, the expenditure incurred as compared with expenditure expected to be incurred, and that complies with generally accepted accounting practice in New Zealand.
- + statement of expenses and capital expenditure and statement of unappropriated expenditure and capital expenditure of the Ministry, that are presented fairly, in accordance with the requirements of the Public Finance Act 1989.
- + schedules of non-departmental activities, in

accordance with the Treasury Instructions, that present fairly those activities managed by the Ministry on behalf of the Crown.

The Director-General is responsible for such internal control as is determined is necessary to enable the preparation of the information to be audited that is free from material misstatement, whether due to fraud or error.

In preparing the information to be audited, the Director-General is responsible on behalf of the Ministry for assessing the Ministry's ability to continue as a going concern. The Director-General is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Ministry, or there is no realistic alternative but to do so.

The Director-General's responsibilities arise from the Public Finance Act 1989.

### **Responsibilities of the auditor for the information to be audited**

Our objectives are to obtain reasonable assurance about whether the information we audited, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of the information we audited.

For the budget information reported in the information we audited, our procedures were limited to checking that the information agreed to the Ministry's information on strategic intentions.

We did not evaluate the security and controls over the electronic publication of the information we audited.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- + We identify and assess the risks of material misstatement of the information we audited, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- + We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ministry's internal control.
- + We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Director-General.
- + We evaluate the appropriateness of the reported performance information within the Ministry's framework for reporting its performance.
- + We conclude on the appropriateness of the use of the going concern basis of accounting by the Director-General and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Ministry's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

However, future events or conditions may cause the Ministry to cease to continue as a going concern.

- + We evaluate the overall presentation, structure and content of the information we audited, including the disclosures, and whether the information we audited represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Director-General regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

#### **Other information**

The Director-General is responsible for the other information. The other information comprises the information included on pages 1 to 24, 90 to 104, and 170 to 194, but does not include the information we audited, and our auditor's report thereon.

Our opinion on the information we audited does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the information we audited or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Independence**

We are independent of the Ministry in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.



For the year ended 30 June 2021, the independent Chair of the Ministry's Risk and Assurance Committee was a member of the Auditor-General's Audit and Risk Committee. The Auditor-General's Audit and Risk Committee is regulated by a Charter that specifies that it provides independent advice to the Auditor-General and does not assume any management functions. There are appropriate safeguards to reduce any threat to auditor independence, as the member of the Auditor-General's Audit and Risk Committee has no involvement in, or influence over, the audit of the Ministry.

Other than in our capacity as auditor, the relationship with the Auditor-General's Audit and Risk Committee and this engagement, we have no relationship with, or interests in, the Ministry.



Stuart Mutch  
Ernst & Young  
On behalf of the Auditor-General  
Wellington, New Zealand

# Overview of departmental financial results

For the year ended 30 June 2021

Actuals 2020 \$000		Actuals 2021 \$000	Unaudited estimates of appropriations 2021 \$000
<b>773,479</b>	<b>Revenue – in total</b>	<b>806,429</b>	<b>816,948</b>
591,882	Revenue Crown	666,578	598,346
181,597	Revenue Other	139,851	218,602
<b>767,769</b>	<b>Expenditure – in total</b>	<b>732,839</b>	<b>899,013</b>
363,182	Personnel costs	371,897	290,702
379,253	Other operating expenses	332,169	577,678
13,379	Depreciation and amortisation expense	15,374	18,861
10,850	Capital charge	13,074	11,772
1,105	Restructuring costs	325	–
<b>5,710</b>	<b>Operating surplus/(deficit)</b>	<b>73,590</b>	<b>(82,065)</b>
30,872	Repayment of surplus (current liability)	116,336	–
66,323	Working capital	85,371	(21,650)
183,870	Non-current assets	189,144	199,426
19,743	Non-current liabilities	16,582	10,000
<b>230,450</b>	<b>Equity</b>	<b>257,933</b>	<b>167,776</b>

## Significant movements between 2019/20 actuals and 2020/21 actuals

### Revenue Crown

The \$74.7 million increase in Crown Revenue is mainly due to Budget 2021 initiatives, primarily:

- + \$66.1 million to continue funding the *Mycoplasma bovis* eradication programme, and
- + \$8 million for protecting and preserving kauri, New Zealand's iconic taonga.

### Revenue other

The \$41.7 million decrease in Revenue other is mainly due to the impacts of COVID-19 on biosecurity passenger air levies. In 2020/21 passenger air levies were \$42.2 million lower than in the previous year.

### Personnel costs

MPI employs 3,450 (2020: 3,358) full-time-equivalent staff, mainly based in New Zealand but has a small

offshore presence. The \$8.7 million increase in personnel costs is due to an increase in full-time-equivalent staff and annual salary movements and progression, including inflation adjustments, offset by a reduction in annual leave, retiring leave, and overtime costs.

### Other operating expenses

The \$47.1 million decrease is mainly due to:

- + a \$23.6 million reduction in contractor expenditure for the year, and
- + a \$12.5 million reduction to biosecurity response related costs.

### Working Capital

The \$19 million increase to working capital is due mainly to the \$150.9 million increase in cash and cash equivalents, off-set by a \$116.3 million repayment of operating surplus provision. This is as a result of capital injection funding provided to offset losses due to COVID-19 impact on third party revenue, which

has also led to a reduction in debtors and other receivables of \$8.7 million. This is offset by increases in liabilities held at balance date, including capital charge of \$13.1 million, and other expense accruals totalling \$14.5 million.

### **Equity**

The \$27.5 million increase in equity is primarily due to a capital injection of \$60.1 million to supplement the loss of Border Levy revenue as a result of COVID-19 border restrictions, and to fund Cabinet approved write-offs of memorandum account deficits.

## **Significant variances between 2020/21 actual results and the estimates of appropriations**

### **Impact of COVID-19**

COVID-19 restrictions took effect in early 2020, at the time MPI was preparing the Estimates of Appropriation documents and associated financial forecasts. At that time, MPI was anticipating an overall MPI deficit position due to lower passenger levies. While MPI did produce a deficit in third party funded activity, overall MPI produced a surplus position, due in part to lower activity through COVID-19 restrictions. While the forecasts reflect MPI's assumptions at the time of preparation, as more information became available, revised forecasts through the Half-Yearly Economic Fiscal Update increased the accuracy.

### **Revenue Crown**

The \$68.2 million increase in Crown Revenue is mainly due to Budget 2021 funding of \$66.1 million to continue the *M. bovis* eradication programme.

### **Revenue other**

Revenue other is \$78.8 million lower than budgeted mainly due to the impacts of COVID-19 on biosecurity passenger air levies. MPI received a capital injection to offset the loss in revenue and to meet on-going costs.

### **Personnel costs and Other operating expenses**

The \$81.2 million increase in personnel costs against budget, and the \$245.5 million decrease in other operating expenses is a result of uncertainty relating to the impacts of COVID-19 when budget forecasts were prepared in March 2020. MPI was anticipating an overall deficit, reflected in the forecasts.

Actual results were a surplus for the year, as a result of an overall underspend in these two expenditure lines. Underspends arose as a result of COVID-19 impacting the delivery projects, and a planned reduction in the *M. bovis* response costs of \$50 million in the year.

### **Working capital**

Working capital is \$107 million higher than budgeted primarily due to a higher cash and cash equivalents mainly due to forecasts not capturing the capital injections subsequently received to offset the loss of border levy revenue. In addition, MPI received an additional \$66.1 million to continue funding the *M. bovis* eradication programme.

### **Equity**

Equity is \$90.2 million higher than budgeted primarily due to Cabinet approval for MPI to write-off \$82.1 million of memorandum account deficits. MPI also received a \$60.1 million capital injection to supplement the loss of border levy revenue as a result of COVID-19 travel restrictions. A higher operating surplus of \$73.4 million for the period further increased MPI's closing equity balance.

# Statement of comprehensive revenue and expense

For the year ended 30 June 2021

Actuals 2020 \$'000		Note	Actuals 2021 \$'000	Unaudited estimates of appropriations 2021 \$'000	Unaudited forecast 2022 \$'000
<b>Revenue</b>					
591,882	Revenue Crown		666,578	598,346	603,763
181,597	Revenue other	2	139,851	218,602	186,021
<b>773,479</b>	<b>Total revenue</b>		<b>806,429</b>	<b>816,948</b>	<b>789,784</b>
<b>Expenditure</b>					
363,182	Personnel costs	3	371,897	290,702	410,091
13,379	Depreciation and amortisation expense	8,9	15,374	18,861	19,764
10,850	Capital charge	4	13,074	11,772	10,304
1,105	Restructuring costs		325	–	–
379,253	Other operating expenses	5	332,169	577,678	384,903
<b>767,769</b>	<b>Total expenditure</b>		<b>732,839</b>	<b>899,013</b>	<b>825,062</b>
<b>5,710</b>	<b>Net surplus/(deficit)</b>		<b>73,590</b>	<b>(82,065)</b>	<b>(35,278)</b>
<b>5,710</b>	<b>Total comprehensive revenue and expense</b>		<b>73,590</b>	<b>(82,065)</b>	<b>(35,278)</b>

The accompanying notes form part of these financial statements.



# Statement of financial position

As at 30 June 2021

Actuals 2020 \$'000		Note	Actuals 2021 \$'000	Unaudited estimates of appropriations 2021 \$'000	Unaudited forecast 2022 \$'000
<b>Assets</b>					
<b>Current assets</b>					
113,473	Cash and cash equivalents		264,397	2,181	83,574
67,145	Debtors and other receivables	6	58,419	61,290	66,290
5,172	Prepayments		6,010	2,000	3,000
4,998	Inventories	7	4,914	5,000	5,000
190,788	Total current assets		333,740	70,471	157,864
<b>Non-current assets</b>					
157,374	Property, plant and equipment	8	159,622	159,805	155,919
26,496	Intangible assets	9	29,522	39,621	38,242
183,870	Total non-current assets		189,144	199,426	194,161
<b>374,658</b>	<b>Total assets</b>		<b>522,884</b>	<b>269,897</b>	<b>352,025</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
51,208	Creditors and other payables	10	88,878	58,620	41,620
30,872	Repayment of surplus	11	116,336	–	–
1,587	Provisions	12	1,178	1,501	1,501
40,798	Employee entitlements	13	41,977	32,000	40,000
124,465	Total current liabilities		248,369	92,121	83,121
<b>Non-current liabilities</b>					
3,847	Creditors and other payables	10	3,407	–	–
3,343	Provisions	12	2,893	–	–
12,553	Employee entitlements	13	10,282	10,000	12,000
19,743	Total non-current liabilities		16,582	10,000	12,000
<b>144,208</b>	<b>Total liabilities</b>		<b>264,951</b>	<b>102,121</b>	<b>95,121</b>
230,450	<b>Net assets</b>		<b>257,933</b>	<b>167,776</b>	<b>256,904</b>
<b>Equity</b>					
254,418	Crown capital and retained earnings	14	242,361	161,713	250,841
(30,031)	Memorandum accounts (net position)	14	9,509	–	–
6,063	Property revaluation reserves	14	6,063	6,063	6,063
<b>230,450</b>	<b>Total equity</b>		<b>257,933</b>	<b>167,776</b>	<b>256,904</b>

The accompanying notes form part of these financial statements.

# Statement of changes in equity

For the year ended 30 June 2021

Actuals 2020 \$000		Note	Actuals 2021 \$000	Unaudited estimates of appropriations 2021 \$000	Unaudited forecast 2022 \$000
176,358	Balance at 1 July		230,450	220,850	235,711
5,710	Total comprehensive revenue and expense		73,590	(82,065)	(35,278)
<b>Owner transactions</b>					
68,054	Capital injections	14	70,229	28,991	56,471
11,200	Retention of prior year surplus	14	–	–	–
(30,872)	Return of operating surplus to the Crown	11	(116,336)	–	–
<b>230,450</b>	<b>Balance at 30 June</b>		<b>257,933</b>	<b>167,776</b>	<b>256,904</b>

The accompanying notes form part of these financial statements.

# Statement of cash flows

For the year ended 30 June 2021

Actuals 2020 \$'000		Note	Actuals 2021 \$'000	Unaudited estimates of appropriations 2021 \$'000	Unaudited forecast 2022 \$'000
<b>Cash flows from operating activities</b>					
579,495	Receipts from Crown		672,909	612,346	603,763
203,604	Receipts from revenue other		142,626	218,602	186,021
(353,875)	Payments to employees		(373,314)	(290,852)	(410,241)
(350,429)	Payments to suppliers		(218,998)	(578,253)	(385,478)
(10,850)	Payments for capital charge		(13,074)	(11,772)	(10,304)
(46,404)	Goods and services tax (net)		(78,048)	-	-
<b>21,541</b>	<b>Net cash from operating activities</b>	<b>15</b>	<b>132,101</b>	<b>(49,929)</b>	<b>(16,239)</b>
<b>Cash flows from investing activities</b>					
246	Receipts from sale of property, plant and equipment		1,096	-	-
(10,721)	Purchase of property, plant and equipment		(12,609)	(13,384)	(7,550)
(8,196)	Purchase of intangible assets		(9,021)	(17,504)	(15,000)
<b>(18,671)</b>	<b>Net cash from investing activities</b>		<b>(20,534)</b>	<b>(30,888)</b>	<b>(22,550)</b>
<b>Cash flows from financing activities</b>					
68,054	Capital injections from the Crown		70,229	28,991	56,471
(11,330)	Repayment of surplus to the Crown		(30,872)	-	-
<b>56,724</b>	<b>Net cash from financing activities</b>		<b>39,357</b>	<b>28,991</b>	<b>56,471</b>
<b>59,594</b>	<b>Net increase (decrease) in cash</b>		<b>150,924</b>	<b>(51,826)</b>	<b>17,682</b>
53,879	Cash at the beginning of the year		113,473	54,007	65,892
<b>113,473</b>	<b>Cash at the end of the year</b>		<b>264,397</b>	<b>2,181</b>	<b>83,574</b>

The accompanying notes form part of these financial statements.

# Statement of commitments

As at 30 June 2021

## Capital commitments

Capital commitments are the aggregate amount of capital expenditure contracted for the acquisition of property, plant and equipment and intangible assets that have not been paid for or recognised as a liability at balance date. The most significant commitment is related to motor vehicle replacement programme.

## Non-cancellable operating lease commitments

MPI leases property, plant and equipment in the normal course of its business. The majority of these leases are for premises that have a non-cancellable leasing period ranging from one to eighteen years.

MPI also subleases property, plant and equipment in the normal course of its business. The total minimum future sublease payments expected to be received under non-cancellable subleases at the balance date are \$1.4 million (2020: \$1.2 million).

MPI's non-cancellable operating leases have varying terms, escalation clauses and renewal rights.

Actuals 2020 \$'000		Actuals 2021 \$'000
<b>Capital commitments</b>		
1,396	Buildings	97
–	Plant & Equipment	348
2,534	Motor vehicles and Vessels	3,181
<b>3,930</b>	<b>Total capital commitments</b>	<b>3,626</b>
<b>Non-cancellable operating lease commitments</b>		
The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:		
19,047	Not later than one year	18,704
60,915	Later than one year and not later than five years	62,009
121,814	Later than five years	109,093
<b>201,776</b>	<b>Total non-cancellable operating lease commitments</b>	<b>189,806</b>
<b>205,706</b>	<b>Total commitments</b>	<b>193,432</b>



# Statement of contingent liabilities and contingent assets

As at 30 June 2021

## Unquantifiable contingent liabilities – Legal proceedings and disputes

### Clerical and Administrative Pay Equity Claim

On 31 October 2019 the Public Service Association – Te Pūkenga Here Tikanga Mahi (PSA) raised a pay equity claim for clerical and administrative work. Following the enactment of the Equal Pay Amendment Act 2020, MPI has entered into the required bargaining process agreement and accepted that there may be gender-based undervaluation of work for employees performing predominantly administrative and clerical work.

MPI and the PSA (as well as other involved agencies) are now seeking to resolve the claim as efficiently and effectively as possible.

MPI is unable to quantify the pay equity claim, as due to the size and complexity of the claim from the wide range of affected roles spanning across various public service agencies it will take time to capture and analyse the information needed to assess the claim.

## Quantifiable contingent liabilities – Legal proceedings and disputes

### Bovine Tuberculosis

A cattle herd subject to bovine TB testing was classified as "Suspected of Infection". In relation to this, the plaintiff, was subject to prosecution by the Crown. The plaintiff was found not guilty.

The plaintiff seeks relief in the order of \$11.680 million. MPI has applied to strike out the proceedings.

## Quantifiable contingent liabilities

Actuals 2020 \$000		Actuals 2021 \$000
92,700	Kiwifruit vine disease Psa-V	-
600	WorkSafe	-
-	Bovine Tuberculosis	11,680
-	Coptotermes Warkworth Response	123
<b>93,300</b>	<b>Total Quantifiable Contingent liabilities</b>	<b>11,803</b>

In 2019/20 MPI disclosed a contingency arising from the impact of the Psa-V incursion on some members of the kiwifruit industry. The Court of Appeal held that the Crown was not legally liable for those losses, and the

plaintiffs' appeal to the Supreme Court was abandoned following a settlement with the Crown.

The above contingent liabilities and contingent assets have not been recognised in the financial statements.

# Statement of departmental expenses and capital expenditure against appropriations

For the year ended 30 June 2021

Expenditure after remeasurements <sup>1</sup>		Expenditure before remeasurements	Remeasurements	Expenditure after remeasurements	Appropriation voted <sup>2</sup>	Forecast <sup>3</sup>
2020 \$000	Annual Appropriations	2021 \$000	2021 \$000	2021 \$000	2021 \$000	2022 \$000
<b>Vote Agriculture, Biosecurity, Fisheries and Food Safety</b>						
<b>Biosecurity: Border and Domestic Biosecurity Risk Management – MCA</b>						
129,418	Border Biosecurity Monitoring and Clearance	107,966	(339)	107,627	125,803	133,036
21,220	Border Biosecurity Systems Development and Maintenance	25,911	(77)	25,834	32,022	31,899
48,294	Biosecurity Incursion Response and Long Term Pest Management	71,474	(76)	71,398	83,399	88,544
46,529	Domestic Biosecurity Surveillance	52,320	(93)	52,227	52,250	53,278
148,935	<i>Response to Mycoplasma bovis</i>	82,015	(120)	81,895	143,559	68,341
<b>394,396</b>		<b>339,686</b>	<b>(705)</b>	<b>338,981</b>	<b>437,033</b>	<b>375,098</b>
<b>Agriculture: Programmes Supporting Sustainability – MCA</b>						
5,874	Agriculture: Administration of Grants and Programmes	10,316	(25)	10,291	13,219	14,290
15,344	Animal Welfare: Education and Enforcement	17,112	(48)	17,064	18,529	20,707
<b>21,218</b>		<b>27,428</b>	<b>(73)</b>	<b>27,355</b>	<b>31,748</b>	<b>34,997</b>
<b>Development and Implementation of Primary Industries Policy Advice – MCA</b>						
11,680	Fisheries Policy Advice	8,651	(30)	8,621	9,837	6,940
36,629	Operational Advice on Sustainability and Management Controls in Fisheries	33,441	(40)	33,401	34,916	35,261
16,002	Trade and Market Access Primary Industries	17,615	(50)	17,565	16,933	17,174
55,424	Agriculture: Policy Advice and Ministerial Servicing	73,812	(168)	73,644	90,059	82,253
5,755	Animal Welfare: Policy Advice and Ministerial Servicing	7,027	(25)	7,002	8,247	8,318
11,222	Biosecurity: Policy Advice and Ministerial Servicing	8,644	(34)	8,610	11,921	13,438
8,293	Food Safety: Policy Advice and Ministerial Servicing	6,377	(25)	6,352	6,971	10,146
<b>145,005</b>		<b>155,567</b>	<b>(372)</b>	<b>155,195</b>	<b>178,884</b>	<b>173,530</b>

Expenditure after remeasurements <sup>1</sup>		Expenditure before remeasurements		Expenditure after remeasurements	Appropriation voted <sup>2</sup>	Forecast <sup>3</sup>
2020 \$000	Annual Appropriations	2021 \$000	Remeasurements 2021 \$000	2021 \$000	2021 \$000	2022 \$000
<b>Food Safety: Protecting Consumers – MCA</b>						
68,613	Food Safety: Assurance	67,754	(241)	67,513	73,619	71,371
3,790	Food Safety: Information	4,110	(14)	4,096	5,536	5,474
6,643	Food Safety: Response	7,561	(26)	7,535	9,619	8,696
19,394	Food Safety: Standards	16,757	(43)	16,714	20,069	17,247
5,162	Food Safety: Trade and Market Access Food Safety	5,851	(23)	5,828	7,619	7,538
<b>103,602</b>		<b>102,033</b>	<b>(347)</b>	<b>101,686</b>	<b>116,462</b>	<b>110,326</b>
<b>Fisheries: Managing the Resource Sustainably – MCA</b>						
228	Fisheries: Administration of Grants and Programmes	345	-	345	240	230
3,254	Fisheries: Aquaculture	2,479	(6)	2,473	4,222	3,109
46,968	Fisheries Enforcement and Monitoring	51,272	(170)	51,102	53,304	56,326
11,564	Fisheries Management	11,451	(22)	11,429	13,877	12,822
<b>62,014</b>		<b>65,547</b>	<b>(198)</b>	<b>65,349</b>	<b>71,643</b>	<b>72,487</b>
<b>- Implementation of COVID-19 Assistance for Primary Industries</b>						
		<b>3,145</b>	<b>(2)</b>	<b>3,143</b>	<b>4,682</b>	<b>5,741</b>
		<b>3,145</b>	<b>(2)</b>	<b>3,143</b>	<b>4,682</b>	<b>5,741</b>
<b>726,235</b>	<b>Total Multi-Category Expenses</b>	<b>693,406</b>	<b>(1,697)</b>	<b>691,709</b>	<b>840,452</b>	<b>772,179</b>
<b>18,830</b>	<b>Capital expenditure PLA</b>	<b>22,176</b>	<b>-</b>	<b>22,176</b>	<b>23,403</b>	<b>22,550</b>
<b>745,065</b>	<b>Total Multi-Category Expenses and Capital Expenditure</b>	<b>715,582</b>	<b>(1,697)</b>	<b>713,885</b>	<b>863,855</b>	<b>794,729</b>

Expenditure after remeasurements <sup>1</sup>		Expenditure before remeasurements	Remeasurements	Expenditure after remeasurements	Appropriation voted <sup>2</sup>	Forecast <sup>3</sup>
2020 \$000	Annual Appropriations	2021 \$000	2020 \$000	2021 \$000	2021 \$000	2022 \$000
<b>Vote Forestry</b>						
<b>Growth and Development of the Forestry Sector – MCA</b>						
10,145	Forestry: Administration of Grants and Programmes	8,360	(28)	8,332	9,222	4,745
1,838	Forestry: Management of the Crown's Forestry Assets	1,839	(7)	1,832	2,560	2,607
26,635	Forestry: Policy Advice and Ministerial Servicing	26,893	(79)	26,814	41,684	45,531
<b>38,618</b>	<b>Total Multi-Category Expenses</b>	<b>37,092</b>	<b>(114)</b>	<b>36,978</b>	<b>53,466</b>	<b>52,883</b>

**Notes:**

1. The 2021 Appropriation Voted figures are those submitted to Treasury for the 2021 Budget Economic Fiscal Update.

2. Statement of accounting policies provides explanations for these figures, which are not subject to audit. The forecast figures represent the restated Budget 2021 estimates for the 2021/22 financial year.



# Statement of trust monies

For the year ended 30 June 2021

## Meat Levies Trust Account

The Meat Levies Trust Account holds levies from meat works payable to TBfree, Beef + Lamb New Zealand and the New Zealand Pork Industry Board.

Actuals 2020 \$000		Actuals 2021 \$000
1	Balance at 1 July	7
63,303	Contributions	67,967
(63,310)	Distributions	(67,975)
13	Revenue	1
<b>7</b>	<b>Balance at 30 June</b>	<b>-</b>

## National Animal Identification and Tracing Trust Account

The National Animal Identification and Tracing Trust Account holds levies received under the National Animal Identification and Tracing Act 2012 and related regulations, to distribute to National Animal Tracing organisations.

Actuals 2020 \$000		Actuals 2021 \$000
135	Balance at 1 July	-
2,343	Contributions	2,186
(2,478)	Distributions	(2,186)
<b>-</b>	<b>Balance at 30 June</b>	<b>-</b>

The accompanying notes form part of these financial statements.

# Notes to the financial statements

## Note 1: Statement of accounting policies for the year ended 30 June 2021

### 1.1 Reporting entity

MPI is a government department as defined by section 2 of the Public Finance Act 1989 and is domiciled in New Zealand.

In addition, MPI has reported on Crown activities and trust monies that it administers.

The primary objective of MPI is to provide services to the public rather than making a financial return and is a public benefit entity (PBE) for financial reporting purposes.

MPI is the end-to-end agency for New Zealand's primary sector, and it works with a broad range of stakeholders from producers to retailers and consumers.

MPI supports the sustainable growth of the New Zealand economy and the wellbeing of everyone in New Zealand.

MPI's operations and principal activities include:

- + providing policy advice and programmes that support the sustainable development of New Zealand's primary industries;
- + advising on fisheries and aquaculture management;
- + providing services to maintain the effective management of New Zealand's fisheries;
- + providing "whole-of-system" leadership of New Zealand's biosecurity system;
- + managing forestry assets for the Crown;
- + protecting the border;
- + protecting animal welfare;
- + protecting consumers of New Zealand food, whether here or overseas; and
- + providing effective food regulation, including imported and exported products.

The financial statements of MPI are for the year ended 30 June 2021. They were authorised for issue by the Director-General of MPI on 27 September 2021.

### 1.2 Basis of preparation

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

### Statement of compliance

The financial statements of MPI have been prepared in accordance with the requirements of the Public Finance Act 1989, which include the requirement to comply with New Zealand generally accepted accounting practices (NZ GAAP) and Treasury instructions.

These financial statements comply with PBE standards.

### Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

### Standards issued and not yet effective and not early adopted

There have been no standards and amendments that have been early adopted (ref. note 1.29).

### 1.3 Changes in accounting policies

There have been no changes in MPI's accounting policies since the date of the last audited financial statements.

### 1.4 Revenue

Revenue is measured at the fair value of consideration received or receivable.

### 1.5 Revenue – Non-exchange transactions

#### Revenue Crown

Revenue from the Crown is measured based on MPI's funding entitlement for the reporting period and is recognised once entitlement is established. The funding entitlement is established by Parliament when it passes the Appropriation Acts for the financial year. The amount of revenue recognised takes into account any amendments to appropriations approved in the Appropriation (Supplementary Estimates) Act for the year and certain other unconditional funding adjustments formally approved prior to balance date.

Revenue Crown has been accounted for based on the funding being non-exchange in nature with no use or return conditions attached. However, MPI can incur expenses only within the scope and limits of its appropriations.

The fair value of revenue Crown has been determined to be equivalent to the funding entitlement.

## **1.6 Revenue – Exchange transactions**

### **Revenue – Other**

#### **Third-party funded services**

Fees for the supply of services to third parties on a cost recovery basis are recognised as revenue upon the provision of the services. Revenue received in advance of the provision of services is recognised as unearned revenue to the extent that it relates to future accounting periods.

#### **Statutory levies**

Revenue from statutory levies is recognised as revenue when the obligation to pay the levy is incurred. Although there are restrictions on how levy funding may be spent, there are no conditions attached to the levies that could readily give rise to obligations to return levies to levy payers.

#### **Application fees**

Revenue from application fees is recognised to the extent that the application has been processed by MPI at balance date.

#### **Rental income**

Rental income under an operating sub-lease is recognised as income on a straight-line basis over the lease term.

## **1.7 Capital charge**

The capital charge is recognised as an expense in the period to which the charge relates.

## **1.8 Leases**

### **Operating leases**

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Operating lease payments are recognised as expenses on a straight-line basis over the lease term.

### **Finance leases**

A finance lease transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred. At the start of the lease term, finance leases are

recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item and the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. The amount recognised as an asset is depreciated over its useful life. If there is no reasonable certainty as to whether MPI will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

## **1.9 Foreign currency transactions**

Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into New Zealand dollars (the functional currency) using the spot exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

## **1.10 Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

MPI is only permitted to expend its cash and cash equivalents within the scope and limits of its appropriations.

## **1.11 Debtors and other receivables**

Trade receivables are recognised initially at fair value and subsequently at amortised cost, less any provision for impairment, measured on an expected credit loss model. Due to their short-term nature, debtors and other receivables are not discounted.

Impairment is established when:

- + for individual debtors outstanding beyond 30 days and in excess of \$20,000 - there is objective evidence that MPI will not be able to collect all or part of the amount due;
- + for all other debtors, including amounts in excess of \$20,000 not included above, 100% of debts that are outstanding over 365 days.

## **1.12 Inventories**

Inventories held for distribution or consumed in the provision of services, that are not supplied on a

commercial basis, are measured at cost, adjusted for any loss of service potential. The loss of service potential of inventories held for distribution is determined on the basis of obsolescence. The amount of any write-down for the loss of service potential is recognised in the surplus or deficit in the period of the write-down.

### 1.13 Non-current assets held for sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit. Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised. Non-current assets held for sale, including those that are part of a disposal group, are not depreciated or amortised while they are classified as held for sale.

### 1.14 Property, plant and equipment

Property, plant and equipment consists of the following asset classes:

- + land;
- + non-residential buildings;
- + residential buildings;
- + leasehold improvements;
- + office furniture and equipment;
- + artwork;
- + motor vehicles; and
- + vessels.

Land and artwork are measured at fair value and buildings are measured at fair value less accumulated depreciation and impairment losses. All other asset classes are measured at cost, less accumulated depreciation and impairment losses. All assets with a cost over \$5,000 are capitalised.

#### Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to MPI and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Work in progress is recognised at cost, less impairment, and is not depreciated.

#### Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported in the surplus or deficit. When revalued assets are sold, the amounts included in revaluation reserves in respect of those assets are transferred to retained earnings.

#### Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to MPI and the cost of the item can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

#### Depreciation and useful lives of major classes of assets

Depreciation is provided on a straight-line basis on all property, plant and equipment, other than land and artwork, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

- + buildings (including leasehold improvements)  
6 to 49 years (2–16.6 percent);
- + furniture, office equipment and artworks  
3 to 20 years (5–33 percent);
- + motor vehicles  
5 to 7 years (14–20 percent);
- + vessels  
4 to 20 years (5–25 percent);

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is the shorter.

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

#### Revaluation

Land, buildings and artwork are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from their fair value and at least every five years. Fair value is determined from market-based evidence by an independent valuer. All other asset classes are carried at depreciated historical cost. The carrying values of revalued items are reviewed at each balance date, to ensure that those values are not



materially different from fair value. Additions between revaluations are recorded at cost.

#### Accounting for revaluations

MPI accounts for revaluations of property, plant and equipment on a class of asset basis. The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

### 1.15 Intangible assets

#### Capitalisation threshold

Individual assets, or groups of assets, are capitalised if their cost is greater than \$50,000.

#### Software acquisition and development

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use by MPI are recognised as an intangible asset. Direct costs include the costs of materials and services, employee costs and any directly attributable overheads. Expenditure incurred on research of internally generated software is expensed when it is incurred.

Costs of software updates or upgrades are only capitalised when they increase the usefulness or value of the software. Costs associated with maintaining computer software are recognised as an expense when incurred.

Website development costs are only recognised as an intangible asset if they will provide future service potential.

#### Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

- + acquired computer software  
3 to 7 years (14–33 percent);
- + internally generated software  
3 to 15 years (7–33 percent).

### 1.16 Impairment of property, plant and equipment and intangible assets

MPI does not hold any cash-generating assets. Assets are considered cash-generating where their primary objective is to generate a commercial return.

#### Non-cash-generating assets

Property, plant and equipment and intangible assets are reviewed for indicators of impairment at each balance date or whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the service potential of the asset is not primarily dependent on the asset's ability to generate net cash inflows and where MPI would, if deprived of the asset, replace its remaining service potential.

For revalued assets the impairment loss is recognised in other comprehensive revenue and expense to the extent the impairment loss does not exceed the amount in the revaluation reserve in equity for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit. For assets not carried at a revalued amount, the impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit. For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

### 1.17 Creditors and other payables

Creditors and other payables are generally settled within 30 days so are recorded at their face value or amortised cost.

### 1.18 Employee entitlements

#### Short-term employee entitlements

Employee entitlements expected to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that it will be used by staff to cover those future absences.

#### Long-term employee entitlements

Employee entitlements that are due to be settled beyond 12 months of balance date in which the employee renders the related service, such as long service leave and retiring leave, are calculated on an actuarial basis. The calculations are based on:

- + likely future entitlements accruing to staff, based on years of service, years to entitlement;
- + the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- + the present value of the estimated future cash flows.

#### Presentation of employee entitlements

Salaries and wages accrued, sick leave, annual leave, vested long service leave, and non-vested long service leave and retiring leave expected to be settled within 12 months of the balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability.

### 1.19 Superannuation schemes

#### Defined contribution schemes

Obligations for contributions to the State Sector Retirement Savings Scheme, KiwiSaver and the Government Superannuation Fund are accounted for as defined contribution schemes and are recognised as an expense in the surplus or deficit as incurred.

### 1.20 Provisions

MPI recognises a provision for future expenditure of uncertain timing or amount. There must be a present obligation, either legal or constructive, as a result of a past event and a probable outflow of future economic benefits. A reliable estimate must also be possible. Provisions are not recognised for net deficits from future operating activities.

#### Restructuring

A provision for restructuring is recognised when MPI has approved a detailed formal plan for restructuring that has either been announced publicly to those affected or for which implementation has already commenced.

#### Make-good provision

MPI is required at the expiry of some of its leases to make-good any damage caused and remove any fixture or fittings installed by it. In many cases MPI has the option to renew these leases, which may change the timing of the expected cash outflows to make-good the premises.

### 1.21 Equity

Equity is the Crown's investment in MPI and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified as Crown capital and retained earnings, memorandum accounts (net position) and property revaluation reserves.

#### Memorandum accounts

Memorandum accounts reflect the cumulative surplus/(deficit) on those departmental services provided that are intended to be fully cost recovered from third parties through fees, levies or charges. The balance of each memorandum account is expected to trend toward zero over time.

#### Property revaluation reserves

These reserves relate to the revaluation of land, buildings and artworks to fair value.

### 1.22 Commitments

Commitments are future expenses and liabilities to be incurred on contracts that have been entered into on or before balance date. Information on non-cancellable operating lease commitments and non-cancellable capital commitments are disclosed in the statement of commitments.

Cancellable capital commitments that have penalty or exit costs explicit in the agreement on exercising the option to cancel are reported in the statement of commitments at the lower of the remaining contractual commitment and the value of those penalty or exit costs (that is, the minimum future payments).

### 1.23 Contingent liabilities and assets

Contingent liabilities and assets are recorded in the statement of contingent liabilities and contingent assets at the point at which the contingency is evident. Contingent liabilities are disclosed if the possibility that they will crystallise is not remote. Contingent assets are disclosed if it is probable that the benefits will be realised.

### 1.24 Goods and services tax

All items in the financial statements, including appropriation statements, are stated exclusive of goods and services tax (GST), except for trade debtors and creditors, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

### 1.25 Income tax

Government departments are exempt from income tax as public authorities. Accordingly, no provision has been made for income tax.

### 1.26 Budget and forecast figures

#### Basis of the budget and forecast figures

The 2021 Estimates of Appropriations figures are for the year ended 30 June 2021 and were published in the 2019/20 annual report. They are consistent with MPI's best estimate financial forecast information submitted to the Treasury for the Budget Economic and Fiscal Update (BEFU) for the year ending 30 June 2021. At the time of preparing these forecasts, COVID-19 restrictions took effect. The anticipated financial performance of MPI was to run a deficit. The forecasts reflect MPI's assumptions at the time of preparation.

The 2022 forecast figures are for the year ending 30 June 2022, which are consistent with the best estimate financial forecast information submitted to the Treasury for the BEFU 2021 for the year ending 30 June 2022.

The forecast financial statements have been prepared as required by the Public Finance Act 1989 to communicate forecast financial information for accountability purposes.

The budget and forecast figures are unaudited and have been prepared using the accounting policies adopted in preparing these financial statements.

The 30 June 2022 forecast figures were prepared in accordance with PBE FRS 42 Prospective Financial Statements and comply with PBE FRS 42.

The forecast financial statements were authorised by the Director-General of MPI on 31 March 2021. The Director-General is responsible for the financial statements, including the appropriateness of the assumptions underlying them and all other required disclosures.

While MPI regularly updates its forecasts, updated forecast financial statements for the year ending 30 June 2022 will not be published.

#### Significant assumptions used in preparing the forecast financials

The forecast figures contained in these financial statements reflect MPI's purpose and activities and are based on a number of assumptions on what may occur during the 2021/22 financial year. They were compiled on the basis of existing government policies and Ministerial expectations at the time the main estimates were finalised.

The main assumptions, which were adopted, are as follows:

- + MPI's activities and output expectations will remain substantially the same as the previous year focusing on the Government's priorities;
- + personnel and other operating costs were based on historical experience and other factors that are believed to be reasonable in the circumstances and are MPI's best estimate of future costs that will be incurred;
- + remuneration rates are based on current wages and salary costs, adjusted for anticipated remuneration changes; and
- + estimated year-end information for 2020/21 was used as the opening position for the 2021/22 forecasts.

Factors that could lead to material differences between the forecast financial statements and the 2021/22 actual financial statements include, impacts of COVID-19 (note 1.30), changes in activities required by the Government, demand for third-party funded activities, year-end revaluations and technical adjustments.

There are no significant accounting adjustments to actual balances as at 30 June 2021 that would have a material impact on the forecast financial statements.

### **1.27 Statement of cost accounting policies**

MPI has determined the cost of outputs using the cost allocation system outlined below.

Direct costs are those costs directly attributed to an output. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific output.

Direct costs are charged directly to outputs. Indirect costs are charged to outputs based on cost drivers and related activity and usage information. Depreciation and capital charge are charged on the basis of asset utilisation. Personnel costs are charged on the basis of actual time incurred. Other indirect costs are assigned to outputs based on assessed usage, staff numbers, direct expenditure and estimated allocation of time.

There have been no changes in cost accounting policies since the date of the last audited financial statements.

### **1.28 Standards and interpretations issued but not yet effective**

Standards and amendments, issued but not yet effective that have not been early adopted, and which are relevant to MPI are:

#### **PBE IPSAS 41 Financial Instruments**

The External Reporting Board issued PBE IPSAS 41 Financial Instruments in March 2019. This standard supersedes PBE IFRS 9 Financial Instruments, which was issued as an interim standard. It is effective for reporting periods beginning on or after 1 January 2022. Although MPI has not assessed the effect of the new standard, it does not expect any significant changes as requirements are similar to PBE IFRS 9.

#### **PBE FRS 48 Service Performance Reporting**

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 and is effective for reporting periods beginning on or after 1 January 2022. MPI has not yet determined how application of PBE FRS 48 will affect its statement of performance. Although MPI has not assessed the effect of the new standard, it does not expect any significant changes as requirements are similar to PBE IPSAS 1.

### **1.29 Critical accounting estimates and assumptions**

In preparing these financial statements, MPI has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are referred to below.

#### **Fair value of land and buildings**

The significant assumptions applied in determining the fair value of land and buildings are disclosed in note 8.

#### **Retirement and long service leave**

An analysis of the exposure in relation to estimates and uncertainties surrounding retirement and long service leave liabilities is disclosed (note 13).



## Provisions

An analysis of the exposure in relation to estimates and uncertainties surrounding the provisions recognised in accordance with MPI's provision policy is disclosed (note 12).

## Holidays Act 2003 pay remediation

MPI report its liability arising from non-compliance with the Holidays Acts 2003 based on analysis of all employees. In 2020/21 the provision was increased by \$368,000 to reflect likely remediation payments arising in the 2020/21 period. Overall, the provision has reduced from \$10 million in 2016/17 to \$2.769 million in 2020/21.

This balance is included in the annual leave balance reported in note 13: Employee entitlements.

## Impact of COVID-19 on financial reporting

The impact of COVID-19 on activities administered by MPI in 2020/21 led to a reduction in other revenue, primarily border clearance and biosecurity systems entry levies. Cabinet agreed to a capital injection of \$60.1 million to MPI in 2020/21 to allow MPI to meet its 2020/21 cash-flow requirements. In addition, in 2020/21 Cabinet approved the write-off of border related memorandum deficits up to and including 30 June 2021. Further disclosures on this impact is provided in notes 17a, 19a, and 19h.

## Note 2: Revenue other

Actuals 2020 \$000		Actuals 2021 \$000
<b>Exchange revenue</b>		
40,332	Verification services (food safety)	39,679
31,778	Biosecurity systems entry levy	28,564
49,108	Miscellaneous statutory fees and charges	56,376
45,138	Border clearance levy	2,035
1,211	Rental income from sub-leased accommodation	394
136	Net gain/(loss) on sale of property, plant and equipment	122
7,854	Goods and services funded by external party	5,742
6,040	Other goods and services	6,939
<b>181,597</b>	<b>Total revenue other</b>	<b>139,851</b>

## Note 3: Personnel costs

Actuals 2020 \$000		Actuals 2021 \$000
328,403	Salaries and wages	346,279
10,010	Employer superannuation contributions to defined contribution plans	10,724
10,411	Increase/(decrease) in employee entitlements including Holidays Act 2003 provision	(1,092)
14,358	Other personnel costs	15,986
<b>363,182</b>	<b>Total personnel costs</b>	<b>371,897</b>

## Note 4: Capital charge

MPI pays a capital charge to the Crown on its equity as at 30 June and 31 December each year. The capital charge rate for the year ended 30 June 2021 was 5 percent (2020: 6 percent).

## Note 5: Other operating expenses

Actuals 2020 \$'000		Actuals 2021 \$'000
	Fees paid to auditor Ernst and Young	
408	– audit of financial statements	416
20	– other services*	2
23,607	Operating lease expenses	21,710
1,626	Advertising and publicity	3,475
22,491	Fisheries and marine-related research contracts	22,641
11,275	Other research contracts	11,811
211,097	Other contracts for services	181,654
14,994	Travel	5,486
4,564	Property costs	4,870
16,587	Information technology	17,727
(2,162)	Net (gain)/loss on foreign exchange derivatives	307
67	Movement in expected credit loss (note 6b)	(113)
	– Property, plant and equipment impairment and written-off	8
	– Intangible assets impairment and write-off	554
16,021	Consultancy and professional specialist services	17,935
21,462	Response consumables	8,988
37,196	Other operating expenses	34,698
<b>379,253</b>	<b>Total other operating expenses</b>	<b>332,169</b>

\* Other services of \$2,000 relates to travel cost reimbursement.

## Note 6: Debtors and other receivables

Actuals 2020 \$'000		Actuals 2021 \$'000
<b>Exchange transactions</b>		
14,599	Debtors	13,124
(366)	Less expected credit loss	(253)
14,233	Net debtors	12,871
1,279	Border clearance levy	486
3,635	Biosecurity systems entry levy	3,231
1,668	Accrued revenue	1,832
<b>Non-exchange transactions</b>		
46,330	Debtor Crown	39,999
<b>67,145</b>	<b>Total debtors and other receivables</b>	<b>58,419</b>

## Note 6a: Aging profile of debtors

	2020			2021		
	Gross \$000	Expected credit loss \$000	Net \$000	Gross \$000	Expected credit loss \$000	Net \$000
Current	10,679	–	10,679	9,961	–	9,961
Greater than 30 days	2,191	–	2,191	2,337	–	2,337
Greater than 60 days	772	–	772	260	–	260
Greater than 90 days	957	(366)	591	566	(253)	313
<b>Total</b>	<b>14,599</b>	<b>(366)</b>	<b>14,233</b>	<b>13,124</b>	<b>(253)</b>	<b>12,871</b>

The expected credit loss has been calculated based on a review of specific overdue debtors and a collective assessment. The collective expected credit loss is based on an analysis of past collection history and debt write-offs. The expected credit loss is \$253,000 (2020: \$366,000).

## Note 6b: Movement in the expected credit loss

Actuals 2020 \$000		Actuals 2021 \$000
433	Balance at 1 July	366
307	Additional provisions made	227
(249)	Unused amounts reversed during the year	(288)
(125)	Receivables written off during the year	(52)
<b>366</b>	<b>Balance at 30 June</b>	<b>253</b>

## Note 7: Inventories

Actuals 2020 \$000		Actuals 2021 \$000
<b>Held for distribution inventories</b>		
4,880	Foot and mouth vaccine	4,880
118	Other	34
<b>4,998</b>	<b>Total inventories</b>	<b>4,914</b>

No inventories are pledged as security for liabilities (2020: nil).

## Note 8: Property, plant and equipment

	Land \$000	Buildings \$000	Leasehold improvements \$000	Furniture office equipment and artworks \$000	Motor vehicles and vessels \$000	Total \$000
<b>Cost or valuation</b>						
Balance at 1 July 2019	2,123	94,740	52,152	24,233	18,837	192,085
Additions through purchase	–	5,002	1,362	2,451	1,907	10,722
Disposals	–	–	–	(589)	(690)	(1,279)
<b>Balance at 30 June 2020</b>	<b>2,123</b>	<b>99,742</b>	<b>53,514</b>	<b>26,095</b>	<b>20,054</b>	<b>201,528</b>
Balance at 1 July 2020	2,123	99,742	53,514	26,095	20,054	201,528
Additions through purchase	–	2,608	628	3,769	5,596	12,601
Disposals	–	(625)	(26)	(80)	(2,626)	(3,357)
Reclassification	–	(11)	–	11	–	–
<b>Balance at 30 June 2021</b>	<b>2,123</b>	<b>101,714</b>	<b>54,116</b>	<b>29,795</b>	<b>23,024</b>	<b>210,772</b>
<b>Accumulated depreciation and impairment losses</b>						
Balance at 1 July 2019	–	3,326	9,052	16,189	8,693	37,260
Depreciation expense	–	731	4,161	1,897	1,274	8,063
Elimination on disposal	–	–	–	(584)	(585)	(1,169)
<b>Balance at 30 June 2020</b>	<b>–</b>	<b>4,057</b>	<b>13,213</b>	<b>17,502</b>	<b>9,382</b>	<b>44,154</b>
Balance at 1 July 2020	–	4,057	13,213	17,502	9,382	44,154
Depreciation expense	–	1,689	4,223	2,077	1,390	9,379
Elimination on disposal	–	(625)	–	(80)	(1,678)	(2,383)
<b>Balance at 30 June 2021</b>	<b>–</b>	<b>5,121</b>	<b>17,436</b>	<b>19,499</b>	<b>9,094</b>	<b>51,150</b>
<b>Carrying amounts (Net Asset Value)</b>						
At 1 July 2019	2,123	91,414	43,100	8,044	10,144	154,825
At 30 June and 1 July 2020	2,123	95,685	40,301	8,593	10,672	157,374
<b>At 30 June 2021</b>	<b>2,123</b>	<b>96,593</b>	<b>36,680</b>	<b>10,296</b>	<b>13,930</b>	<b>159,622</b>

The most recent valuation of land and buildings was performed by independently registered valuers CW Nyberg of Darroch Limited; P Schellekens of CBRE Limited; MW Lauchlan of Duke & Cooke Limited. The effective date for the valuations is 30 June 2017.



## Land

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Adjustments have been made to the "unencumbered" land value for land where there is a designation against the land or the use of the land is restricted. Restrictions on MPI's ability to sell land would normally not impair the value of the land because MPI has operational use of the land for the foreseeable future and will substantially receive the full benefits of outright ownership.

## Buildings

Specialised buildings, such as biocontainment labs, are valued at fair value using depreciated replacement cost because no reliable market data is available for such buildings. Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions include:

- + the replacement asset is based on the replacement with modern equivalent assets with adjustments where appropriate for optimisation due to over-design or surplus capacity;
- + the replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information;

- + for earthquake-prone buildings that are expected to be strengthened, the estimated earthquake-strengthening costs have been deducted from the depreciated replacement cost in estimating fair value;
- + the estimated remaining useful life; and
- + straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non-specialised buildings (for example, residential buildings) are valued at fair value using market-based evidence. Market rents and capitalisation rates were applied to reflect market value.

## Work in progress

Work in progress is included in the above figures at cost, less impairment, and is not depreciated.

Buildings in the course of construction for 2021 total \$1.725 million (2020: \$87.5 million). Leasehold improvements for 2021 total \$0.671 million (2020 \$0.728 million). No other asset classes have assets in the course of construction. Motor Vehicles for 2021 total \$1.133 million (2020: \$19,567).

## Note 9: Intangible assets

	Acquired software \$'000	Internally generated software \$'000	Total \$'000
<b>Cost</b>			
Balance at 1 July 2019	17,152	67,709	84,861
Additions	488	7,707	8,195
Disposals	(694)	(750)	(1,444)
<b>Balance at 30 June 2020</b>	<b>16,946</b>	<b>74,666</b>	<b>91,612</b>
Balance at 1 July 2020	16,946	74,666	91,612
Additions	478	9,097	9,575
Disposals	(3,163)	(3,805)	(6,968)
Reclassification	433	(433)	–
<b>Balance at 30 June 2020</b>	<b>14,694</b>	<b>79,525</b>	<b>94,219</b>
<b>Accumulated amortisation</b>			
Balance at 1 July 2019	14,505	46,739	61,244
Amortisation expense	719	4,597	5,316
Disposals	(694)	(750)	(1,444)
<b>Balance at 30 June 2020</b>	<b>14,530</b>	<b>50,586</b>	<b>65,116</b>
Balance at 1 July 2020	14,530	50,586	65,116
Amortisation expense	894	5,101	5,995
Disposals	(3,104)	(3,789)	(6,893)
Impairment losses	156	323	479
<b>Balance at 30 June 2021</b>	<b>12,476</b>	<b>52,221</b>	<b>64,697</b>
<b>Carrying amounts (net asset value)</b>			
At 1 July 2019	2,647	20,970	23,617
At 30 June and 1 July 2020	2,416	24,080	26,496
<b>At 30 June 2021</b>	<b>2,218</b>	<b>27,304</b>	<b>29,522</b>

There are no restrictions over the title of MPI's intangible assets, nor are any intangible assets pledged as security for liabilities.

### Work in progress

Work in progress for the year ended 30 June 2021 has been tested for material impairment, and the above figures are at cost and are not amortised. Impairment in work in progress was \$Nil (2020: \$Nil).

The total amount of intangible assets in the course of development for the year ended 30 June 2021 is \$7.1 million (2020: \$4.6 million).

## Note 10: Creditors and other payables

Actuals 2020 \$'000		Actuals 2021 \$'000
<b>Current liabilities</b>		
<b>Exchange transactions</b>		
1,511	Creditors	17,184
7,344	Unearned revenue	7,846
1,466	Lease incentive	1,466
549	Auckland kennel lease	568
32,714	Accrued expenses	47,577
<b>Non-exchange transactions</b>		
7,624	GST payable to Inland Revenue Department	14,237
<b>51,208</b>	<b>Total current liabilities</b>	<b>88,878</b>
<b>Non-current liabilities</b>		
<b>Exchange transactions</b>		
3,847	Auckland kennel lease	3,407
<b>3,847</b>	<b>Total non-current liabilities</b>	<b>3,407</b>
<b>55,055</b>	<b>Total creditors and other payables</b>	<b>92,285</b>

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of creditors and other payables approximates their fair value.

## Note 11: Return of operating surplus

Actuals 2020 \$'000		Actuals 2021 \$'000
5,710	Net surplus/(deficit)	73,590
163	Adjust for unrealised losses/(gains) on forward foreign exchange contracts recognised in the surplus/(deficit)	-
24,999	Adjust for (surpluses)/deficits for services subject to memorandum accounts	42,746
<b>30,872</b>	<b>Total return of operating surplus</b>	<b>116,336</b>

Memorandum accounts are disclosed separately within equity. These accounts reflect the cumulative surplus/(deficit) on those departmental services provided that are intended to be fully cost recovered from third parties through fees, levies or charges. The repayment of surplus is required by 31 October of each year.

## Note 12: Provisions

Actuals 2020 \$000		Actuals 2021 \$000
<b>Current</b>		
603	Other provisions	948
984	Restructure Provision	230
<b>1,587</b>	<b>Total current provisions</b>	<b>1,178</b>
<b>Non-current</b>		
3,343	Lease make-good	2,893
<b>3,343</b>	<b>Total Non-current provisions</b>	<b>2,893</b>
<b>4,930</b>	<b>Total provisions</b>	<b>4,071</b>

## Note 12a: Restructure provision

Actuals 2020 \$000		Actuals 2021 \$000
3,145	Opening balance 1 July	3,343
198	Additional provisions made during the year	-
-	Amounts used	(450)
<b>3,343</b>	<b>Closing balance</b>	<b>2,893</b>

MPI has leased premises and an MPI-owned building on leased land, where it is required to make good the property at the expiry of the lease.



## Note 13: Employee entitlements

Actuals 2020 \$000		Actuals 2021 \$000
<b>Current employee entitlements represented by:</b>		
5,387	Salaries and wages	7,182
28,582	Annual leave and Holiday Act compliance liability	28,209
940	Sick leave	1,069
1,745	Long service leave	1,781
4,144	Retiring leave	3,736
<b>40,798</b>	<b>Total current employee entitlements</b>	<b>41,977</b>
<b>Non-current employee entitlements represented by:</b>		
3,493	Long service leave	3,267
9,060	Retiring leave	7,015
<b>12,553</b>	<b>Total non-current employee entitlements</b>	<b>10,282</b>
<b>53,351</b>	<b>Total employee entitlements</b>	<b>52,259</b>

### Long service leave and retiring leave

The measurement of retirement and long-service leave entitlements is determined on an actuarial basis using a number of factors and assumptions. Two key figures used are the discount rate and the salary inflation factor. Any changes in these assumptions will impact on the carrying amount of the liability.

Expected future payments are discounted using forward discount rates derived from the yield curve of New Zealand government bonds. The discount rates used match, as closely as possible, the estimated future cash outflows.

The discount rates used were: 1 year 0.38 percent; 2 year 0.81 percent; and 3 year-plus 3.08 percent (2020: 0.22 percent, 0.25 percent, 1.63 percent). A salary inflation factor of 3.08 percent (2020: 2.72 percent) has been used and is based on a 1.88 percent medium term

inflation assumption (2020: 1.72 percent). The discount rates and salary inflation factor were provided by the Treasury.

If the discount rates were to differ by 1 percent higher from that used, with all other factors held constant, the carrying amount of the liability would be an estimated \$623,205 lower. If the discount rates were to differ by 1 percent lower from that used, with all other factors held constant, the carrying amount of the liability would be an estimated \$692,903 higher.

If the salary inflation factor were to differ by 1 percent higher from that used, with all other factors held constant, the carrying amount of the liability would be an estimated \$757,495 higher. If the salary inflation factor were to differ by 1 percent lower from that used, with all other factors held constant, the carrying amount of the liability would be an estimated \$692,648 lower.

## Note 14: Equity

Actuals 2020 \$'000		Actuals 2021 \$'000
<b>Crown capital and retained earnings</b>		
175,327	Balance at 1 July	254,418
8,054	Capital injections from the Crown	10,129
60,000	Capital injection to supplement impact to border levy revenue due to COVID-19	60,100
	Repayment of capital to the Crown for:	
	– Write-off irrecoverable memorandum account operating deficits	(82,286)
5,710	Net surplus/(deficit)	73,590
24,999	Transfer of memorandum accounts net (surplus)/ deficit	42,746
11,200	Retention of prior year surplus	–
(30,872)	Return of operating surplus to the Crown	(116,336)
<b>254,418</b>	<b>Balance at 30 June</b>	<b>242,361</b>
<b>Memorandum accounts (note 19)</b>		
(5,032)	Balance at 1 July	(30,031)
(24,999)	Net memorandum account surpluses/(deficits)	(42,746)
	– Write-off irrecoverable operating deficits	82,286
<b>(30,031)</b>	<b>Balance at 30 June</b>	<b>9,509</b>
<b>Revaluation reserve – land</b>		
684	Balance at 1 July	684
<b>684</b>	<b>Balance at 30 June</b>	<b>684</b>
<b>Revaluation reserve – residential buildings</b>		
5,260	Balance at 1 July	5,260
<b>5,260</b>	<b>Balance at 30 June</b>	<b>5,260</b>
<b>Revaluation reserve – artworks</b>		
119	Balance at 1 July	119
<b>119</b>	<b>Balance at 30 June</b>	<b>119</b>
<b>6,063</b>	<b>Total revaluation reserve</b>	<b>6,063</b>
<b>230,450</b>	<b>Total equity</b>	<b>257,933</b>

## Note 15: Reconciliation of net surplus/(deficit) to net cash flow from operating activities

Actuals 2020 \$'000		Note	Actuals 2021 \$'000
5,710	Net surplus/(deficit)		73,590
	Add/(less) non-cash items classified as investing or financing activities		
5,316	Amortisation and impairment of intangible assets	9	5,995
8,063	Depreciation and impairment of property, plant and equipment	8	9,379
13,379	Total non-cash items		15,374
	Add/(less) items classified as investing or financing activities		
(136)	Net (gain)/loss on sale of property, plant and equipment	2	(122)
(136)	Total investing or financing activities		(122)
	Add/(less) movements in working capital items		
73	(Increase)/decrease in inventories		84
8,616	(Increase)/decrease in debtors and other receivables		8,726
(2,936)	(Increase)/decrease in prepayments		(830)
(15,176)	Increase/(decrease) in creditors and other payables		37,230
10,411	Increase/(decrease) in employee entitlements		(1,092)
1,600	Increase/(decrease) in provisions		(859)
2,588	Total net movement in working capital items		43,259
21,541	Net cash from operating activities		132,101

## Note 16: Related parties

MPI is a wholly owned entity of the Crown. The Government significantly influences the roles of MPI as well as being a major source of revenue.

Related party transactions with other government agencies (for example, government departments and Crown entities) are not disclosed because they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

### Key management personnel compensation

Actuals 2020 \$'000		Actuals 2021 \$'000
4,090	Leadership team, including the Director-General remuneration	3,774
10	Full-time equivalent staff numbers	10

Key management personnel of MPI comprise the Minister of Agriculture, Minister for Biosecurity, Minister for Food Safety, Minister of Forestry, Minister for Oceans and Fisheries, the Director-General and nine Deputy Directors-General. The figures for 2020/21 exclude the Deputy Director-General China Relations who is on secondment to MFAT.

The above key management personnel compensation disclosure excludes the Minister of Agriculture,

Minister for Biosecurity, Minister for Food Safety, Minister of Forestry, Minister for Oceans and Fisheries. The Ministers' remuneration and other benefits are not received only for their role as a member of key management personnel of MPI. The Ministers' remuneration and other benefits are set by the Remuneration Authority under the Members of Parliament (Remuneration and Services) Act 2013 and are paid under Permanent Legislative Authority, and not paid by MPI.

MPI's key personnel remuneration includes benefits for long service and retiring leave. See note 13 for assumptions.

#### Related party transactions involving key management personnel (or their close family members)

A three year co-source internal audit contract was procured in the 2019/20 financial year. The contract was awarded through MPI's standard tender process. Deloitte was the successful tenderer. A member of the senior leadership team disclosed a conflict of interest

at the time, because a family member is a partner at Deloitte. Throughout the financial year, MPI have completed financial transactions with Deloitte through this agreement.

Related party transactions with other government agencies (for example, government departments and Crown entities) are not disclosed as they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

## Note 17: Financial instruments

The carrying amounts of financial assets and financial liabilities in each of the financial instrument categories are as follows.

Actuals 2020 \$000	Financial instrument categories	Actuals 2021 \$000
<b>Financial assets</b>		
113,473	Cash and cash equivalents	264,397
67,145	Financial assets at amortised cost (note 6)	58,419
<b>180,618</b>	<b>Total financial assets</b>	<b>322,816</b>
<b>Financial liabilities</b>		
34,225	Financial liabilities at amortised cost (excluding unearned revenue and leases) (note 10)	64,761
<b>34,225</b>	<b>Total financial liabilities</b>	<b>64,761</b>

#### Cash and cash equivalents

Cash and cash equivalents include balances denominated in foreign currencies translated to New Zealand dollars at the foreign exchange rate at balance date.

MPI is only permitted to expend its cash and cash equivalents within the scope and limits of its appropriations.

#### Derivative financial instruments

MPI uses forward foreign exchange contracts to manage exposure to foreign exchange movements. MPI does not hold these contracts for trading purposes. MPI has not adopted hedge accounting.

Forward foreign exchange contracts are initially recognised at fair value on the date a contract is entered into and are subsequently re-measured at their fair value at each balance date. Movements in the fair value are recognised in the statement of comprehensive revenue and expense.

## Note 17a: Financial instrument risks

MPI's activities expose it to a variety of financial instrument risks, including currency risk, credit risk and liquidity risk. MPI has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not allow for any transactions that are speculative in nature to be entered into. Any financial instruments held are carried at approximate fair value.

#### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises from future purchases and recognised liabilities, which are denominated in a foreign currency.

MPI purchases goods and services internationally and is exposed to currency risk arising from various exposures, primarily with respect to the Euro, British



Pound, and United States and Australian dollars. MPI's Foreign Exchange Management Policy requires MPI to manage currency risk arising from future transactions and recognised liabilities by entering into foreign spot or exchange forward contracts when the total transaction exposure to an individual currency exceeds NZD\$100,000. MPI's policy has been approved by the Treasury and is in accordance with the requirements of the Treasury's Guidelines for the Management of Crown and Departmental Foreign-Exchange Exposure. As at 30 June 2021, MPI's exposure to interest rate risk, and its sensitivity to that risk, is not considered material.

#### **Interest rate risk**

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate, or the cash flows from a financial instrument will fluctuate, due to changes in market interest rates. MPI has no exposure to interest rate risk because it has no interest-bearing financial instruments.

#### **Credit risk**

Credit risk is the risk that a third party will default on its obligation to MPI, causing MPI to incur a loss. In the normal course of its business, credit risk arises from debtors and deposits with banks.

MPI is only permitted to deposit funds with Westpac (Standard and Poor's credit rating of AA-), a registered bank, and enter into foreign exchange forwards with the New Zealand Debt Management Office (Standard and Poor's credit rating of AA). These entities have high credit ratings. For its other financial instruments, MPI does not have significant concentrations of credit risk.

MPI's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents, net debtors (note 6), and derivative financial instrument assets (note 17). There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired.

#### **Liquidity risk**

Liquidity risk is the risk that MPI will encounter difficulty raising liquid funds to meet commitments as they fall due.

In meeting its liquidity requirements, MPI closely monitors its forecast cash requirements with expected cash drawdowns from the New Zealand Debt Management Office. MPI maintains a target level of available cash to meet liquidity requirements.

#### **Impact due to COVID-19**

COVID-19 presented a liquidity risk to MPI as a result of decreased levy revenues. Cabinet agreed to a capital injection of \$60.1 million to MPI in 2020/21 to allow MPI to meet its 2020/21 cash-flow requirements as a result of the loss of third party revenue. This is reflected in note 19.

### **Note 18: Capital management**

MPI's capital is its equity, which comprises Crown capital and retained earnings, memorandum accounts (net position) and property revaluation reserves. Equity is represented by net assets.

MPI manages its revenues, expenses, assets, liabilities and general financial dealings prudently and in a manner that promotes the current and future interests of the New Zealand public. MPI's equity is largely managed as a by-product of managing revenue, expenses, assets, liabilities, and compliance with the Government budget processes and with Treasury instructions, and the Public Finance Act 1989.

The objective of managing MPI's equity is to ensure MPI effectively achieves its goals and objectives for which it has been established, while remaining a going concern.

### **Note 19: Memorandum accounts**

These accounts summarise financial information relating to the accumulated surpluses and deficits incurred in the provision of statutory information and performance of accountability reviews by MPI to third parties on a full cost recovery basis.

The accounts enable MPI to take a long run perspective to fee setting and cost recovery.

These transactions are included as part of MPI's operating income and expenses, however, these transactions are excluded from the calculation of MPI's return of operating surplus (refer note 11). The cumulative balance of the surplus/(deficit) of the memorandum accounts is recognised as a component of equity (refer note 14).

The balance of each memorandum account is expected to trend toward zero over a reasonable period of time, with interim deficits being met either from cash from MPI's statement of financial position or by seeking approval for a capital injection from the Crown.

Actuals 2020 \$000		Actuals 2021 \$000
(7,811)	Border biosecurity clearance fees account	-
295	Phytosanitary exports account	(407)
(5,147)	Verification of the food regulatory programme account	(4,243)
3,135	Approvals, accreditations and registrations	2,572
3,892	Standards setting for the food industry account	7,826
4,097	Wine standards management – Wine Act 2003	5,088
(428)	Food standards and assurance – Food Act 2014	(1,327)
(28,064)	Border biosecurity traveller clearance levy	-
<b>(30,031)</b>	<b>Total memorandum account balances</b>	<b>9,509</b>

### Impact due to COVID-19

The impact of COVID-19 in the 2020/21 was modelled on forecast revenue and expenditure. As a result of these projections Cabinet agreed to a capital injection of \$60.1 million to MPI in 2020/21 to allow MPI to meet its 2020/21 cash-flow requirements following the loss of passenger revenue due to COVID-19 border restriction (ref. note 19a, 19h).

The collectability of the Border Clearance Levy is dependent upon the duration of the border restrictions and the subsequent speed of recovery in passenger volumes. The uncertain timing and extent of this decline in passenger volumes means that the longer term collectability of the deficit cannot be determined at this time.

### Note 19a: Border biosecurity clearance fees account

Actuals 2020 \$000		Actuals 2021 \$000
(4,020)	Opening balance 1 July	(7,811)
46,052	Revenue	46,204
(56,460)	Expenses	(56,624)
6,993	Revenue from the crown for low value goods	12,524
(376)	Transfer from the food regulatory programme account	-
-	Write-off accumulated operating deficits	5,707
<b>(7,811)</b>	<b>Closing balance</b>	<b>-</b>

This account covers:

- + levies imposed on all importations of goods for which a document is lodged with the New Zealand Customs Service under regulation 26(2) of the Customs and Excise Regulations 1996; and
- + all other fees collected under the Biosecurity Costs Regulations 2006 including inspection of risk goods, offshore inspection of ships, and approval and audit of transitional containment facilities and facility operators.

## Note 19b: Phytosanitary exports

Actuals 2020 \$000		Actuals 2021 \$000
829	Opening balance 1 July	295
2,297	Revenue	2,154
(2,831)	Expenses	(2,856)
<b>295</b>	<b>Closing balance</b>	<b>(407)</b>

This account covers fees for certification of plant and forestry exports.

## Note 19c: Verification of the food regulatory programme account

Actuals 2020 \$000		Actuals 2021 \$000
(6,027)	Opening balance 1 July	(5,147)
40,370	Revenue	39,650
(41,422)	Expenses	(38,822)
92	Write-off accumulated operating deficits	76
330	Transfer from the Crown	-
1,134	Transfer to the Standards Setting for the food industry account	-
376	Transfer to the border biosecurity clearance fees account	-
<b>(5,147)</b>	<b>Closing balance</b>	<b>(4,243)</b>

This account covers verification activities undertaken by MPI in accordance with the Animal Products (Fees, Charges and Levies) Regulations 2007.

## Note 19d: Approvals, accreditations and registrations

Actuals 2020 \$000		Actuals 2021 \$000
3,331	Opening balance 1 July	3,135
4,552	Revenue	4,519
(4,748)	Expenses	(5,082)
<b>3,135</b>	<b>Closing balance</b>	<b>2,572</b>

This account covers the provision of approval and registration services to regulated parties under the Agricultural Compounds and Veterinary Medicines Act 1997 and the Animal Products Act 1999.

## Note 19e: Standards setting for the food industry account

Actuals 2020 \$000		Actuals 2021 \$000
3,382	Opening balance 1 July	3,892
23,760	Revenue	25,243
(22,116)	Expenses	(21,454)
	– Write-off accumulated operating deficits	145
(1,134)	Transfer from the verification of the food regulatory programme account	–
<b>3,892</b>	<b>Closing balance</b>	<b>7,826</b>

This account covers MPI's standards setting activities and fees for certification and reconciliation services under the Animal Products (Dairy Industry Fees and Charges) Regulations 2007 and the Animal Products (Fees, Charges and Levies) Regulations 2007.

## Note 19f: Wine standards management – Wine Act 2003

Actuals 2020 \$000		Actuals 2021 \$000
3,221	Opening balance 1 July	4,097
2,631	Revenue	2,633
(1,755)	Expenses	(1,642)
<b>4,097</b>	<b>Closing balance</b>	<b>5,088</b>

This account covers certification, assurance, standard setting, market access, systems implementation and monitoring services provided under the Wine Act 2003.

## Note 19g: Food standards and assurance – Food Act 2014

Actuals 2020 \$000		Actuals 2021 \$000
(244)	Opening balance 1 July	(428)
1,043	Revenue	972
(1,227)	Expenses	(1,871)
<b>(428)</b>	<b>Closing balance</b>	<b>(1,327)</b>

This account covers services provided by MPI under the Food Act 2014.

## Note 19h: Border biosecurity traveller clearance levy

Actuals 2020 \$000		Actuals 2021 \$000
(5,504)	Opening balance 1 July	(28,064)
45,197	Revenue	2,095
592	Revenue from the Crown for exempt travellers	592
(68,349)	Expenses	(50,981)
-	Write-off accumulated operating deficits	76,358
<b>(28,064)</b>	<b>Closing balance</b>	<b>-</b>

This account covers fees and costs associated with the biosecurity clearance costs of travellers coming into New Zealand.

## Note 20: Events after balance date

On 6 September 2021, the Minister of Finance agreed to allow MPI to retain \$0.840 million of its operating surplus. Any operating surplus is typically repaid to the Treasury. Recent COVID-19 restrictions have also not had any further significant impact other than what is already disclosed.



# Non-departmental statements and schedules

For the year ended 30 June 2021

## Introduction and overview

The following non-departmental statements and schedules record the revenue, expenses, capital receipts, assets, liabilities, commitments and trust accounts MPI manages on behalf of the Crown.

On behalf of the Crown for the year ending 30 June 2021, MPI administered \$391.0 million of expenses. This represents an increase of \$41.4 million from the prior year and is largely reflective of the work on COVID-19 initiatives, settlement of kiwifruit litigation and grants expenditure.

Income for the year is \$200.4 million, a decrease of \$58.8 million from the previous year, driven mainly by there being no dividend received this year from Crown Irrigation Investments Limited (CIIL) (2020: \$38.8 million), a decrease of \$10.3 million in fines, penalties and levies and a decrease in industry contribution of \$30.8 million for *M. bovis* compensation as a result of lower compensation and departmental response costs incurred in 2020/2021.

Non-departmental assets are \$572.5 million, a decrease of \$26.6 million from the prior year. This has been driven by a decrease in the Crown's investment in CIIL of \$8.2 million, a decrease in the value of Crown forests of \$13.0 million, and a decrease in debtors and other receivables of \$19.6 million. This has been partially offset by an increase in cash and cash equivalents of \$15.1 million.

Non-departmental liabilities are \$61.2 million, a decrease of \$18 million from the prior year. This is primarily as a result of a decrease in the provision for *M. bovis* compensation due to processing of claim payments, improvements in the quality of information to assess provisions, lower than expected claims

and updated assessments for larger claims nearing completion.

The \$9.8 million capital expenditure, a decrease of \$20.1 million for the prior year, is mainly due to a decrease in the drawdown of funds available for the Crown's investment in CIIL and lower spend for the purchase and development of Crown Forestry assets.

Further details of MPI's management of these Crown assets and liabilities are provided in the Output Performance sections of this report.

## Impact due to COVID-19

The effect of COVID-19 on the forest industry has been relatively minor to date. Within New Zealand, control of COVID-19 has allowed forest production to continue and there is very high demand for structural grade logs and building timber. New Zealand's major export log customer, China, has also controlled COVID-19 and this has resulted in continued demand for New Zealand radiata pine logs. New Zealand's ability to maintain its export supply is very much a positive. In the long term the fundamental uses of wood have not changed, and it is expected that normal market fluctuations will continue as they did before COVID-19.

COVID-19 has not diminished the interest in purchase of or investment in New Zealand plantations from within New Zealand and overseas and the forest market is still strong.

The financial information reported in these statements and schedules is consolidated into the Crown financial statements, and therefore readers of these statements and schedules should also refer to the Crown financial statements for the year ended 30 June 2021.

# Statement of non-departmental expenditure and capital expenditure against appropriations

For the year ended 30 June 2021

Actual 2020 \$000		Expenditure before remeasurements 2021 \$000	Expenditure after remeasurements 2021 \$000	Appropriation voted 2021 \$000	Unaudited forecast 2022 \$000
	<b>Annual appropriations</b>				
<b>Vote Forestry</b>					
<b>APPROPRIATIONS FOR OUTPUT EXPENSES</b>					
<b>Growth and Development of the Forestry Sector MCA</b>					
76,621	Forestry: Operational Management of the Crown's Forests	87,180	87,180	92,427	61,684
<b>Vote Agriculture, Biosecurity, Fisheries and Food Safety</b>					
1,789	Support for Walking Access	3,561	3,561	3,561	3,596
<b>Agriculture: Programmes Supporting Sustainability MCA</b>					
1,682	Agriculture: Climate Change Research	11,675	11,675	12,015	11,387
4,701	Agriculture: Recovery Assistance	6,887	6,887	8,916	4,376
<b>Biosecurity: Border and Domestic Biosecurity Risk Management MCA</b>					
24,000	Biosecurity: Control of Bovine TB	24,000	24,000	24,000	24,000
<b>Food Safety: Protecting Consumers</b>					
–	Food Safety Science and Research	–	–	–	1,600
<b>108,793</b>	<b>Total output expenses</b>	<b>133,303</b>	<b>133,303</b>	<b>140,919</b>	<b>106,643</b>
<b>APPROPRIATIONS FOR BENEFITS OR RELATED EXPENSES</b>					
1,376	Agriculture: Rural Veterinarians Bonding Scheme	1,502	1,502	1,650	1,650
<b>1,376</b>	<b>Total benefits or related expenses</b>	<b>1,502</b>	<b>1,502</b>	<b>1,650</b>	<b>1,650</b>
<b>APPROPRIATIONS FOR OTHER EXPENSES</b>					
<b>Vote Forestry</b>					
<b>Growth and Development of the Forestry Sector MCA</b>					
–	Afforestation Grant Scheme	–	–	–	1,000
17,233	Forestry: Grants and Partnership Programmes	44,012	44,012	39,733	29,613
5,198	Forestry: Hill Country Erosion Fund	7,657	7,657	8,913	10,000
<b>Vote Agriculture, Biosecurity, Fisheries and Food Safety</b>					
5,658	Covid-19 Assistance for Primary Industries	5,228	5,228	13,985	1,273
92	Fisheries: Aquaculture Settlements	475	475	5,200	16,195
153	Fisheries: Provision for Fisheries Debt Write Downs	338	338	1,000	1,000
–	Settlement of Litigation <sup>1</sup>	40,000	40,000	40,000	–
3,318	Subscriptions to International Organisations	3,443	3,443	3,538	3,538

**Note:**

1. The Settlement of Litigation appropriation established in 2020/2021 relates to the out-of-court settlement to the long-running litigation arising from the 2010 incursion of the kiwifruit vine disease, *Pseudomonas syringae* pv. *Actinidiae* (Psa-V).

Actual 2020 \$000		Expenditure before remeasurements 2021 \$000	Expenditure after remeasurements 2021 \$000	Appropriation voted 2021 \$000	Unaudited forecast 2022 \$000
	<b>Annual appropriations</b>				
	<b>Agriculture: Programmes Supporting Sustainability MCA</b>				
1,632	Sustainable Farming Fund	–	–	–	–
	<b>Biosecurity: Border and Domestic Biosecurity Risk Management MCA</b>				
9,095	Biosecurity: Compensation and Ex-gratia following a Biosecurity Event	6,806	6,806	10,760	–
53,793	Compensation and Ex-Gratia Payments in Response to <i>Mycoplasma Bovis</i>	18,971	18,971	83,045	–
	<b>Fisheries: Managing the Resource Sustainably MCA</b>				
69	Fisheries Quota Shares and ACE Administration Costs	49	49	149	149
–	Fisheries: Transition Support	6,989	6,989	7,100	–
	<b>Food Safety: Protecting Consumers MCA</b>				
2,100	Food Safety: Joint Food Standards Setting Treaty	2,100	2,100	2,100	2,100
<b>98,341</b>	<b>Total other expenses</b>	<b>136,068</b>	<b>136,068</b>	<b>215,523</b>	<b>64,868</b>
	<b>APPROPRIATIONS FOR CAPITAL EXPENDITURE</b>				
	<b>Growth and Development of the Forestry Sector MCA</b>				
14,899	Capital Investment in the Crown's Forestry Assets	8,084	8,084	11,799	15,000
<b>14,899</b>	<b>Total capital expenses</b>	<b>8,084</b>	<b>8,084</b>	<b>11,799</b>	<b>15,000</b>
<b>223,409</b>	<b>Total Annual Appropriation Expenditure</b>	<b>278,957</b>	<b>278,957</b>	<b>369,891</b>	<b>188,161</b>

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2021.

# Statement of non-departmental expenditure and capital expenditure against appropriations continued

For the year ended 30 June 2021

Actuals 2020 \$000	Multi-year appropriations	Actuals 2021 \$000
<b>Vote Forestry</b>		
<b>APPROPRIATIONS FOR OUTPUT EXPENSES</b>		
<b>Afforestation Grant Scheme</b>		
10,363	Original appropriation – over three years from 1 July 2018 to 30 June 2021	10,363
3,249	Adjustments to 2019/20	3,249
	– Adjustments for 2020/21	(1,000)
13,612	Adjusted Appropriation	12,612
6,086	Actual expenses to 2019/20	6,086
	– Actual expenses for 2020/21	535
<b>7,526</b>	<b>Appropriation remaining</b>	<b>5,991</b>
<b>Forestry and Other Economic Development and Erosion Control</b>		
26,950	Original appropriation – over four years from 1 July 2018 to 30 June 2021	26,950
1,150	Adjustments to 2019/20	1,150
	– Adjustments for 2020/21	(2,000)
28,100	Adjusted Appropriation	26,100
7,620	Actual expenses to 2019/20	7,620
	– Actual expenses for 2020/21	4,230
<b>20,480</b>	<b>Appropriation remaining</b>	<b>14,250</b>
<b>\$000</b>	<b>Multi-year appropriations</b>	<b>\$000</b>
<b>Vote Agriculture, Biosecurity, Fisheries and Food Safety</b>		
<b>APPROPRIATIONS FOR OUTPUT EXPENSES</b>		
<b>Global Research Alliance on Agricultural Greenhouse Gases</b>		
23,050	Original Appropriation over four years from 1 October 2019 to 30 June 2024	23,050
	– Adjustments for 2020/21	10,000
23,050	Adjusted Appropriation	33,050
3,638	Actual expenses to 2019/20	3,638
	– Actual expenses for 2020/21	4,850
<b>19,412</b>	<b>Appropriation Remaining</b>	<b>24,562</b>
<b>New Zealand Agricultural Greenhouse Gas Research</b>		
	– Original Appropriation over four years from 1 July 2020 to 30 June 2024	34,000
	– Adjustments for 2020/21	4,676
	– Adjusted Appropriation	38,676
	– Actual expenses for 2020/21	7,461
	<b>– Appropriation Remaining</b>	<b>31,215</b>

Actuals 2020 \$'000	Multi-year appropriations	Actuals 2021 \$'000
<b>Primary Growth Partnership</b>		
244,312	Original Appropriation over four years from 1 July 2017 to 30 June 2022	244,312
(168,914)	Adjustments to 2019/20	(168,914)
75,398	Adjusted Appropriation	75,398
75,398	Actual expenses to 2019/20	75,398
<b>- Appropriation Remaining</b>		<b>-</b>
<b>Sustainable Food and Fibre Futures</b>		
255,491	Original appropriation – over five years from 1 October 2019 to 30 June 2024	255,491
-	Adjustments for 2020/21	(18,166)
255,491	Adjusted Appropriation	237,325
25,035	Actual expenses to 2019/20	25,035
-	Actual expenses for 2020/21	37,760
<b>230,456</b>	<b>Appropriation Remaining</b>	<b>174,530</b>
<b>Water Storage and Irrigation Investment Proposals</b>		
25,000	Original appropriation – over five years from 1 July 2016 to 30 June 2021	25,000
(3,863)	Adjustments to 2019/20	(3,863)
-	Adjustments for 2020/21	(969)
21,137	Adjusted Appropriation	20,168
20,168	Actual expenses to 2019/20	20,168
<b>969</b>	<b>Appropriation remaining</b>	<b>-</b>
<b>APPROPRIATIONS FOR CAPITAL EXPENDITURE</b>		
<b>Crown Irrigation Investments Limited</b>		
63,000	Original appropriation – over four years from 1 July 2017 to 30 June 2021	63,000
17,400	Adjustments to 2018/19	17,400
80,400	Adjusted Appropriation	80,400
73,700	Actuals expenses to 2019/20	73,700
-	Actual Expenses for 2020/21	-
<b>6,700</b>	<b>Appropriation remaining</b>	<b>6,700</b>
<b>52,667</b>	<b>Total Multi-Year Appropriation Expenditure</b>	<b>54,836</b>
	Total Vote Agriculture, Biosecurity, Fisheries and Food Safety 2021	50,071
	Total Vote Forestry 2021	4,765
	<b>Total Annual Expenditure for 2021</b>	<b>270,873</b>
	Total Vote Agriculture, Biosecurity, Fisheries and Food Safety 2021	132,024
	Total Forestry 2021	138,849
	<b>Total Capital Expenditure for 2021</b>	<b>8,084</b>
	Total Vote Agriculture, Biosecurity, Fisheries and Food Safety 2021	-
	Total Forestry 2021	8,084
	<b>Total Expenditure for 2021 (Excluding Capital Expenditure)</b>	<b>325,709</b>
	Total Vote Agriculture, Biosecurity, Fisheries and Food Safety 2021	182,095
	Total Forestry 2021	143,614



# Schedule of non-departmental revenue

For the year ended 30 June 2021

Actual 2020 \$000		Note	Actual 2021 \$000	Unaudited estimates of appropriations 2021 \$000	Unaudited forecast 2022 \$000
94,638	Sale of forest produce		117,344	101,654	69,577
44,099	Fines, penalties and levies	2	33,779	40,424	40,562
38,871	Dividend income from Crown Irrigation Investment Limited		–	–	–
4,250	Sale of Crown quota and annual catch entitlement (ACE)		2,691	225	225
6,941	Deemed value for over-fishing		5,278	5,000	5,000
–	– Emissions Trading Scheme fees		–	150	150
37	Forestry land rental		19	19	19
8,691	Miscellaneous revenue	3	10,420	50	50
61,691	Industry contribution for compensation and response costs – <i>Mycoplasma bovis</i>	4	30,886	61,920	21,146
<b>259,218</b>	<b>Total non-departmental revenue</b>		<b>200,417</b>	<b>209,442</b>	<b>136,729</b>

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2021.

# Schedule of non-departmental expenses

For the year ended 30 June 2021

Actual 2020 \$000		Note	Actual 2021 \$000	Unaudited estimates of appropriations 2021 \$000	Unaudited forecast 2022 \$000
81,267	Grants		117,302	172,257	140,811
103,762	Operating		157,956	126,975	101,835
62,888	Compensation for biosecurity incursions	14	25,776	53,200	–
1,376	Benefits		1,502	1,650	1,650
9,605	Research and development		19,136	21,778	23,106
1,789	New Zealand Walking Access Commission funding	9	3,561	3,561	3,596
151	Depreciation and impairment of property, plant and equipment	8	138	135	135
339	Impairment of receivables	7a	338	1,000	1,000
24,586	Loss on revaluation of forests measured at fair value	6a	21,083	–	–
32,042	Impairment of the Crown's equity investment in Crown Irrigation Investments Limited	10	8,238	–	–
31,800	GST input expenses		36,017	45,911	37,592
<b>349,605</b>	<b>Total non-departmental expenses</b>		<b>391,047</b>	<b>426,467</b>	<b>309,725</b>

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2021.

# Schedule of non-departmental capital expenditure

For the year ended 30 June 2021

Actual 2020 \$000		Note	Actual 2021 \$000	Unaudited estimates of appropriations 2021 \$000	Unaudited forecast 2022 \$000
15,000	Investment in Crown Irrigation Investments Ltd	10	–	6,700	–
14,812	Purchase and development of Crown Forestry assets valued	6	9,768	16,000	15,000
87	Purchase and development of Crown Forestry assets not valued		–	–	–
<b>29,899</b>	<b>Total non-departmental expenses</b>		<b>9,768</b>	<b>22,700</b>	<b>15,000</b>

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2021.

# Schedule of non-departmental assets

As at 30 June 2021

Actual 2020 \$000		Note	Actual 2021 \$000	Unaudited estimates of appropriations 2021 \$000	Unaudited forecast 2022 \$000
<b>Current assets</b>					
221,363	Cash and cash equivalents		236,476	46,218	224,403
30,369	Forests – for harvest in 12 months	6	22,699	–	–
103,001	Debtors and other receivables	7	87,951	25,475	66,500
7,163	Prepayments		6,451	2,000	2,000
550	Non-current assets held for sale	5	550	–	–
<b>362,446</b>	<b>Total current assets</b>		<b>354,127</b>	<b>73,693</b>	<b>292,903</b>
<b>Non-current assets</b>					
23,091	Debtors and other receivables	7	18,536	25	30,906
111,057	Forests	6	105,728	192,811	168,225
18,952	Property, plant and equipment	8	18,814	18,806	18,681
	Crown equity investment in Crown entities				
1,150	– New Zealand Walking Access Commission	9	1,150	1,150	1,150
82,354	– Crown Irrigation Investments Limited	10	74,116	152,800	152,800
<b>236,604</b>	<b>Total non-current assets</b>		<b>218,344</b>	<b>365,592</b>	<b>371,762</b>
<b>599,050</b>	<b>Total non-departmental assets</b>		<b>572,471</b>	<b>439,285</b>	<b>664,665</b>

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2021.

# Schedule of non-departmental liabilities

As at 30 June 2021

Actual 2020 \$000		Note	Actual 2021 \$000	Unaudited estimates of appropriations 2021 \$000	Unaudited forecast 2022 \$000
<b>Current liabilities</b>					
35,015	Creditors and other payables	11	40,569	18,700	23,700
3,735	Over and under recovered costs from fishing industry	12	3,651	12,500	3,735
37,690	Provisions	13	15,863	68,971	32,690
<b>76,440</b>	<b>Total current liabilities</b>		<b>60,083</b>	<b>100,171</b>	<b>60,125</b>
<b>Non-current liabilities</b>					
2,811	Provisions	13	1,153	1,418	2,811
2,811	Total non-current liabilities		1,153	1,418	2,811
<b>79,251</b>	<b>Total non-departmental liabilities</b>		<b>61,236</b>	<b>101,589</b>	<b>62,936</b>

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2021.



# Schedule of non-departmental contingent liabilities and contingent assets

As at 30 June 2021

## Contingent liabilities

### Unquantified

#### Aquaculture settlements

Under the Māori Commercial Aquaculture Claims Settlement Act 2004 the Crown is obligated to provide regional Iwi with 20 percent of future aquaculture growth.

This settlement is unusual because it is an ongoing and prospective settlement. As aquaculture in New Zealand grows, settlement obligations arise. Iwi may choose to accept settlement as either cash, marine rights, or a combination following the negotiation process. The amount and timing of settlements are therefore uncertain, as they are dependent on sector growth, as well as the preferred nature of settlement. These factors of uncertainty result in challenges with regards to reliably estimating the Crown's potential obligations. The contingency is therefore unquantified.

### Quantified

#### Biosecurity compensation

Under section 162A of the Biosecurity Act 1993 compensation may be payable as a result of the exercise of powers to manage or eradicate

organisms. MPI has been notified that compensation will be sought for incursions and has recognised contingencies for *Bonamia ostraea* (\$112.42 million) and post-entry quarantine (PEQ) (\$14.49 million). PEQ relates to the destruction of fruit trees.

Due to the complexity and uncertainty of the amount of these claims, the liability for *B. ostraea* and PEQ has been recognised at the claimant value, which may be overstated until the claim is fully assessed. While these claims can be quantified, they do not meet the tests for recognising a provision.

The Crown declined \$79.82 million in claims lodged for *B. ostraea*, this comprises part of the \$112.42 million reported above. This decision is subject to arbitration, so MPI continues to reflect these claims at 30 June 2021. Note that additional claimants may submit claims and this has not been reflected in the total.

The above contingent liabilities have not been recognised in the financial statements.

# Schedule of non-departmental commitments

As at 30 June 2021

MPI, on behalf of the Crown, has entered into non-cancellable land leases for forestry and forestry partnership commitments. The lease agreements commit the Crown to expenditure over the remaining term of the leases and have expiry dates ranging from 2021 to 2085. The commitments shown are MPI's best estimate of the minimum expenditure over the remaining term of the leases.

Actuals 2020 \$000		Actuals 2021 \$000
<b>Non-cancellable operating lease commitments</b>		
69,932	Not later than one year	49,783
186,537	Later than one year and not later than five years	127,726
1,308,693	Later than five years	1,458,876
<b>1,565,162</b>	<b>Total non-departmental operating lease commitments</b>	<b>1,636,385</b>

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2021.

# Schedule of trust monies

For the year ended 30 June 2021

## Declared overfishing trust account

Funds held in relation to the deemed value of fish taken in excess of quota under the quota management system.

Actuals 2020 \$000		Actuals 2021 \$000
2,607	Balance at 1 July	9,262
7,540	Contributions	4,953
(945)	Distributions	(601)
60	Revenue	44
<b>9,262</b>	<b>Balance at 30 June</b>	<b>13,658</b>

## Forfeit property trust account

Proceeds received from the sale of seized forfeited property that is disposed of in accordance with Ministerial or Court direction.

Actuals 2020 \$000		Actuals 2021 \$000
829	Balance at 1 July	1,057
245	Contributions	257
(25)	Distributions	(65)
8	Revenue	3
<b>1,057</b>	<b>Balance at 30 June</b>	<b>1,252</b>

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2021.

# Notes to the non-departmental statements and schedules

For the year ended 30 June 2021

## Note 1: Statement of accounting policies

### 1.1 Reporting entity

These non-departmental schedules and statements present financial information on public funds managed by MPI on behalf of the Crown.

These non-departmental balances are consolidated into the Financial Statements of the Government, for the year ended 30 June 2021. For a full understanding of the Crown's financial position, results of operations and cash flows for the year, reference should also be made to the Financial Statements of the Government.

### 1.2 Basis of preparation

The non-departmental schedules and statements have been prepared in accordance with the accounting policies of the Financial Statements of the Government, and in accordance with relevant Treasury Instructions and Treasury Circulars.

Measurement and recognition rules applied in the preparation of these non-departmental schedules and statements are consistent with New Zealand generally accepted accounting practice as appropriate for public benefit entities.

### 1.3 Functional and presentation currency

The non-departmental statements and schedules are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of MPI is New Zealand dollars.

### 1.4 Significant accounting policies

#### 1.4.1 Budget figures

The budget figures are those included in the Estimates of Appropriations for the Government of New Zealand for the year ending 30 June 2021. They are consistent with the financial information in the Main Estimates.

#### 1.4.2 Forecast figures

The 2022 forecast figures for the year ended 30 June 2022 are those submitted to the Treasury for purposes

of consolidation into the 2021 Budget Economic and Fiscal Update (2021 BEFU out-year 1 figures).

The forecast financial statements and schedules have been prepared as required by the Public Finance Act 1989 to communicate forecast information for accountability purposes. Transparency is improved by providing further context of this year's results by providing next year's forecast for comparison.

The forecast figures are unaudited and have been prepared using the accounting policies adopted in preparing these financial statements and schedules. They comply with the recognition and measurement requirements of public benefit entity accounting standards.

The forecast financial statements and schedules were authorised for issue by the Director-General of MPI on 31 March 2021. The Director-General is responsible for the financial statements, including the appropriateness of the assumptions underlying them and all other required disclosures.

While MPI regularly updates its forecasts, updated forecast financial statements and schedules for the year ending 30 June 2022 (2021/22 financial year) will not be published.

The forecast has been compiled on the basis of existing government policies and Ministerial expectations.

The main assumptions are as follows:

- + MPI's non-departmental activities conducted on behalf of the Crown will remain substantially the same as the previous year; and
- + estimated year-end information for 2020/21 is used as the opening position for the 2021/22 forecasts.

Factors that could lead to material differences between the forecast information presented and the 2020/21 actual financial results include changes in activities required by the Government, year-end revaluations, and technical adjustments.

## 1.5 Revenue

### 1.5.1 Revenue – Exchange transactions

#### Sales of forest produce

Revenue from the sale of forest produce is recognised at the point of sale, for example, delivered to mill or port, on truck or on skid (heavy vehicle used in logging operations for pulling trees out of the forest).

### 1.5.2 Revenue – Non-exchange transactions

#### Fines and penalties

Revenue from fines and penalties is recognised when the infringement notice is issued.

#### Cost recovery levies

Cost recovery levies recover the costs of fisheries-related conservation services and fisheries services:

- + provided to manage the harvesting or farming of fisheries resources; or
- + provided to avoid, remedy or mitigate a risk to, or an adverse effect on, the aquatic environment or the biological diversity of the aquatic environment.

The cost of fisheries services provided by MPI during the period 1 July 2020 to 30 June 2021 is primarily recovered from the commercial fishing sector over the period 1 October 2020 to 30 September 2021. Such revenue is reported in the financial period to which the revenue relates.

#### Deemed value charges

Revenue from deemed value charges is recognised three months after the end of the fishing year on completion of review processes.

#### *Mycoplasma bovis*: Industry revenue contribution

MPI accrues for revenue it becomes entitled to under the signed Operational Agreement with industry bodies. Accruals are recognised in line with the agreed percentages documented in the agreement, being 32 percent of eligible costs.

Industry bodies will fund the cost of meeting their obligations under the agreement through a levy order. Industry bodies must make payment as proceeds of levy orders are collected.

### 1.5.3 Revenue – Dividends

Dividend revenue is recognised when the dividend is declared.

## 1.6 Grant and partnership expenditure

Where grant and partnership expenditure is discretionary until payment, the expense is recognised when payment is made. Otherwise the expense is recognised when specified criteria have been fulfilled.

## 1.7 Goods and services tax

All items in the financial statements, including appropriation statements, are stated exclusive of GST, except for debtors and creditors, which are inclusive of GST. In accordance with Treasury instructions, GST is returned on revenue received on behalf of the Crown, where applicable. However, an input tax deduction is not claimed on non-departmental expenditure. Instead, the amount of GST applicable to non-departmental expenditure is recognised as a separate expense and eliminated against GST revenue on consolidation of the Government financial statements.

## 1.8 Cash and cash equivalents

Cash includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

## 1.9 Changes in accounting policies

There have been no changes in MPI's accounting policies since the date of the last audited financial statements.

## 1.10 Debtors and other receivables

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate, less any impairment provision for expected credit loss.

Expected credit loss is established when there is objective evidence that MPI will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the debtor is impaired.

The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the schedule of non-departmental expenses. When a debtor is uncollectible, it is written off against the allowance account for debtors. Overdue receivables that are renegotiated are reclassified as current (that is, not past due).

Debtors and other receivables are classified as either exchange or non-exchange transactions in the notes to the schedule of non-departmental assets.



### 1.11 Non-current assets held for sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the schedule of non-departmental expenses.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised. Non-current assets held for sale (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

### 1.12 Property, plant and equipment

Property, plant and equipment consists of land, buildings, roads, bridges, fencing, motor vehicles, plant and equipment. Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

Individual assets, or group of assets, are capitalised if their cost is greater than \$5,000. The value of an individual asset that is less than \$5,000 and is part of a group of similar assets is capitalised.

#### 1.12.1 Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Crown and the cost of the item can be measured reliably. In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

#### 1.12.2 Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are recognised in the schedule of non-departmental income or expenses.

When revalued assets are sold, the amounts included in the property, plant and equipment revaluation reserves in respect of those assets are transferred to general funds.

### 1.12.3 Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Crown and the cost of the item can be measured reliably.

#### 1.12.4 Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment, other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

- + Buildings  
50 years (2%);
- + Roads, fencing and equipment  
10 to 20 years (5–10%);
- + Motor vehicles  
11 years (9%).

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

#### 1.12.5 Revaluation

Land and buildings are revalued with sufficient regularity to ensure that the carrying amount does not differ materially from fair value and at least every five years. Fair value is determined from market-based evidence by an independent valuer. All other asset classes are carried at depreciated historical cost. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different from fair value. Additions between revaluations are recorded at cost.

#### 1.12.6 Accounting for revaluations

The Crown accounts for revaluations of property, plant and equipment on a class of asset basis. The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is expensed. Any subsequent increase on revaluation that off-sets a previous decrease in value expensed will be recognised first as income up to the amount previously expensed, and then credited to the asset revaluation reserve for that class of asset.

### 1.13 Forests

Forests are independently revalued annually at their fair value less estimated costs to sell for one growth cycle. Fair value is determined based on the present value of future cash flows discounted at a current market-determined rate. For valuation purposes, MPI's cash flows are discounted using a mid-point discount to reflect the average log sale date. Where market-determined prices or values are not available, forestry assets are measured at cost less any accumulated depreciation and impairment losses.

Gains or losses arising on initial recognition of forests valued at fair value less estimated point of sale costs and from a change to fair value less estimated point of sale costs are recognised in the schedule of non-departmental income or expenses.

The costs to maintain the forests are included in the schedule of non-departmental expenses.

#### 1.13.1 Additions

Forestry asset additions are initially measured at cost where it is probable that future economic benefits or service potential will flow to the Crown and the cost can be measured reliably.

#### 1.13.2 Forestry lease costs

Forestry lease costs are paid upfront by up to 8 years. The lease costs are amortised on an annual basis and is determined by the final area planted.

### 1.14 Creditors and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method. Creditors and other payables are classified as either exchange or non-exchange transactions in the notes to the schedule of non-departmental liabilities.

### 1.15 Onerous contracts

Where the benefits to be derived from a contract are lower than the unavoidable costs of meeting the obligation under the contract, a provision is recognised. The provision is stated at the present value of the future net cash outflows expected to be incurred in respect of the contract.

### 1.16 Provisions

Provisions are recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the

obligation and a reliable estimate can be made of the amount of the obligation.

#### 1.16.1 Provision for biosecurity incursion events

This provision for compensation payable under section 162A of the Biosecurity Act 1993 is a result of the exercise of powers to manage or eradicate organisms. Compensation is payable where there are verifiable losses as a result of the damage or destruction of a person's property or restrictions on the movement of a person's goods. The provision represents MPI's best estimate of the cost of settling current compensation claims.

### 1.17 Contingent liabilities and assets

Contingent liabilities and assets are recorded in the statement of contingent liabilities and contingent assets at the point at which the contingency is evident. Contingent liabilities are disclosed if the possibility that they will crystallise is not remote. Contingent assets are disclosed if it is probable that the benefits will be realised.

### 1.18 Non-cancellable operating lease commitments

Future expenses and liabilities to be incurred on non-cancellable operating lease contracts that have been entered into at balance date are disclosed as commitments to the extent that there are equally unperformed obligations.

### 1.19 Critical accounting estimates and assumptions

In preparing these financial statements, MPI on behalf of the Crown, has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- + recoverability of cost recovery levies and *M. bovis* industry revenue contribution (see note 3);
- + forest valuations (see note 5);
- + non-cancellable operating lease commitments (see statement of commitments);
- + provision for biosecurity incursions (see note 12a);
- + impairment of the Crown's equity investment in CIIL (see note 10).

## Note 2: Fines, penalties and levies

Actuals 2020 \$'000		Actuals 2021 \$'000
Cost recovery levies from fishing industry:		
37,104	– Fisheries services	29,577
2,509	– Conservation services	2,485
3,308	Biosecurity Act 1993 fines	189
689	Dairy industry levy	598
121	Fisheries Act 1996 infringement notices	159
368	Animal welfare infringement	771
<b>44,099</b>	<b>Total fines, penalties and levies income</b>	<b>33,779</b>

## Note 3: Miscellaneous revenue

Actuals 2020 \$'000		Actuals 2021 \$'000
<b>Miscellaneous revenue</b>		
2,073	Fruit fly response contribution	4
4,850	New Zealand Agricultural Greenhouse Gases contribution	(4,850)
1,708	Recovery of funds for termination of funding agreement	1,673
	– Insurance proceeds from litigation outcomes	13,565
60	Interest Income	28
<b>8,691</b>	<b>Total Miscellaneous revenue</b>	<b>10,420</b>

## Note 4: Industry contribution for compensation and response costs

### – *Mycoplasma bovis*

In June 2019, MPI and industry representative groups DairyNZ and Beef + Lamb New Zealand finalised an agreement on funding the costs of the *M. bovis* response. Under this agreement, the two industry partners jointly contribute 32% of response and compensation costs, which they recover from industry members via levies on milk and meat. The Crown funds the remaining 68% of the response.

Revenue from Industry contributions in 2020/21 totalled \$30.9 million, comprising \$24.8 million for response costs and \$6.1 million for compensation costs.

As at 30 June 2021 MPI has incurred recoverable costs totalling \$172.6 million, and of this, \$100.2 million has been collected.

## Note 5: Non-current forestry assets held for sale

Non-current assets held for sale \$550,000 (2020: \$550,000) consist of the Crown's interest in forests and associated property, plant and equipment that are subject to Treaty of Waitangi settlements or other Treaty of Waitangi obligations.

The accumulated property revaluation reserve recognised in equity for these assets at 30 June 2021 is \$225,000 (2020: \$225,000).

## Note 6: Forests

Actuals 2020 \$'000		Actuals 2021 \$'000
	Forests measured at fair value	
147,774	Opening balance 1 July	138,000
14,812	Forestry additions valued	9,768
7,996	Changes in fair value	17,465
(32,582)	Decrease due to harvesting	(38,548)
<b>138,000</b>	<b>Total forestry assets measured at fair value</b>	<b>126,685</b>
1,442	Forestry assets acquired but not planted	380
1,984	Forestry assets planted but not valued	1,362
<b>141,426</b>	<b>Closing balance of forestry assets</b>	<b>128,427</b>
30,369	Current portion of forests for harvest in 12 months	22,699
111,057	Non current portion of forestry assets	105,728
<b>141,426</b>	<b>Closing balance of forestry assets</b>	<b>128,427</b>

## Note 6a: Gain/(loss) on forest revaluation

Actuals 2020 \$'000		Actuals 2021 \$'000
147,774	Opening balance of forestry assets	138,000
16,796	Forestry additions	11,130
(1,984)	Forestry assets planted but not valued	(1,362)
162,586	Forestry assets before valuation	147,768
138,000	Closing balance of forestry assets after valuation	126,685
<b>(24,586)</b>	<b>Gain/(loss) on forest revaluation net of harvesting</b>	<b>(21,083)</b>

MPI manages the Crown's interest in forests established on Crown owned land, leased Māori land and freehold land (under forestry rights). At 30 June 2021, the net stocked area of trees was 28,138 hectares (2020: 23,023 hectares).

During the year ending 30 June 2021:

- + 900,665 cubic metres of logs (2020: 733,972 cubic metres) were produced and sold from harvesting operations;
- + under the One Billion Trees programme, additional forestry joint ventures were signed totalling 1,235 hectares (2020: 5,158). Total area contracted under new forestry joint ventures is now 21,849 hectares; and
- + 1,467 hectares of Crown Forestry managed estate were surrendered or sold (2020: 986).

3,272 hectares of new joint venture forests were also planted during the 2020 planting season.

### Forests measured at fair value:

The valuations at 30 June 2021 were carried out by Alan Bell and Associates, registered forestry consultants specialising in forest valuation. The following valuation assumptions have been adopted in determining the fair value of forestry assets:

- + a discount rate of 7% (2020: 6%) has been used for forests greater than 1,000 hectares and 8% (2020: 6.5%) for forests less than 1,000 hectares in discounting the present value of expected post-tax cash flows. Application of a discount rate to cashflows that excluded taxation and other finance costs aligns to forest valuers preferred industry approach;

- + in the 2020/21 year, MPI's cash flows were discounted using a mid-point discount. This is in recognition that cash received is spread throughout the year;
- + notional land rental costs have been included for freehold land and actual rents for leased land and forestry rights;
- + the forest has been valued on a going concern basis and only includes the value of the existing crop on a single rotation basis;
- + no allowance for inflation has been provided except in calculating the cost-of-bush taxation effect;
- + costs are current average costs; and
- + log prices are based on a start point of current prices (adjusted March quarter 2021) then moving on a straight line basis to trend prices (12 quarter unadjusted average prices) after five years and then remaining constant at trend prices.

### Forestry valuation sensitivity analysis

Export log prices increased steadily from a low in July 2020 to a 25-year high in June 2021, but have fallen sharply in July and August 2021. The recent decrease can be partially attributed to overproduction by New Zealand forest owners and exporters as a result of these high prices.

An additional contributing factor to log price volatility that has arisen in recent times, is the significant increase in cost of loading ships and freight. Shipping has been affected by COVID-19 and the situation has been aggravated by New Zealand forest owners and log exporters who have maintained log production and supply at high levels despite signs of weakening prices.

MPI's forestry valuations for the 2020/21 financial year apply March 2021 log prices, because June quarter prices are not generally available. The exceptions are Lake Taupo and Rotoaira, whose June prices are available. New forests, five years and younger, are valued on a cost plus basis, which is considered to be a close approximation to the fair value of the new forests.

A 10 percent change to log prices changes the long term forestry valuation by approximately 17 percent. The valuation of younger forests is not sensitive to a change in price compared to older forests closer to maturity, and mature forests tend to have a larger impact. The One Billion Trees joint venture forests contain few stands of older age classes (>5 years) and as the valuation methodology for young stands is

predominantly cost-based, they are largely unaffected by changes to log prices. The three forest valuations most sensitive to a change in log prices are Lake Taupo Lease, Rotoaira Lease and Tokararangi.

Lake Taupo Lease, Rotoaira Lease and Tokararangi forests represent 42 percent of the total forest value as at 30 June 2021 (2020: 71 percent). An increase to log prices by 10 percent for these forests would increase their fair value by \$11 million (2020: 10 percent increase result in a \$16 million increase). A decrease to log prices by 10 percent would decrease their fair value by \$11 million (2020: 10 percent decrease results in a \$16 million decrease).

### Forests measured at cost less impairment

On 1 January 2009 (2008/09 year), MPI purchased 5,300 hectares of special purpose species forest from Timberlands West Coast Limited. The special purpose species forest consists of a forestry right on Ngai Tahu land and was planted between 1993 and 2007 under an agreement between Timberlands West Coast Limited and the Crown.

For the valuation year ending June 2016, Crown Forestry undertook a fair value estimate of the crop value based on a silvicultural inventory completed during the year. With 10 years remaining on the initial lease term, this type of valuation is appropriate and reasonable. The resultant value, as a result of the poor form and considerably slower growth of the trees, was nil under the majority of the scenarios run. The forest was subsequently valued at nil, and a provision recognised to cover rates, rent and overheads until the end of the term of the forest right. Nothing has changed in the past 5 years to alter this decision.

### Financial risk management strategies

The Crown is exposed to financial risks arising from changes to log prices, freight rates and currency fluctuations. Export log prices were particularly volatile during the year with increasing levels of supply competition and softening demand in China following the COVID-19 pandemic. China continues to be the dominant market for New Zealand's log exports and remains the benchmark for other log export markets as well as our domestic market. MPI manages this risk through a harvesting and marketing strategy which spreads our export risk, minimises our direct exposure to China and maintains long-term relationships with domestic customers.



## Note 7: Debtors and other receivables

Actuals 2020 \$000		Actuals 2021 \$000
<b>Current assets</b>		
<b>Non-exchange transactions</b>		
96,928	Debtors and other receivables – fine, penalties and levies	82,178
(332)	Less expected credit loss	(670)
<b>Exchange transactions</b>		
6,405	Debtors and other receivables – Crown Forestry operations and miscellaneous revenues	6,443
<b>103,001</b>	<b>Total current</b>	<b>87,951</b>
<b>Non-current assets</b>		
<b>Non-exchange transactions</b>		
23,091	Debtors and other receivables – fine, penalties and levies	18,536
<b>Exchange transactions</b>		
23,091	Total non-current	18,536
<b>126,092</b>	<b>Total debtors and other receivables</b>	<b>106,487</b>

The carrying value of debtors and receivables approximates their fair value.

The ageing profile of debtors and other receivables at year end is detailed below.

	2020			2021		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
Not past due	96,636	–	96,636	51,416	–	51,416
Greater than 30 days	–	–	–	12,180	–	12,180
Greater than 60 days	–	–	–	–	–	–
Greater than 90 days	29,788	(332)	29,456	43,561	(670)	42,891
<b>Total</b>	<b>126,424</b>	<b>(332)</b>	<b>126,092</b>	<b>107,157</b>	<b>(670)</b>	<b>106,487</b>

The expected credit loss has been calculated based on expected credit loss for the Crown's pool of debtors. Expected losses have been determined based on a review of individual debtors.

Movement in the provision for impairment of receivables is as follows.

Actuals 2020 \$000		Actuals 2021 \$000
179	Balance at 1 July	332
153	Additional provisions made	338
<b>332</b>	<b>Balance at 30 June</b>	<b>670</b>

## Note 8: Property, plant and equipment

	Land \$000	Buildings \$000	Roads, fences and equipment \$000	Motor vehicles \$000	Total \$000
<b>Cost or valuation</b>					
Balance at 1 July 2019	18,379	225	5,898	402	24,904
Additions	–	–	–	–	–
<b>Balance at 30 June 2020</b>	<b>18,379</b>	<b>225</b>	<b>5,898</b>	<b>402</b>	<b>24,904</b>
Balance at 1 July 2020	18,379	225	5,898	402	24,904
Additions	–	–	–	–	–
<b>Balance at 30 June 2021</b>	<b>18,379</b>	<b>225</b>	<b>5,898</b>	<b>402</b>	<b>24,904</b>
<b>Accumulated depreciation and impairment losses</b>					
Balance at 1 July 2019	–	10	5,418	373	5,801
Depreciation expense	–	5	131	15	151
<b>Balance at 30 June 2020</b>	<b>–</b>	<b>15</b>	<b>5,549</b>	<b>388</b>	<b>5,952</b>
Balance at 1 July 2020	–	15	5,549	388	5,952
Depreciation expense	–	5	119	14	138
<b>Balance at 30 June 2021</b>	<b>–</b>	<b>20</b>	<b>5,668</b>	<b>402</b>	<b>6,090</b>
Carrying amounts (net asset value)					
At at 1 July 2019	18,379	215	480	29	19,103
At 30 June and 1 July 2020	18,379	210	349	14	18,952
<b>At 30 June 2021</b>	<b>18,379</b>	<b>205</b>	<b>230</b>	<b>–</b>	<b>18,814</b>

Land and buildings have been valued at fair value as at June 2017 by independent registered valuers Mark Morice of Morice Ltd, Avon McLachlan of Veitch Morison Valuers Ltd, Blue Hancock and John Dunckley of Colliers International.

### Land price revaluation:

Land and assets owned by the Crown were last revalued in June 2017 – a process repeated every five years. Valuers were selected from a tender process with valuations completed by Morice Ltd (five forests), Vietch Morison Valuers (one forest) and Colliers International (one forest and one irrigation reservoir). Valuers were instructed to provide a report detailing the fair value at 30 June 2017 in compliance with PBE IPSAS 17 Property, Plant and Equipment.

## Note 9: New Zealand Walking Access Commission

The New Zealand Walking Access Commission is a Crown entity established under the Walking Access Act 2008 to provide leadership and coordination of walking access, the negotiation and funding of new access over private land and the creation of a code of responsible conduct in respect of walking access. Expenditure in 2020/21 was \$3.6 million (2020: \$1.8 million).

## Note 10: Crown Irrigation Investments Limited

The Crown Irrigation Investments Limited (CIIL) is a Crown-owned company incorporated under the Companies Act 1993 on 1 July 2013 to facilitate the Crown's investments in regional water storage and off-farm irrigation infrastructure schemes. The company is also listed in Schedule 2 of the Crown Entities Act 2004.

In 2020/21, MPI assessed its investment in CIIL for indicators of impairment. The most appropriate information available to estimate the value of the Crown's investment in CIIL is the net asset position of CIIL. The investment has been impaired to reflect the CIIL net asset position as at 30 June 2021. Movements in the Crown's investment are shown in the table below.

Actuals 2020 \$000		Actuals 2021 \$000
<b>Crown Irrigation Investments Limited (CIIL) impairment</b>		
99,396	<b>Opening balance</b>	82,354
15,000	Investment in CIIL	-
(32,042)	Impairment of Crown equity investment in CIIL	(8,238)
<b>82,354</b>	<b>Closing balance (total investment)</b>	<b>74,116</b>

## Note 11: Creditors and other payables

Actuals 2020 \$000		Actuals 2021 \$000
<b>Non-exchange transactions</b>		
2,661	GST payable	2,576
12,222	Grants payable	11,622
11,927	Compensation payable for biosecurity incursions	6,734
101	Other accrued expenses	60
-	Third Party Accruals	3,143
<b>Exchange Transactions</b>		
8,104	Crown Forestry accrued expenses	16,434
<b>35,015</b>	<b>Total creditors and other payables</b>	<b>40,569</b>

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of creditors and other payables approximates their fair value.

## Note 12: Over and under recovered costs from fishing industry

Section 265 of the Fisheries Act 1996 creates a mandatory obligation on the Minister of Fisheries to have regard to under and over-recovery of costs of any conservation service or fisheries service in a previous financial year when recommending a cost recovery levy order for a current or future year. In 2020/21 MPI has provided for \$3.7 million (2020: \$3.7 million).

This liability reflects the balance of the net over- and under-recovery of cost recovery levies for the period 1 October 1995 to 30 June 2021 to be applied against future cost recovery levy orders.

## Note 13: Provisions

Actuals 2020 \$000		Actuals 2021 \$000
<b>Current</b>		
264	Rural veterinarians bonding scheme	1,771
2,135	Commercial aquaculture claims settlement	1,235
35,291	Compensation for biosecurity incursions	12,857
<b>37,690</b>	<b>Total current provisions</b>	<b>15,863</b>
<b>Non-current provisions</b>		
2,274	Rural veterinarians bonding scheme	748
537	Onerous contracts	405
<b>2,811</b>	<b>Total non-current provisions</b>	<b>1,153</b>
<b>40,501</b>	<b>Total provisions</b>	<b>17,016</b>

### Note 13a: Provision for compensation for biosecurity incursions

Actuals 2020 \$000		Actuals 2021 \$000
65,364	Opening balance	35,291
41,098	Additional provisions made	16,302
(71,171)	Amounts used	(38,736)
<b>35,291</b>	<b>Closing balance</b>	<b>12,857</b>

MPI's recognition of a provision for biosecurity events is completed in accordance with its accounting policy for provisions. Provisions for compensation payable under section 162A of the Biosecurity Act 1993 is as a result of the exercise of powers to manage or eradicate organisms. Compensation is payable where there are verifiable losses as a result of the damage or destruction of a person's property or restrictions on the movement of a person's goods. The provision represents MPI's best estimate of the cost of settling compensation claims where MPI has exercised its powers to manage or eradicate organisms.

As at 30 June 2021, MPI's provision relates mainly to the incursion of *M. bovis*. MPI recognises a provision on the issue of a "Notice of Infection" or "Notice of Direction" to an affected property. The provision accounts for several elements associated with claims for *M. bovis* as a result of the "Notice of Infection" or "Notice of Direction".

The primary elements that influence the provision are amounts incurred from:

- + Destruction of stock comprises \$2.5 million (2020: \$18.2 million) of the compensation for biosecurity

incursions provision. Claims amounts for the destruction of stock take account of the value of animals less the meat value received. To estimate stock values, and the expected return from the sale of meat, MPI has applied averages based on information collated from stock valuations and payments from meat processing plants.

- + Loss of milk production comprises \$4.5 million (2020: \$9.4 million) of the compensation for biosecurity incursions provision. Claims for milk production losses take account of the quantity of milk, sales price per kilogram of milk solids, production costs per kilogram of milk solids and the number of months of lost production included at balance date.
- + To estimate milk production losses assumptions have to be made on each element including how long the farm will take to get back into production. This can vary farm by farm, and complete information is not available. Consequently, MPI has had to estimate the period for which milk production losses will be incurred. Key assumptions included in MPI's estimate include the date when a farm will repopulate and the level

of production that will be achieved compared with production achieved prior to the destruction of the farm's stock. With regard to milk production losses, a period of seven months has been applied as the time required, from the time of depopulation, to repopulate a farm and fully return to production. Increasing or decreasing this period by one month will change the provision by \$1.2 million.

- + Impact of movement controls comprise \$2.4 million (2020: \$4.3 million) of the compensation for biosecurity incursions provision. The calculation of this component of the provision is based on historical average cost per claim for similar properties, and an estimate of the number of properties expected to claim, based on the number

of notices issued.

- + Provision for the pea weevil biosecurity incursion response is \$1.2 million (2020: \$1.6 million) as a result of the exercise of powers to manage or eradicate an organism, such as placement of restrictions on the production of peas.
- + Provision for the infectious bursal disease virus incursion response is \$0.9 million (2020: \$1.7 million) as a result of the exercise of powers to manage or eradicate an organism, such as the destruction of infected poultry.
- + Provision for the PEQ incursion response is \$1.3 million (2020: Nil), which relates to the destruction of fruit trees.

## Note 14: Expenditure on compensation for biosecurity events

Actuals 2020 \$'000		Actuals 2021 \$'000
<b>Compensation for biosecurity incursions expenditure:</b>		
53,793	<i>Mycoplasma bovis</i>	18,970
9,095	Other incursions	6,807
<b>62,888</b>	<b>Total expenditure for biosecurity incursions</b>	<b>25,777</b>

Compensation expenditure due to verifiable losses that have occurred as a result of response activities undertaken by MPI under the Biosecurity Act 1993.

## Note 15: Explanations of major variances

Explanations for major variances from MPI's non-departmental estimated figures in the Main Estimates are as follows.

### Non-departmental expenses

Operating expenses were \$35.4 million lower than budget. Expenditure for forestry grants and partnerships programmes is driving the overall decrease in non-departmental expenditure compared to budget. The underspend also reflects the impact of temporary trade disruptions associated with COVID-19 on the purchase of seedlings from nurseries, planting of trees, and assessment of completed milestones.

Underspends are also due to the timing of aquaculture settlements. The Crown's ability to meet these and

remaining obligations is dependent on negotiations with iwi. While negotiations continue, an expense transfer and in-principle expense transfer was sought to carry forward underspent budget from 2019/20 to 2020/21.


### Non-departmental capital expenditure

Capital expenditure decreased by \$12.9 million compared to budget for the purchase and development of Crown Forestry assets. This is due to the on-going nature of negotiations of commercial agreements with landowners to secure land extending forecasted timelines, as well as CIIL not drawing down any of the \$6.7 million budgeted.









## 6 Legislation we administer and grant programmes

Ko ngā ture ka whakahaeretia e  
mātau me tā mātau hōtaka tuku  
pūtea



# Legislation we administer

## Ko ngā ture ka whakahaeretia e mātau

The text below lists the Acts MPI is responsible for, broken down by Ministerial portfolio.

### Agriculture

**Minister: Minister of Agriculture**

**Current Minister: Hon Damien O'Connor**

**Associate Minister: Associate Minister of Agriculture (Animal Welfare)**

**Current Associate Minister: Hon Meka Whaitiri**

Responsibilities include protecting and promoting the productivity, sustainability and export performance of New Zealand's agricultural sector.

#### Legislation

- + Agricultural and Pastoral Societies Act 1908
- + Animal Welfare Act 1999
- + Commodity Levies Act 1990
- + Dairy Industry Restructuring Act 2001
- + Farm Debt Mediation Act 2019
- + Irrigation Schemes Act 1990
- + Kiwifruit Industry Restructuring Act 1999
- + Meat Board Act 2004
- + Ministry of Agriculture and Fisheries (Restructuring) Act 1995
- + Ministry of Agriculture and Fisheries (Restructuring) Act 1997
- + Ministry of Agriculture and Fisheries (Restructuring) Act 1998
- + National Animal Identification and Tracing Act 2012

- + New Zealand Horticulture Export Authority Act 1987
- + Plants Act 1970
- + Pork Industry Board Act 1997
- + Primary Products Marketing Act 1953
- + Public Works Act 1981 (Part 19 only)
- + Taratahi Agricultural Training Centre (Wairarapa) Act 1969
- + Telford Farm Training Institute Act 1963 (by Prime Ministerial warrant)
- + Veterinarians Act 2005
- + Walking Access Act 2008
- + Wool Industry Restructuring Act 2003

### Biosecurity

**Minister: Minister for Biosecurity**

**Current Minister: Hon Damien O'Connor**

Responsibilities include the management of New Zealand's biosecurity system, border risk management, and domestic pest and pathway management.

#### Legislation

- + Airports (Cost Recovery for Processing of International Travellers) Act 2014
- + Animal Control Products Limited Act 1991
- + Biosecurity Act 1993
- + National Animal Identification and Tracing Act 2012

## Food Safety

**Minister: Minister for Food Safety**

**Current Minister: Hon Dr Ayesha Verrall**

Responsibilities include making regulations to provide safe and suitable food in New Zealand and for export, and working with Australia on joint standards for food labelling and composition.

### Legislation

- + Agricultural Compounds and Veterinary Medicines Act 1997
- + Animal Products Act 1999
- + Animal Products (Ancillary and Transitional Provisions) Act 1999
- + Food Act 2014
- + Wine Act 2003

## Forestry

**Minister: Minister of Forestry**

**Current Minister: Hon Stuart Nash**

Responsibilities include promoting the sustainable stewardship of the land in relation to forestry, and developing the role of forestry in the economy and culture of New Zealand.

### Legislation

- + Climate Change Response Act 2002 (forestry only, by Prime-Ministerial warrant)
- + Forestry Encouragement Act 1962
- + Forestry Rights Registration Act 1983
- + Forests Act 1949
- + Forests Amendment Act 2004 (contains powers not incorporated into the principal Act)
- + Forests (West Coast Accord) Act 2000

## Oceans and Fisheries

**Minister: Minister for Oceans and Fisheries**

**Current Minister: Hon David Parker**

Responsibilities include the management of New Zealand's fisheries (including aquaculture), providing for use while ensuring sustainability of those resources for the benefit of New Zealand as a whole, and responsibility for oceans policy.

### Legislation

- + Aquaculture Reform (Repeals and Transitional Provisions) Act 2004
- + Driftnet Prohibition Act 1991
- + Fisheries Act 1983
- + Fisheries Act 1996
- + Fisheries (Quota Operations Validation) Act 1997
- + Kaikōura (Te Tai o Marokura) Marine Management Act 2014 (joint administration with the Department of Conservation)
- + Māori Commercial Aquaculture Claims Settlement Act 2004
- + Māori Fisheries Act 2004
- + Treaty of Waitangi (Fisheries Claims) Settlement Act 1992

## Rural communities

**Minister: Minister for Rural Communities**

**Current Minister: Hon Damien O'Connor**

Responsibilities include ensuring that rural communities can thrive in the face of emerging challenges, providing a rural perspective in government decisions, and improving the resilience of rural communities (adverse events and mental wellness support).

### Legislation

(No Acts are currently administered under this portfolio.)

## Legislation not allocated to a portfolio

- + Hop Industry Restructuring Act 2003

# Grant programmes

## Ko ngā hōtaka whakawhiwhi pūtea

### 1 July 2020 to 30 June 2021

MPI administers several grant programmes to help landowners, managers and rural communities manage New Zealand's natural resources in a sustainable manner.

### Non-departmental grant programmes

The following grant programmes are those funded by the Crown and administered by MPI.

#### Adverse Climatic Events

This grant programme covers natural disasters, adverse climatic events and biosecurity incursions that affect rural communities. This includes floods, storms, droughts, snowstorms, frosts, tsunamis, volcanic eruptions, earthquakes, and hailstorms. The Government's role is to help citizens in times of adversity if government involvement is justified by benefit to the wider community.

The Government responds to situations that are beyond the capacity of the affected community to cope with, but not to individual requests for help. After an adverse event, the Government has a role in restoring public infrastructure and protecting the health and safety of citizens. The Government may also help primary producers that are acutely affected by an adverse event.

Refer to "Supporting communities through adverse events" (Visible leadership) for more information on what MPI and the Government did in 2020/21 to support rural communities affected by adverse climatic events.

#### Afforestation Grant Scheme

The AGS had funding available for five years, up to 2020/21. It was a contestable fund designed to encourage more planting of trees in small forests and on farms. The focus for 2020/21 has been finalising the last remaining grants, of which five remain. These are anticipated to be closed by the end of 2021.

#### Erosion Control Funding Programme

The ECFP (formerly known as the East Coast Forestry Project) was established in 1992 to deal with the wide-scale erosion problem in the Gisborne district (also known as Te Tairāwhiti). MPI provides funding to landowners and community groups in the district to address erosion through the treatment of highly erosion-prone land and other supporting activities.

The final application round for land treatments was held in 2018. Since then, no further funding for land treatment has been provided to new applications under this programme. In the past financial year, 106 milestones were completed. These include planting, and the establishment and maintenance of contracted grants. This work moves us closer to mitigating erosion in Te Tairāwhiti.

#### Hill Country Erosion Fund

The Hill Country Erosion Fund is a partnership between MPI, regional councils (including unitary authorities) and landowners to protect vulnerable hill country. It enables councils and landowners to plan and to treat erosion-prone land, ensuring it is managed sustainably. Funding for Hill Country started in 2007, with funding rounds held every four years. The latest round started in July 2019 resulting in 12 regional councils being contracted to deliver improvements through to 2022/23. In 2020.21, the main achievements included 4,386 hectares of land being treated and helping grow resource capability within the regional councils.

#### *Mycoplasma bovis* Recovery Advice Service

Funding for business and technical advice on recovering from *M. bovis* is available to farms that are or have been a Restricted Place or under a Transitional Notice of Direction. Payments from the *Mycoplasma bovis* Recovery Advice Service of up to \$5,000 (excluding GST) are made to eligible farmers for each property that is run as a separate business entity.

Refer to "Towards eradicating *Mycoplasma bovis*" (Protection) for further information on how MPI has progressed work to eradicate *M. bovis*.



### **New Zealand Agricultural Greenhouse Gas Research Centre**

The NZAGRC is a core component of the Government's approach to understanding, managing and reducing greenhouse gases in agriculture. It was established in 2009 as a partnership between the leading New Zealand research providers and the Pastoral Greenhouse Gas Research Consortium.

The Government is investing nearly \$90 million between 2020 and 2030 in science and related activities that are led or co-ordinated by the NZAGRC. This funding is provided by MPI and MBIE under a Memorandum of Understanding, with MPI acting as the Contractor of the NZAGRC. MBIE's investment in the NZAGRC is provided through Strategic Science Investment Fund (Programmes) funding.

Refer to <https://www.nzagrc.org.nz/> for more information.

### **One Billion Trees Fund**

The One Billion Trees Fund has supported individuals and groups across New Zealand to plant trees and overcome barriers to tree planting.

The outcomes of this fund include improved soil and water quality, increased biodiversity, increased employment, regional economic growth and helping Māori to maximise the potential of their land.

The fund was established in 2018 with two streams of funding:

- + Direct landowner grants provided incentives to reduce barriers to planting. The grants contributed to the cost of planting and establishing trees and fostering indigenous regeneration.
- + Partnership funding was focused on working with organisations and groups to increase tree planting. This could be through research, innovation, or sector development.

The One Billion Trees Fund officially closed to applications on 30 June 2021. However, contracts will continue to be administered until all projects are completed. Applications that were not processed or progressed were redirected where possible, and this was only done once Cabinet approved reprioritisation of funding in March 2021.

### **Sustainable Food and Fibre Futures Fund**

The Sustainable Food and Fibre Futures Fund (SFF Futures) supports problem-solving and innovation in New Zealand's food and fibre sectors by co-investing in

initiatives that make a positive and lasting difference. These range from small grants to large-scale, multi-year partnerships. SFF Futures initiatives are led by industry or community groups and are typically market-driven innovation projects acting across the primary industry value chain.

### **Sustainable Land Management and Climate Change Research Programme**

The Sustainable Land Management and Climate Change Research (SLMACC) programme funds climate change adaptation projects and ensures that the findings are being communicated widely. The SLMACC programme is made up of three funds: Adaptation, Extension and Freshwater Mitigation:

- + **Adaptation:** Focuses on research that answers targeted policy questions on climate change adaptation, and the social and physical impacts of climate change on New Zealand's primary industries and rural communities.
- + **Extension:** Focuses on communicating the newest research findings to farmers, growers and other primary-industry professionals to directly influence engagement, implementation and lasting behavioural changes toward climate change adaptation strategies.
- + **Freshwater Mitigation:** Established in 2020/21 (as part of the Productive and Sustainable Land Use programme), it supports large-scale field trials of existing farm technologies and practices to protect waterways and wetlands by reducing nutrient run-off and leaching. The programme aims to produce scientific data that can be incorporated into decision support tools, such as OverseerFM (a web-based tool to connect farmers to science and support sustainable farming businesses). This will help farmers and growers use their land more sustainably, meet environmental targets and remain prosperous. Through this fund, MPI has committed \$16 million over four years towards scientific projects.

Two additional individual research programmes are also supported through the Productive and Sustainable Land Use programme:

- + The Soil Mapping (S-map) Expansion programme, announced late 2020, is a co-investment partnership between MPI, regional councils and Manaaki Whenua – Landcare Research to expand high-quality soil map coverage and support improvements to farm management practices

and environmental sustainability. MPI is providing \$6.25 million over 4.5 years to support the programme.

- + Established in July 2020, the industry-driven Sustainable Vegetable Systems Partnership programme will assess nitrogen uptake and nitrate leaching for vegetable crops in multiple regions throughout New Zealand. It seeks to investigate and validate predictions from modelling tools. MPI's investment is \$4.715 million over four years.

Refer to "Helping farmers transition to more sustainable land-use practices" (Sustainability) for more information on the Productive and Sustainable Land Use programme.

### **Voluntary Bonding Scheme for Veterinarians**

The Voluntary Bonding Scheme for Veterinarians fund was developed to deal with a shortage of veterinarians working with production animals in rural areas. This voluntary bonding scheme encourages veterinarians to take up roles in more isolated communities. The scheme provides veterinarians with a taxable payment of \$11,000 per year for every year they work in an eligible area, over the five-year bonded period.

In 2020, a new provision was added, enabling graduates to work part-time in an eligible practice after taking parental leave (revised terms and conditions available here: <https://www.mpi.govt.nz/dmsdocument/41776/direct>).

### **Drought Recovery Advice Fund 2020**

The 2020 Drought Recovery Advice Fund helps farmers recover from drought and plan for future droughts. The fund is capped at \$3.5 million (excluding GST) and will pay for professional advice to a maximum of \$3,500 (excluding GST). Eligible farmers can decide what type of drought-related, or technical advice, they need.

### **Canterbury Flood Recovery Fund 2021**

The Canterbury Flood Recovery Fund offers \$3,500 grants to farmers who have been severely affected by the May 2021 storm that hit the Canterbury region. This money has nearly all been allocated and has been topped up with a further \$4 million in late June 2021. The fund is to help flood-affected farmers and growers get back on their feet as quickly as possible. The highest priority is the initial clean-up of flood debris.

### **Dolphin Transition Support Package Fund (2020/21)**

The Dolphin Transition Support Package Fund provided around \$7 million to help fishers who were most affected by the measures necessary to avoid, remedy or mitigate the effects of fishing in areas where Māui and Hector's dolphins may be affected.

In addition to the ex gratia payments for fishers affected by these measures, the fund also had \$155,000 available to provide business advice grants to fishers.

This Transition Support Package fund was started on 1 July 2020, for one financial year only, to directly support the fishers impacted by the new measures. It has since been closed.

## **Departmental grant programmes**

The following grant programmes are those funded and administered by MPI.

### **Aquaculture Planning Fund**

This fund was set up in 2011 to provide strategic support to councils in key aquaculture regions with the costs associated with coastal planning for aquaculture. The fund is designed to support amendments to regional coastal plans to achieve the aquaculture industry's goal of \$3 billion in sales by 2035.

In 2020/21, the fund provided one grant to support the development of aquaculture provisions within a regional coastal plan.

### **Earthquake Recovery Fund**

The Earthquake Recovery Fund supports long-term land use changes in the earthquake-affected South Island districts of Hurunui, Kaikōura and Marlborough. Eight community projects are currently in progress and are due to be completed by June 2021. These community-driven extension projects have around \$3.6 million of committed funding over a four-year period.

### **New Zealand Agricultural Greenhouse Gas Inventory Research Fund**

The Greenhouse Gas Inventory Research (GHGIR) Fund supports the agriculture and forestry components of the Greenhouse Gas Inventory. The Inventory is how MPI reports on greenhouse gas emissions from agriculture, forestry and other land use. It compiles and calculates emissions from these sources in New Zealand, and reports to the overall

New Zealand Greenhouse Gas Inventory and the United Nations, under the Paris Climate Agreement.

The GHGIR also supports the development of land-use projections, including afforestation and deforestation. These projections show how climate change policies lead to changes in land use and emissions.

The GHGIR has annual funding of around \$1.4 million for new projects based on the research priorities for the Agriculture Inventory.

# Abbreviations

## Ko ngā whakapotonga kupu

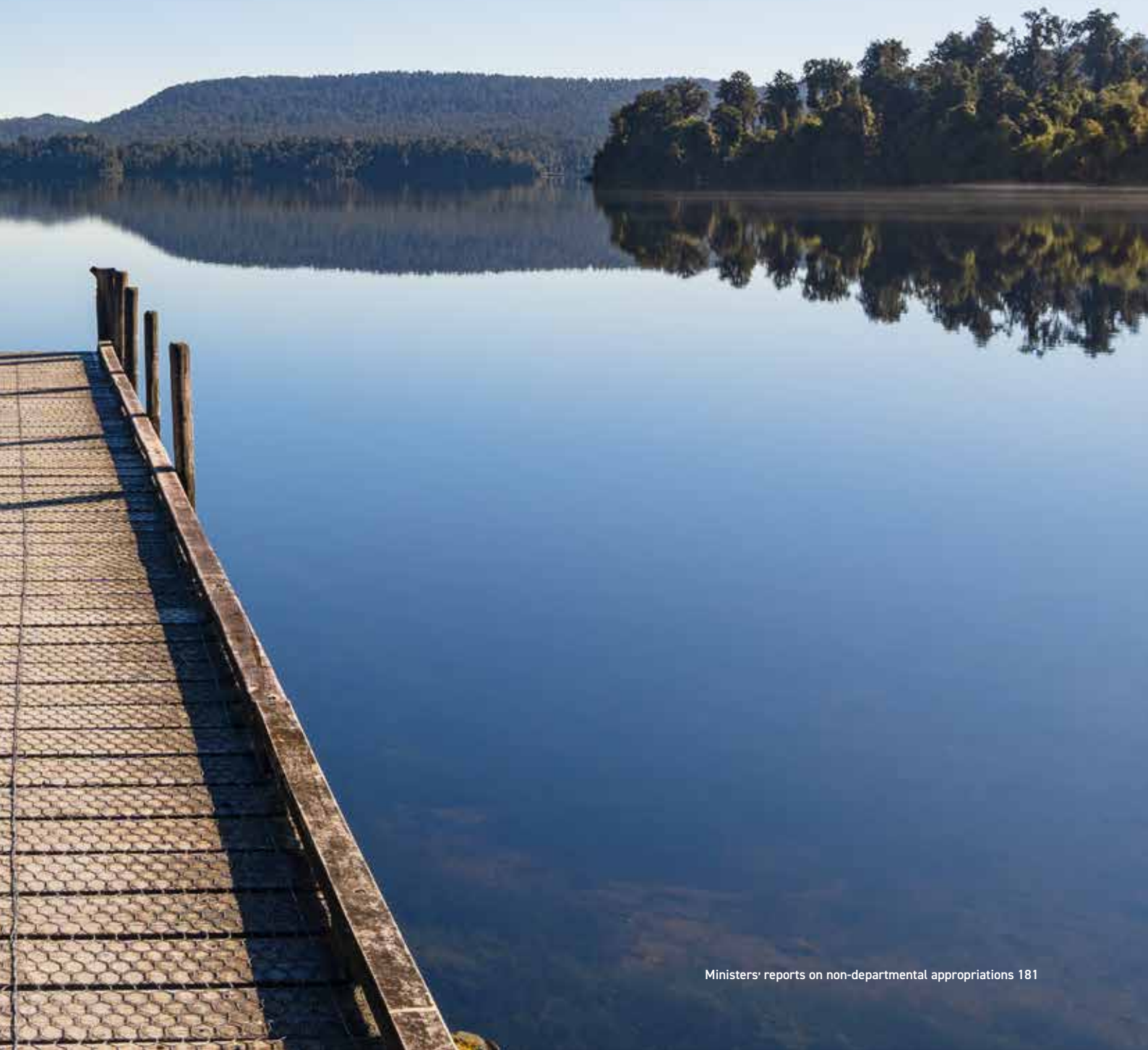
<b>BEFU</b>	Budget and Economic Fiscal Update
<b>BMSB</b>	Brown marmorated stink bug The BMSB ( <i>Halyomorpha halys</i> ) is an insect that is not established in New Zealand, but is widespread globally and a potential threat to kiwifruit and many other industries.
<b>CIIL</b>	Crown Irrigation Investments Limited
<b>DOC</b>	Department of Conservation
<b>DPMC</b>	Department of the Prime Minister and Cabinet
<b>ERAS</b>	Exporter Regulatory Advisory Service
<b>EU</b>	European Union
<b>FRS</b>	Financial Reporting Standard
<b>FTA</b>	Free trade agreement An FTA is a set of rules for how countries treat each other when it comes to doing business together. FTAs help New Zealand traders (exporters and importers) by providing improved access to partner markets and reducing trade barriers in those markets.
<b>GDP</b>	Gross domestic product
<b>GHGIR</b>	Greenhouse Gas Inventory Research
<b>GHSL</b>	Government Health and Safety Lead The role of GHSL was established to provide practical support to chief executives and senior leaders of government agencies to enable their personal leadership of health and safety for the benefit of all New Zealanders.
<b>GST</b>	Goods and Services Tax
<b>IFRS</b>	International Financial Reporting Standards
<b>IPSAS</b>	International Public Sector Accounting Standards
<b>IRD</b>	Inland Revenue Department
<b>LGBTQIA+</b>	This is a community that includes people who identify as takatāpui, lesbian, gay, bisexual, pansexual, transgender, queer/questioning, intersex and allied/asexual/aromantic/agender.
<b>MABx</b>	Māori Agribusiness Extension programme MABx aims to build the confidence of Māori agribusinesses and their trustees, as well as Māori landowners, so they can make the most of their whenua (land).
<b>MAPIP</b>	Māori Agribusiness Pathway to Increased Productivity programme MAPIP provides support for owners or trustees of Māori land who want to make progress in changing the way they use their land.
<b>MBIE</b>	Ministry of Business, Innovation and Employment
<b><i>M. bovis</i></b>	<i>Mycoplasma bovis</i>
<b>MFAT</b>	Ministry of Foreign Affairs and Trade
<b>MfE</b>	Ministry for the Environment
<b>MPI</b>	Ministry for Primary Industries
<b>NAIT</b>	National Animal Identification and Tracing programme NAIT links people, property and livestock in New Zealand. It was established to help with animal health surveillance, biosecurity, market assurance and food safety associated with livestock.

<b>NZAGRC</b>	New Zealand Agricultural Greenhouse Gas Research Centre
<b>PBE</b>	Public benefit entity
<b>PEQ</b>	Post-entry quarantine
<b>PSA</b>	Public Service Association – Te Pūkenga Here Tikanga Mahi
<b>RSTs</b>	Rural Support Trusts
<b>SFF Futures</b>	Sustainable Food and Fibre Futures SFF Futures is a fund administered by MPI that supports problem solving and innovation in the food and fibre sector.
<b>SLMACC</b>	Sustainable Land Management and Climate Change Research
<b>SPM</b>	Service performance measure
<b>TB</b>	Tuberculosis
<b>UK</b>	United Kingdom
<b>YES</b>	The Lion Foundation Young Enterprise Scheme





# Appendix: Ministers' reports on non-departmental appropriations Apitihanga: Ko ngā pūrongo a ngā Minita mō ngā tahua mōwaho manatū





# Ministers' reports on non-departmental appropriations

## Ko ngā pūrongo a ngā Minita mō ngā tahua mōwaho manatū

### Purpose

The Ministry for Primary Industries (MPI) receives money from the Government to distribute to other organisations that provide services to the food and fibre sector. These funds are called non-departmental appropriations. Under section 19B of the Public Finance Act 1989, annual reports on these externally provided services are provided by the responsible ministers: the Minister of Agriculture, Biosecurity and Rural Communities, the Minister for Food Safety, the Minister for Oceans and Fisheries and the Minister of Forestry.

The non-departmental appropriations reported on here are for Vote Agriculture, Biosecurity, Fisheries and Food Safety and Vote Forestry.

This report has been appended to MPI's 2020/21 annual report for the purposes of presentation to Parliament and publication and is not subject to audit.

## COVID-19 Assistance for Primary Industries

### Introduction

This report covers the Vote Agriculture, Biosecurity, Fisheries and Food Safety Non-Departmental Other Expense COVID-19 Assistance for Primary Industries.

To lower the risk of COVID-19 spreading in New Zealand, some communities may be subject to travel restrictions. Any disruption to the food-supply chain has the potential to result in large-scale food losses and food waste. If the retail and hospitality sectors are at reduced capacity, food can accumulate in the supply chain. This can result in animal welfare issues, additional stress for food producers and an increased potential for pests and diseases developing – in rotting crops, for example.

The COVID-19 Assistance for Primary Industries appropriation was established as aid for the food and fibre sector to minimise the adverse effect of COVID-19-related travel restrictions. In 2020/21, the appropriation was used to divert food at risk of being lost or wasted to families in need via food charities, including food banks. The appropriation was also used to fund short-term pilot projects looking at innovative ways to build supply-chain resilience.

### Statement of service performance

Response outcomes:

- + prevent or reduce food losses by diverting food surplus to families in need; and
- + build supply chain resilience through innovative solutions to connect food to New Zealanders when supply chains and food outlets are disrupted.

Response objectives:

- + establish a model to capture surplus food from the supply chain and divert this to families in need; and
- + establish apps or other innovative solutions for suppliers to send food directly to consumers if supply chains are disrupted.

Results – all objectives were achieved for this appropriation:

- + MPI signed a contract with non-profit fresh produce industry organisation United Fresh to obtain surplus fruit and vegetables from the supply chain and distribute it to families in need via food charities and food banks;

- + United Fresh packed 100,000 boxes of fruit and vegetables during July to October 2020 and delivered them to families in need;
- + learnings from this initiative were used by the Ministry for Social Development when it was establishing KiwiHarvest and Aotearoa Food Rescue as umbrella organisations for distributing surplus food to families in need;
- + five pilot studies were completed to look at the feasibility of innovative ways to connect food to New Zealanders and build supply chain resilience; two projects were selected for phase 2 studies – one has been completed and the other is due for completion in September 2021; and
- + as a result of this investment, an app is now available that enables fishers to sell catch directly to consumers. Around 300 users are in the Otago region. Another app allows consumers to purchase products directly from multiple food producers and have these packed and delivered in one shipment.

Vote Agriculture, Biosecurity, Fisheries and Food Safety		2020/21			2019/20	2018/19
Appropriation	Performance measures	Target	Actual	Standard met?	Actual	Actual
<b>COVID-19 Assistance for Primary Industries</b>  This appropriation is intended to achieve assistance to the primary sector to help minimise the adverse impact of COVID-19.	Percentage of contracts assessed against their objectives and critical steps, as per the monitoring plan  All eight contracts have been assessed. These projects are devising innovative ways to prevent food loss in the food and fibre sector.	100%	100%	✓	New measure for 2020/21	

## Service performance – financial

This appropriation is limited to the support of, or assistance to, the primary sector as part of addressing the impact of COVID-19.

Appropriation, adjustments and use	2020/21 \$000
Supplementary Estimate Budget	13,985
Actual Expense	5,228

# Global Research Alliance on Agricultural Greenhouse Gases

## Introduction

This report covers Vote Agriculture, Biosecurity, Fisheries and Food Safety Non-Departmental Other Expense Global Research Alliance on Agricultural Greenhouse Gases.

The Global Research Alliance on Agricultural Greenhouse Gases (GRA) was established in 2009. It brings together interested countries and organisations to drive research and development that will deliver ways to grow more food (and more climate-resilient food systems) without increasing greenhouse gas emissions. The GRA's research focuses on four main areas: livestock, croplands, rice paddies and interdisciplinary topics.

It now has 65 member countries and 24 partners. Its partners are international organisations whose goals align with the GRA, for example, the Food and Agriculture Organization of the United Nations, the World Bank, the World Farmers' Organisation, and international and regional agricultural research institutes.

New Zealand played a leading role in the GRA's establishment and continues to be a major contributing country, including as Co-Chair for the Livestock Research Group, alongside the United Kingdom and Ireland. New Zealand has committed to giving \$122 million to the GRA between 1 July 2009 and 30 June 2024. This funding is being used mainly to invest in international and domestic research. A small amount is used to meet the GRA's administrative and operational costs.

## Statement of service performance

### Intended impacts, outcomes or objectives

The GRA's main objective is to find new and more efficient ways of co-ordinating and increasing international investment and research into reducing agricultural greenhouse gas emissions. Specifically, the GRA seeks to:

- + deepen and broaden existing networks of agriculture mitigation research and build new ones;
- + enhance science capacities;
- + increase international investment;
- + improve understanding and measurement of agricultural emissions; and
- + improve access to, and the application of, mitigation technologies and best practices.

The knowledge generated by the GRA and its dissemination is intended to deliver on several objectives, including:

- + reducing global greenhouse gas emissions from a significant source;
- + developing and demonstrating mitigation technologies that can be applied to agricultural production around the world;
- + better understanding of optimal patterns of production and trade for agriculture; and
- + increasing mitigation research into areas of interest to New Zealand.

### Description of activities

The following activities are included in the GRA's work:

- + research activities;
- + demonstration and extension activities and resources;
- + project management; and
- + financial management.



Vote Agriculture, Biosecurity, Fisheries and Food Safety		2020/21			2019/20	2018/19
Appropriation	Performance measures	Target	Actual	Standard met?	Actual	Actual
<b>Global Research Alliance on Agricultural Greenhouse Gases</b>  This appropriation is intended to achieve the effective management of funds and activities relating to the Global Research Alliance on Agricultural Greenhouse Gases.	Percentage of Global Research Alliance (GRA) projects funded by New Zealand are completed to contracted quality standards	95%	100%	✓	77%	98%
	27 projects have been funded and completed this year. Contracts cover a range of topics, including large international mitigation research projects on new technologies and system optimisation, internationally co-funded development type projects in developing countries and contracts with specific contractors to deliver specific programmes. Refer to New Zealand Global Research Alliance <a href="https://globalresearchalliance.org/country/new-zealand/">https://globalresearchalliance.org/country/new-zealand/</a> for more information on work contracted.					
	Number of people completing the New Zealand supported GRA activities to build scientific and policy capability in developing countries	Minimum 100	158	✓	48%	–
	Workshops and development and training programmes were organised, and scholarships provided. This included four different scholarship programmes where New Zealand supported attendance for Pacific policy and farming leaders at a New Zealand run Pacific climate event, and an international climate change training programme.					
	Increased engagement and investment from GRA members and partners to future activities of the GRA	Achieved	Achieved	✓	Achieved	–
	In 2020/21, there was an increase in engagement or investment committed from GRA members and partners. New investment in research and capability building from other members of the GRA, additional to New Zealand's contribution, was recorded. An example is the Netherlands agreeing to fund the GRA's integrated research group's circular food systems network.					
	Our international partners invest at least \$2 of funding for every \$1 that New Zealand invests in GRA research, to accelerate development of mitigation technologies	Achieved	Achieved	✓	Achieved	–
	In 2020/21, New Zealand committed an additional NZ\$417,783.90 to GRA-related mitigation technology research.  The European Commission (a GRA partner) launched the €1 billion Green Deal call, of which three of their eight thematic areas relate to mitigation technology.  For more information on other country's investments in 2020/21, refer to the 2021 GRA Council <a href="https://globalresearchalliance.org/library/council-meeting-australia-2021/">https://globalresearchalliance.org/library/council-meeting-australia-2021/</a> meeting report.					

## Service performance – financial

This appropriation is limited to the Global Research Alliance on Agricultural Greenhouse Gases.

Appropriation, adjustments and use	2020/21 \$000
<b>Original Appropriation over four years from 1 July 2020 to 30 June 2024</b>	34,000
Adjustments for 2020/21	4,676
Adjusted Appropriation	38,676
Actual expenses for 2020/21	7,461
<b>Estimated Appropriation Remaining</b>	31,215

# New Zealand Agricultural Greenhouse Gas Research

## Introduction

This report covers Vote Agriculture, Biosecurity, Fisheries and Food Safety Non-Departmental Output Expense New Zealand Agricultural Greenhouse Gas Research.

The New Zealand Agricultural Greenhouse Gas Research Centre (NZAGRC) is a partnership between New Zealand's leading agricultural greenhouse gas research providers. Its mission is to generate information, technologies and behaviours that will help the agriculture sector create wealth for New Zealand in a carbon-constrained world. Founded in 2010, the NZAGRC is based at the AgResearch Grasslands Campus at Massey University, Palmerston North. However, it is a primarily virtual centre, with most of the research it funds carried out by researchers working in their own organisations throughout the country.

MPI invests \$4.85 million per year in the NZAGRC. From 2019/20, MPI has also administered an additional \$4.85 million per year, for four years, on behalf of the Ministry of Business, Innovation and Employment.

## Statement of service performance


### Intended impacts, outcomes or objectives

This appropriation is intended to support the mitigation of agricultural greenhouse gases. NZAGRC's research focuses on:

- + ruminant methane;
- + nitrous oxide;
- + soil carbon;
- + integrated farm systems; and
- + Māori agribusiness.

It aims to:

- + improve co-ordination of greenhouse gas research;
- + build New Zealand's research capacity by supporting students, early-career scientists, technicians and senior scientists;
- + support summer school, Master's and Doctoral students in New Zealand universities through its Student Scholarship Fund; and
- + extend the results of its research to stakeholders.

Vote Agriculture, Biosecurity, Fisheries and Food Safety		2020/21			2019/20	2018/19
Appropriation	Performance measures	Target	Actual	Standard met?	Actual	Actual
<b>New Zealand Agricultural Greenhouse Gas Research</b>	Percentage of quarterly Research Output Reports accepted by MPI <sup>1</sup>	100%	50%		100%	100%
This appropriation is intended to support greenhouse gas research.		This year, MPI was able to accept only two quarterly reports as the New Zealand Agricultural Greenhouse Gas Research contract was renegotiated in 2020/21, with a new contract signed towards the end of 2020.				

### Note:

1. For this measure, "accepted" means the report has been reviewed by the MPI contract manager and any necessary subject matter experts.

## Service performance – financial

This appropriation is limited to greenhouse gas research.

Appropriation, adjustments and use	2020/21 \$000
<b>Original Appropriation over four years from 1 October 2019 to 30 June 2024</b>	23,050
Adjustments for 2020/21	10,000
Adjusted Appropriation	33,050
Actual expenses to 2019/20	3,638
Actual expenses for 2020/21	4,850
<b>Estimated Appropriation Remaining</b>	24,562

# Sustainable Food and Fibre Futures

## Introduction

This report covers Vote Agriculture, Biosecurity, Fisheries, and Food Safety Non-Departmental Other Expense Sustainable Food and Fibre Futures.

Sustainable Food and Fibre Futures (SFF Futures) supports problem solving and innovation in New Zealand's food and fibre sector by co-investing in initiatives that will make a positive and lasting difference. This ranges from small grants to large scale, multi-year partnerships. SFF Futures initiatives are led by industry or community groups and are typically market or solution-driven innovation projects acting across the sector's value chain.

SFF Futures was established in October 2018, bringing together the Sustainable Farming Fund (SFF) and the Primary Growth Partnership (PGP). Projects and

programmes that were already approved through the SFF or PGP are continuing under their existing contracts. In 2020/21, 13 PGP, 79 SFF and 102 SFF Futures active contracts were under way.

## Statement of service performance

### Intended impacts, outcomes or objectives

SFF Futures has a broad scope that includes, but is not limited to, supporting innovation, improved environmental and social outcomes and sustainable, value-added growth. It pursues outcomes that would not otherwise occur without government intervention, taking an industry- and community-led approach. SFF Futures projects must deliver sustained benefits in at least one of four areas: economic, environmental, social and cultural.

Vote Agriculture, Biosecurity, Fisheries and Food Safety		2020/21			2019/20	2018/19
Appropriation	Performance measures	Target	Actual	Standard met?	Actual	Actual
<b>Sustainable Food and Fibre Futures Fund</b>  This appropriation is intended to support the sustainable development of New Zealand's primary industries.	Percentage of contracts completed in the financial year that met all their contracted deliverables	90%–100%	100%	✓	100%	–
	All 39 contracts completed in 2020/21 all met their contracted deliverables. Some of the projects funded in 2020/21 include: transforming Māori land to high-value horticulture, Future Ready Farms, leading the way in plant protein, finding a higher value for strong wool and a peanut-growing trial.					
	Percentage of contracted funding that is on track <sup>1</sup> to deliver intended deliverables	90%–100%	99.4%	✓	100%	–
	The total funding assessed as on track was \$239 million.					
	Total number of contracts in place for the financial year	Minimum 100	160	✓	134	–
	MPI has been focusing on business development activities to build the SFF Futures pipeline, which has resulted in an increase in more projects contracted during the year than would typically have been achieved in earlier years.					
	Percentage of the Sustainable Food and Fibre Futures Fund contracted for the financial year	90%–100%	85.9%	✗	64%	–
	This SPM assesses actual spend from committed projects against budget for the financial year.					

### Note:

1. On track: This means that the project is progressing well; everything is going to plan and within desired timeframes. The project is on track to achieve the stated benefits and outputs.



## Service performance – financial

This appropriation is limited to expenses incurred in conjunction with co-funding from community and industry groups on supporting the sustainable development of New Zealand's primary industries.

Appropriation, adjustments and use	2020/21 \$000
<b>Original appropriation – over five years from 1 October 2019 to 30 June 2024</b>	255,491
Adjustments for 2020/21	(18,166)
Adjusted Appropriation	237,325
Actual expenses to 2019/20	25,035
Actual expenses for 2020/21	37,760
<b>Estimated Appropriation Remaining</b>	174,530

# Afforestation Grant Scheme

## Introduction

This report covers Vote Forestry Non-Departmental Other Expense Afforestation Grant Scheme.

The last funding round of the Afforestation Grant Scheme (AGS) was held in 2018. The objective of the AGS was to encourage and support the planting of new forests, with applications prioritised according to their contribution to environmental outcomes.

With the last allocation, it was expected that 15,000 hectares of new forest would be planted by 2021. However, the funding pool was reduced when the last round of AGS applicants was guaranteed the higher One Billion Trees grant rate (up to \$6,000 per hectare). This ensured that no applicants were disadvantaged by being funded through the AGS rather than One Billion Trees. It also meant that fewer hectares were planted, making it no longer possible to achieve the anticipated planting target. The AGS is now expected to result in around 13,400 hectares of new forest.

The main features of the AGS were as follows:

- + grant applications were to be for forests of between 5 and 300 hectares;
- + planting had to be on land that is not already

forested; and

- + the grant rate was \$1,300 per hectare, regardless of species.

Grantees approved in the 2018 funding round were prohibited from receiving carbon credits from the Crown for the first six years, to be consistent with the One Billion Trees provisions. Before this, grantees were prohibited from receiving carbon credits from the Crown for the first 10 years.

## Statement of service performance

### Intended impacts, outcomes or objectives

The objective of the AGS was to achieve and encourage new planting of up to 15,000 hectares of new forest over the life of the programme.

### Description of activities

For the first three funding rounds, held in 2015, 2016 and 2017, 248 applications were approved to plant 12,452 hectares.

As at 30 June 2021, claims had been paid out for 9,191 hectares of the 12,452 hectares (74 percent). Because the fund closed on 30 June 2021, in 2020/21 MPI focused on finalising the last of the contracts.

Vote Agriculture, Biosecurity, Fisheries and Food Safety		2020/21			2019/20	2018/19
Appropriation	Performance measures	Target	Actual	Standard met?	Actual	Actual
<b>Afforestation Grant Scheme</b>	Total area treated, through the Afforestation Grants Scheme, this planting season	2,000ha	622ha		8,715ha	1,718ha
This appropriation is intended to achieve and encourage new planting of an expected 15,000 hectares over the life of the programme		2020 was the last year for contracted milestones for the AGS. This measure will no longer be reported on. The creation of the One Billion Trees Fund affected the uptake of the AGS, as the terms for One Billion Trees were better. Carbon prices also affected delivery, with many grantees electing to withdraw from the AGS to enter the Emissions Trading Scheme. Both factors contributed to the planting target not being met.				

## Service performance – financial

This appropriation is limited to grants to private landowners for afforestation purposes.

Appropriation, adjustments and use	2020/21 \$'000
<b>Original appropriation – over three years from 1 July 2018 to 30 June 2021</b>	10,363
Adjustments to 2019/20	3,249
Adjustments for 2020/21	(1,000)
Adjusted Appropriation	12,612
Actual expenses to 2019/20	6,086
Actual expenses for 2020/21	535
<b>Appropriation remaining</b>	5,991

# Forestry and Other Economic Development, and Erosion Control

## Introduction

This report covers Vote Forestry Non-Departmental Other Expense Forestry and Other Economic Development, and Erosion Control.

The Erosion Control Funding Programme (ECFP) was established in 1992 with the aim of controlling erosion on significantly eroded or erosion-prone land in the Gisborne district (also known as Te Tairāwhiti). This area is renowned for its susceptibility to erosion, with 26 percent of it recognised as vulnerable to severe erosion, compared with 8 percent of the rest of New Zealand. The area also experiences high-intensity weather events that lead to soil being washed away and deposited downstream through flooding. This is likely to become more common as global warming progresses.

The ECFP land-treatment grants have been discontinued, with the last funding round held in 2018/19.

Grants were provided to fund land treatment (to prevent further erosion or to encourage the land to revert to indigenous bush) and, from 2017, to innovative, erosion-reduction community projects run by local groups, iwi, organisations and businesses.

The ECFP land-treatment grants offered funding for three main methods of erosion control:

- + forestry planting – planting for commercial forestry;
- + indigenous reversion – encouraging native trees to grow back naturally; and
- + space planting – non-commercial planting, typically of willow or poplar poles.

Since the ECFP closed to new applications in 2018/19, MPI has encouraged interested parties to apply for funding through the One Billion Trees programme. The ECFP continues to support the Crown to meet its commitments to restoring the Waiapu River catchment via a collaborative programme between

MPI, Te Runanganui o Ngāti Porou (the authority for East Coast iwi, Ngāti Porou) and the Gisborne District Council. This 100-year programme aims to treat current erosion, prevent future erosion and bring social and economic gains to iwi and landowners. The ECFP also supports the implementation of the Gisborne District Council's Sustainable Hill Country programme as part of the Combined Regional Land and District Plan.

## Statement of service performance

### Intended impacts, outcomes or objectives

The ECFP's primary objectives have been to encourage the establishment of erosion-control treatments on the worst eroding or erosion-prone land and to support broader initiatives to address erosion in Te Tairāwhiti. The intention has been to improve long-term productivity by retaining productive land, reducing the effects of sediment entering the waterways and reducing the impact caused by extreme weather events. Broader community-level projects will also lead to improved economic and social outcomes for the district, such as economic growth, employment opportunities and skill development.

### Description of activities

No new grants were given out in 2020/21. The only funding that was granted this year was for establishment and maintenance activities for projects funded in the past. The actual planted area established was mapped using a geographic information system, and grant money was paid based on the land planted in accordance with the agreed grant rate. Two community-led projects were started in 2020/21, both of which are treating catchment areas. This was possible because underspend funding in direct grants to communities has been transferred to future years and projects that have been granted funding in the past can still go ahead to deliver on their objectives.

Vote Forestry		2020/21			2019/20	2018/19
Appropriation	Performance measures	Target	Actual	Standard met?	Actual	Actual
<b>Forestry and other Economic Development, and Erosion Control</b>  This appropriation is intended to support and manage forestry and other economic development and erosion control in the Tairāwhiti region via the Forestry and Other Economic Development, and Erosion Control scheme.	Number of hectares established under the Erosion Control Funding Programme <sup>1</sup>  The ECFP was established following Cyclone Bola to address severe erosion problems in the Gisborne district. It is estimated that 192 million tonnes of eroded soil enters New Zealand's waterways each year, of which 40 million tonnes is from the Gisborne district.	1,000ha	1,187ha	✓	1,963ha	5,079ha

## Service performance – financial

This appropriation is limited to forestry and other economic development and erosion control in the Tairāwhiti region.

Appropriation, adjustments and use	2020/21 \$000
<b>Original appropriation – over four years from 1 July 2018 to 30 June 2021</b>	26,950
Adjustments to 2019/20	1,150
Adjustments for 2020/21	(2,000)
Adjusted Appropriation	26,100
Actual expenses to 2019/20	7,620
Actual expenses for 2020/21	4,230
<b>Appropriation remaining</b>	14,250

### Note:

1. Hectares established translates to trees planted that are surviving.









