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- **Reviewing New Zealand’s Risks from Food**
  NZFSA’s review of New Zealand’s domestic food regulatory programme will result in new legislation in place within two years. Implementation of our Imported Food Review will also begin in 2007.

- **Sustainable Development in the Primary Sector**
  We will be defining our position on sustainable development, fund projects through our Sustainable Farming Fund and carry out significant work on climate change and sustainable land management this year. We will continue working with the Ministry for the Environment to develop a management plan for New Zealand’s fresh water. We will also continue to contribute to international environmental forums.

- **Developing our Staff**
  To strengthen our organisation, we are using the Gallup Engagement survey and Lominger Competencies Framework. These tools help us incorporate staff feedback into MAF’s development and build the capability of our people.

- **Completion of the National Centre for Biosecurity and Infectious Disease**
  The newly created centre brings together the scientific capability of our Investigations and Diagnostic Centre with Environmental Science and Research, AgriQuality Ltd and AgResearch. This will allow us to coordinate and lever our scientific work more effectively.

- **Economy**
  - **Facilitating Trade**
    Trade is critical to our economy. We will directly contribute to the Government’s main trade policy objective – the WTO Doha Round negotiations – by developing and advocating New Zealand’s position in agriculture and forestry negotiations. We will focus on the SPS chapters and aspects of goods trade in the China and ASEAN FTA negotiations and the implementation of commitments under existing FTAs.

  - **Biosecurity Response**
    Dealing with new pests inside our borders is a big part of our work. Although our world-class border controls prevent most pests from entering, we must still react to those incursions which occasionally occur, devoting significant time and resources on a case-by-case basis.

- **People**
  - **Primary Industry Congress**
    This event will take place late 2007 – Government’s “Export Year” – to engage business and industry leaders with a number of Government agencies around the challenges and business opportunities associated with building a sustainable economy.

- **Environment**
  - **A Top Notch Biosecurity System**
    2007 will see the integration of MAF’s Biosecurity and Quarantine Service groups into “MAF Biosecurity New Zealand” for more effective and efficient service delivery.

  - **Product Assurance**
    Across the country, NZFSA will continue working with industry to ensure New Zealand’s food exports meet the requirements of importing countries, including some of the world’s most demanding markets.

The Ministry has some exciting work lined up this year. Here are a few of the big steps along our 3-5 year journey...
Welcome to MAF’s Statement of Intent 2007/10.

The Statement of Intent describes MAF’s roles and ambitions.

It demonstrates how we manage our resources and how we measure our performance in delivering on our mandate.

▶▶ This year will be another busy one for MAF. We will carry out our work on two dimensions – through our strategically planned work programmes and through our ability to respond to a constantly changing operating environment.

▶▶ This document reflects our broad mandate – covering biosecurity, agricultural and forestry policy, animal welfare, food safety and the management of Crown forestry assets.

▶▶ The stated purpose of the Ministry is the thread that ties these diverse areas of work together:

... leading the protection and sustainable development of our biological resources for all New Zealanders.
DECLARATION
OF THE RESPONSIBLE MINISTERS

This Statement of Intent documents the Government’s expectations of the Ministry of Agriculture and Forestry (MAF) for 2007/10. It sets out the strategic context for the Ministry and the specific outcomes to which it will contribute over the next three years.

MAF is working towards sustainable economic growth and prosperity for New Zealand, and has a key role to play towards the Government’s priority of Economic Transformation to a high income, knowledge-based market economy, which is both innovative and creative and provides a unique quality of life to all New Zealanders. MAF also contributes towards the Government’s National Identity priority, enhancing not only the economic benefits, but also the natural environment and way of life valued by New Zealand.

Agriculture, food and forestry are the sectors in which New Zealand has global brands and scale, leading technology, skills and market position. The ability of these sectors to compete in international markets depends on effective trade negotiations and on credible assurances of product safety. Market access for food and food-related products is facilitated by the work of the New Zealand Food Safety Authority (NZFSA), under the umbrella of MAF. A well-functioning biosecurity system, led by MAF Biosecurity New Zealand, protects the primary production sectors and the natural resources on which they are based.

MAF is also working towards the outcomes of healthy New Zealanders and a vibrant rural community. In addition to its trade facilitation role, NZFSA aims to ensure New Zealanders have safe and suitable food, while MAF Biosecurity New Zealand has a role in protecting human health and wellbeing. The success of the primary industries relies on a vibrant rural community, and MAF has an important role in ensuring that Government policy takes account of the unique challenges faced by agricultural and forestry businesses.

MAF is also working to maintain and enhance the economic, social and cultural benefits for New Zealanders from the natural environment. MAF co-leads the Environmental Sustainability sub-theme of the Government’s Economic Transformation priority, and within its Policy group, MAF is engaging on issues such as climate change, water quality and allocation, and sustainable land management. Not only is environmental sustainability critical to maintaining the integrity of New Zealand’s productive resources, but a demonstrable commitment to sustainable development and animal welfare standards is increasingly important for market success.

In performing its role as set out in this SOI, MAF promotes the economic prosperity, health and wellbeing, and environmental sustainability that constitute the quality of life New Zealanders enjoy.

Hon Jim Anderton
Hon Annette King
Minister of Agriculture
Minister for Food Safety
Minister of Forestry
Minister for Biosecurity

Hon Damien O’Connor
Minister for Rural Affairs

1 The State Services Commission is currently investigating the separation of NZFSA from MAF, creating a new department to administer food safety. Results of the investigation are required by May 2007 and will include the implications that such a restructure would have in legal, financial and human resource terms. After receiving this advice, Cabinet will decide whether or not to proceed with the separation of NZFSA from MAF.
03 STRATEGIC OVERVIEW

This section summarises the global and domestic challenges shaping MAF’s operating environment and details our response to those challenges.
IT DESCRIBES MAF’S ROLE AND AMBITIONS, SUMMARISES THE GLOBAL AND DOMESTIC CHALLENGES SHAPING OUR OPERATING ENVIRONMENT, OUTLINES OUR CONTRIBUTIONS TO THE GOVERNMENT’S GOALS, AND DEMONSTRATES HOW WE MANAGE OUR RESOURCES AND MEASURE OUR PERFORMANCE IN DELIVERING ON OUR EXPANDING MANDATE.

MAF’s SOI is the outline of what impact we aim to have over a three to five year period. It is our statement of what we intend should be different as a result of our efforts, and what precise measures we intend to use to measure the impact we are having. The SOI is, in other words, our commitment to Ministers, taxpayers and stakeholders to do more than simply keep the machine ticking over. It is intended to be ambitious and action-oriented. To be successful, it must be well aligned with the expectations and needs of our stakeholders.

Within the senior team at MAF, we use the catch cry “Putting MAF back at the top tables”. We believe the organisation has a vital role to play and the people of New Zealand will be best served by a MAF that is able to produce top quality policy analysis and is influential in advocacy derived from that analysis. To be successful, we must also be strong and rigorous in our regulatory philosophy and innovative, effective and efficient in our service delivery functions. Since a large part of our revenue is gathered from non-government sources, we face the added disciplines associated with justifying the cost of our services to companies and individuals we work with in regulatory and service delivery roles.

While we operate under a variety of different brands, and have a diverse range of policy, regulatory and service delivery roles, there is a clear and important set of...
common drivers to MAF’s work. At heart, those common drivers centre on biological processes and the business of shifting biological risks safely across international borders. Doing that well, both inwards as imports and outwards as exports, by improving the efficiency with which trade in risk products is transacted safely is the big contribution we can make to the wellbeing of New Zealanders.

We describe ourselves as a sustainable development agency. The term "sustainable development" is heavily used in general policy discussion these days, but generally under-defined and not well understood. To us, and at its simplest, sustainable development incorporates two parallel and intertwined themes. The first is the economic growth and innovation imperative to our work – “development”. Without that, we cannot provide the living standards, the education, health care, recreation, security and infrastructure of a first class nation.

The second theme – "sustainable" – relates to an imperative that has been present for a long time, but has been slower to attract due attention – that of ensuring our production processes recognise and capture the full range of impacts they create. This is especially important with regard to the longer term environmental consequences of the production process and is particularly relevant to agricultural process, the animal welfare consequences of the production, processing and the distribution systems employed.

We believe these two themes are intertwined because we see New Zealand’s success on the development side as being conditional on satisfying sustainability dimensions. Sustainability is not merely a constraint on economic growth, it is a contributor and, done effectively, has the potential to be an important, differentiating factor, enhancing New Zealand’s future economic success.

This SOI outlines how we intend to use the resources available to MAF to make the difference we think will best serve the people of New Zealand.

M A Sherwin
Director-General
MAF is a sustainable development agency, whose activities cover the economy, environment, and people – and the interactions between them. Our role is to deliver policy advice, regulation and service delivery to achieve:

- sustainable economic development of New Zealand’s agriculture, food and forestry sectors;
- biosecurity; and
- food safety, through the New Zealand Food Safety Authority (NZFSA).

A key MAF function is fit-for-purpose and process-efficient regulation which sets rules governing business behaviour, while as far as possible minimising compliance costs and fostering innovation. Secondy, MAF has policy advisory functions, and is the government’s primary source of policy advice on the agriculture, food, forestry and related industries, animal welfare, rural affairs, biosecurity and food safety. MAF also has a major service delivery role, including the Sustainable Farming Fund, adverse event responses, management of Crown-owned production forestry assets (through Crown Forestry), the East Coast Forestry Project, and the delivery of border services by MAF’s quarantine function.

MAF is comprised of four groups: MAF Biosecurity New Zealand, MAF Policy, Crown Forestry, and NZFSA, which is a semi-autonomous body attached to MAF (see page 27-31), all supported by MAF Corporate. MAF and its different groups face a number of emerging challenges from within our operating environment. MAF must meet these challenges in a context of increased Government expectations that agencies will work seamlessly across departmental boundaries to effect results in areas that do not fit neatly into departmental categories, and increasing public interest and expectations about how the environment is managed and protected.

MAF Biosecurity New Zealand is the lead agency in New Zealand’s biosecurity system. Biosecurity is the protection of New Zealand’s economy, environment and people’s health from pests and diseases. It includes preventing new pests and diseases arriving, and eradicating or controlling those already present.

MAF Biosecurity New Zealand is tasked with a “whole of system” leadership role, encompassing economic, environmental, social and cultural outcomes. It also has international trade responsibilities. MAF Biosecurity New Zealand’s vision is to be the recognised and trusted leader of a fully integrated and adaptive biosecurity system which best protects New Zealand’s natural advantage and encourages all New Zealanders to reduce biosecurity risks. It achieves this by making and implementing timely and informed biosecurity risk management decisions, through effective management of biosecurity interventions at the border, and the provision of technical inspection and clearance services. Risk identification, assessment and management/mitigation are integral parts of this work.

New Zealand’s biosecurity system is under increased pressure because of growth and diversification in international trade and travel. Combined with rising public and trade partner expectations, this has driven the current level of protection provided. New Zealand’s first Biosecurity Strategy was developed in 2003 in response to these rising volumes of goods and people crossing the border, and applies to primary production, public health, and indigenous terrestrial, marine, and freshwater environments. The increasing volumes across the border (see Appendix, page 71) pose questions about how best to mitigate risk, while post border, incursions such as Didymo and the Varroa mite pose challenges around internal border management, and the need for active public support and involvement.

A key focus this year has been on the smooth integration of MAF Quarantine Service with Biosecurity
New Zealand into a single administrative structure – MAF Biosecurity New Zealand. This is intended to bring a closer link between the policy development and standard setting processes, and the service delivery functions. Other challenges include managing increasing numbers of visitors and trade, as well as increased demands on government by industry and the public to take biosecurity actions, while achieving effective interventions, and addressing changing environmental influences and pest profiles.

The Animal Welfare group within MAF aims to support the expectations of New Zealand society for the welfare and humane treatment of animals, including those used in research, testing, and teaching. It also aims to support the development of animal welfare standards within New Zealand agriculture which will contribute to market success and optimum product positioning of New Zealand animals and animal products. Both within New Zealand and internationally, media, public, political and scientific interest in animal welfare and ethics has increased significantly in recent years. Key external challenges facing the Animal Welfare group are to manage increasing societal demands on government in relation to animal welfare, to effectively manage the development of the codes of welfare, to engage proactively with external stakeholders and to gain appropriate and sufficient stakeholder participation in animal welfare compliance.

MAF Policy provides policy advice and service delivery to promote prosperous, sustainable and innovative agriculture, food and forestry and related sectors that support a vibrant and healthy New Zealand society, environment and economy. Its work covers the full value chain from resource base to markets, and sustainable development is an overarching theme. It includes a strong focus on market access, including at a multilateral level and through Free Trade Agreements (FTAs).

MAF is a key partner in cross-governmental strategies and functions, including water management and allocation, climate change, and active industry development policies such as those around the Government's Economic Transformation priority. Key challenges for MAF Policy include establishing what “sustainable development” means for policy development within MAF for New Zealand’s agriculture, food and forestry sectors, progressing a way forward for New Zealand on climate change issues, and determining what drives productivity, resource allocation, and economic growth in New Zealand agriculture, food and forestry sectors.

Crown Forestry’s overall purpose is to manage the Crown’s interest in a number of commercial forests and forestry-related leases. Crown Forestry continues to effectively manage the uncertainties resulting from the ongoing Treaty of Waitangi claim process, Māori ownership issues, and Government policy changes, at the same time as managing market volatility.

NZFSA is a semi-autonomous body attached to MAF and is responsible for protecting and promoting public health and safety and facilitating access to markets for New Zealand food and related products. See the NZFSA section on pages 27-31 for a detailed description.

AN INTEGRATED FOCUS

In performing our role, MAF promotes the economic prosperity, health and wellbeing, and environmental sustainability that contribute to the quality of life that New Zealanders enjoy. There are strong synergies between trade policy, biosecurity and food safety because negotiated market access needs to be complemented by credible biosecurity and food safety assurance, and by trade rules which are science- and risk-based and binding in international agreements/frameworks.
The common themes across MAF’s structure and functions are:
› a trade orientation;
› a focus on land-based and biologically-based products involving both safety and biosecurity issues;
› a role MAF Biosecurity New Zealand and NZFSA play as “competent authorities” in relation to official assurances; and
› a focus on the sustainability of the production systems on which the agriculture, food and forestry industries are based.

MAF must balance our trade facilitation and biosecurity roles and take an increasingly integrated approach to the use of land, water and biological resources, through harmonising the economic and environmental elements of the agricultural, food and forestry industries.

Key strategic issues facing MAF over the coming years include sustainable development; climate change; maintaining and enhancing trade access for the primary sectors; meeting biosecurity challenges; introducing a risk-based regulatory regime to promote the safety and suitability of imported and domestic foods; and consolidating and building on the organisation’s capability developments.

MAF’S MISSION IS:
Enhancing New Zealand’s Natural Advantage.

THROUGH OUR PURPOSE:
LEADING THE PROTECTION AND SUSTAINABLE DEVELOPMENT OF OUR BIOLOGICAL RESOURCES FOR ALL NEW ZEALANDERS.

THE THREE OUTCOMES WE ARE WORKING TO ACHIEVE ARE:

> ECONOMY: SUSTAINABLE ECONOMIC GROWTH AND PROSPERITY FOR NEW ZEALANDERS
> PEOPLE: HEALTHY NEW ZEALANDERS AND A VIBRANT RURAL COMMUNITY
> ENVIRONMENT: MAINTAINED AND ENHANCED ECONOMIC, SOCIAL AND CULTURAL BENEFITS FOR NEW ZEALANDERS FROM THE NATURAL ENVIRONMENT
Outcomes are what MAF is trying to achieve or contribute to. They are the effects that MAF is trying to achieve in the pursuit of our goals and objectives. Outcomes are the impacts or consequences for the community from MAF activities.

Generating organisational outcomes is the same as any other productive process. Certain inputs and activities are used to generate outputs or end products. The consumption or use of these end products by the community creates impacts (or effects) on the New Zealand economy, people and the environment.

To become an organisation that successfully manages for outcomes, MAF needs an outcomes framework that is aligned to its strategic objectives. As a Public Service agency these strategic objectives must be consistent with the Government’s priorities.

MAF can make a significant contribution to the Government’s economic transformation priority. New Zealand is a small, biologically-based and export-oriented economy that is heavily dependent on its agriculture forestry, food and related industries. MAF has responsibility for fostering the economic performance of these industries through its policy development, trade role, biosecurity and border control activities and the regulation of food safety.

MAF also contributes toward the Government’s priority of families, young and old. We do this through the maintenance of good health for New Zealanders as a result of safe and suitable food and the control of pests and diseases potentially harmful to New Zealanders. MAF’s focus on the wellbeing of rural communities also contributes to this priority.

With regards to the Government’s national identity priority, the rural community is an important component of New Zealand’s identity. MAF has a key role in ensuring the rural business environment supports growth and prosperity, and confidence in the future viability of rural communities and the rural way of life.

Moreover, New Zealand’s natural environment is integral to New Zealanders’ lifestyle, culture and recreational activities. MAF’s biosecurity activities safeguard valued ecosystems and protect plant and animal species, while our policy development attempts to balance competing resource uses and minimise negative impacts on the environment from the activities of agriculture, forestry, food and related industries.

**GOVERNMENT’S PRIORITIES:**

The Government has identified three priorities it is pursuing for the next decade:

- **ECONOMIC TRANSFORMATION** – Transforming New Zealand’s economy into a high income, knowledge-based market economy, which is both innovative and creative and provides a unique quality of life for all New Zealanders.
- **FAMILIES, YOUNG AND OLD** – Ensuring all families, the young and the old have the support and choices they need to be secure and able to reach their full potential within our knowledge-based economy.
- **NATIONAL IDENTITY** – Ensuring New Zealanders are able to take pride in who and what we are, through our arts, culture, film, sports and music, our appreciation of our natural environment, our understanding of our history and our stance on international issues.
**MAF’s Purpose:** Leading the protection and sustainable development of our biological resources for all New Zealanders

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**The Classes of Goods and Services MAF Provides to Achieve Our Outcomes**

- **Agriculture and Forestry Policy Advice**
- **Animal Welfare**
- **Administration of Indigenous Forestry Provisions**
- **Climate Change**
- **Contract, Grant and Asset Management**
- **Contestable Services**

- **Biosecurity Policy**
- **Biosecurity Approvals and Assurance**
- **Biosecurity Enforcement**
- **Biosecurity Standards**
- **Biosecurity Surveillance and Incursion Response**
- **Quarantine Services**

- **Food Safety Policy Advice**
- **Regulatory Standards**
- **Response to Food Safety Emergencies**
- **Systems Audit and Enforcement**
- **Consultation and Food Safety Information**
- **Regulatory Programmes**

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**MAP’s Staff and Capability**

Achieving our outcomes relies on our 1,600 dedicated staff that work throughout New Zealand. Developing our organisation and our staff is ongoing work which must continue to adapt to MAF’s emerging challenges.

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**External Collaboration**

We interact with many international and domestic stakeholders – industry groups, trading partners, standard-setting bodies, research agencies and local government. We also collaborate with many government agencies to achieve a whole-of-government approach.
MAF’s Outcome Framework

**Revised Outcomes**

MAF contributes to whole-of-government outcomes through our own outcomes of Economy, People and Environment. These outcomes are shown in context on page 10. Last year we adjusted and refined our outcomes to align our activities, outcomes and mandate to “protect and grow” New Zealand’s natural advantage while balancing environmental and social responsibilities. Achieving these long-term outcomes is reliant on multiple preconditions, processes, activities and intermediate outcomes – some less visible or measurable than others.

**Developing the Framework**

During 2006/07 we focused on producing a robust Outcomes Performance Monitoring Framework based on intervention logic models developed with our business groups. This year, we aim to further refine the current Outcome Framework and to then use the Framework to identify major (and important) data gaps. This will be supported by the development of an organisational research and evaluation programme to fill “priority” information gaps.

**Monitoring Performance**

MAF’s activities are not necessarily the primary influence on our outcomes. However, the intermediate outcomes (under each end outcome) contain impact measures that quantify the difference MAF’s actions have made. These can be measured over a shorter period and show the extent of MAF’s progress towards the end outcomes. Impact measures also let us assess the contribution of each of our business groups, enabling us to prioritise investments and maximise capability development.

The intermediate outcomes and their impact measures on the following pages are a selection from MAF’s Outcomes Performance Monitoring Framework due to be published in June 2007. The Framework identifies all the outcomes (end and intermediate) MAF is pursuing and the measures that assess our contribution. The particular intermediate outcomes on the following pages were selected on the basis of eight criteria. The first six criteria covered the general characteristics of a “good” performance indicator (relevant, specific, consistent, economical, intuitive and sufficient). The other two focussed on how the indicators explain MAF’s performance in relation to its outcomes. One was about whether it focussed on MAF’s core activity, the other about the level of MAF’s influence – i.e. could changes in the outcomes be attributable to MAF’s activity.
## Gauging Our Impact

<table>
<thead>
<tr>
<th>Expected Intermediate Outcome</th>
<th>Why This Outcome?</th>
<th>What is MAF Doing to Achieve This Outcome?</th>
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<tbody>
<tr>
<td><strong>Prevention and Reduction of Harm to the New Zealand Economy, People and Environment from Pests and Diseases and Their Management</strong>&lt;br&gt;1.4, 2.2, 3.2</td>
<td>New Zealand's unique biodiversity and current biosecurity status are central to its economic performance, our culture and the lifestyles of New Zealanders. Ensuring exotic pests and diseases (i.e. foot and mouth disease, poisonous or potentially harmful insects, invasive flora) are not introduced to New Zealand is therefore of paramount importance.</td>
<td>MAF is one of the few government agencies with a statutory responsibility to protect and manage New Zealand's biophysical environment. As such, MAF (via MAF Biosecurity New Zealand) is responsible for leading, co-ordinating and implementing New Zealand's biosecurity system while balancing other social, economic and cultural costs and benefits.</td>
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<tr>
<td><strong>Market Access (Technical or Non-Tariff Related) for New Zealand's Animal and Plant Products are Maintained or Enhanced</strong>&lt;br&gt;1.1</td>
<td>New Zealand's economy is heavily dependent on international trade in animal, plant and food products to support the living standards of its citizens. The global marketplace is, however, governed by significant tariff and non-tariff barriers which restrict market access and thereby impede the potential benefits countries could derive from trade activities.</td>
<td>MAF, including NZFSA, participates in multilateral and bilateral trade negotiations to negotiate less restrictive market access for New Zealand animal and plant products. MAF is also responsible for establishing export certification requirements, negotiating sanitary and phytosanitary equivalency agreements and assuring consistent application of these protocols to imported and exported products.</td>
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<tr>
<td><strong>Safe and Suitable Food for New Zealanders</strong>&lt;br&gt;2.1</td>
<td>Consumers everywhere increasingly demand assurance regarding the quality and way in which food is produced. The Government therefore seeks to ensure all food for sale in New Zealand meets the highest quality food safety standards, thereby reducing the incidence of foodborne illness and enabling consumers to make healthy dietary choices.</td>
<td>MAF (via the NZFSA) is responsible for developing, implementing, monitoring and reviewing safety and suitability standards for the production, processing, importation, transportation, storage and sale of food and food-related products in New Zealand. NZFSA is also responsible for developing and co-ordinating processes for responding to foodborne illness emergencies.</td>
</tr>
<tr>
<td>WHAT WOULD SUCCESS LOOK LIKE?</td>
<td>HOW IS MAF MEASURING PROGRESS TOWARDS THIS OUTCOME?</td>
<td>IMPACT MEASURES OF PROGRESS</td>
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<tr>
<td>Exotic pests and diseases with the potential to harm the economy, people or the environment are stopped at the border or are detected early and kept from establishing in New Zealand.</td>
<td>MAF continually monitors its border control and biosecurity systems to determine whether interventions have been successful in detecting all potentially harmful pests and diseases. System or “pathway” detection failures are recorded as slippage – meaning the proportion of potentially harmful pests and diseases not detected by MAF interventions.</td>
<td>A decrease in the extent of slippage of potentially harmful exotic pests and diseases at the border (or other identified detection “pathways”). A decrease in the number of notified exotic vector-borne diseases in New Zealand.</td>
</tr>
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</table>
| New Zealand increasingly faces less restrictive and less costly conditions of trade, including sanitary and phytosanitary agreements and protocols governing the trade in New Zealand animal and plant products. | MAF/NZFSA measures success in achieving this outcome by monitoring the progress, and downstream fiscal benefits, associated with less restrictive trade, sanitary and phytosanitary agreements and protocols governing the trade in New Zealand animal and plant products. | An increase in the number (and fiscal benefits) associated with:  
› new bilateral or multilateral free trade agreements;  
› instances where MAF/NZFSA intervention enabled New Zealand to maintain or enhance market access it risked losing; and  
› successfully completed market equivalency agreements. |
| There is a measurable reduction in foodborne illnesses in New Zealand. There is widespread awareness of food-related health risks and lower levels of foodborne illness from home-cooked foods. New Zealanders have confidence in local and imported food. | MAF/NZFSA measures success in achieving this outcome by monitoring the domestic compliance with food safety standards via periodic systems audits. MAF/NZFSA also monitors the nature and incidence of (a) agricultural and other chemical compound residues present in food and (b) foodborne illness in New Zealand. | A long-term decrease in the level of foodborne illnesses in New Zealand. An increase (decrease) in the number of weighted system audits passed (failed). A decrease in potentially harmful agricultural and other chemical compound residues present in food. |
### Expected Intermediate Outcome

<table>
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<tr>
<th><strong>New Zealand's biophysical environment is integral to New Zealanders' lifestyle, culture, recreational activities and is a major driver of economic performance. However, the sectors' use of the environment can create negative impacts. These impacts have to be mitigated to ensure the sustainability of the economic and non-economic use of the biophysical environment over time.</strong></th>
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#### Why This Outcome?

- New Zealanders are informed and involved participants in MAF's regulatory systems
- Effective stewardship* of Crown forestry assets
- Sustained use of resources, and the natural systems on which they are based, by the agriculture, food and forestry sectors

#### What is MAF Doing to Achieve This Outcome?

- MAF monitors the environmental impact of sectors' activities, discourages environmentally harmful practices, supports the use of sustainable farming and forestry activities and promotes ways in which to increase the productivity of current resource use. MAF is also developing a sustainable development framework for the agriculture and forestry sectors.
- MAF uses social marketing activities to influence New Zealanders' awareness of biosecurity and animal welfare systems as well as the penalties/likelihood of being caught for non-compliance. MAF also promotes and develops standards for the humane treatment of animals appropriate to society's expectations.
- MAF (via Crown Forestry) actively manages (via subcontractors) the remaining forestry assets of the Crown. Periodic management audits are undertaken to ensure forests are protected, and potential financial and/or physical loss have been minimised. MAF also works with other agencies to resolve Treaty of Waitangi claims.

#### Impact Measures of Progress

- An increase in the priority actions and performance targets met associated with the Dairy and Clean Streams Accord.
- A decrease in agricultural emissions of methane and nitrous oxide per unit of output.
- An increase in uptake and participation in the Permanent Forest Sink Initiative.
- A decrease in seizures of undeclared risk items at the border.
- A decrease in the number of border infringements by air passengers.
- An increase in the number of codes of animal welfare in New Zealand.
### WHAT WOULD SUCCESS LOOK LIKE?

- Sectors’ use of, and impact on, the biophysical environment are sustainable in the long-run.
- New Zealand is a recognised leader in the sustainable use of biophysical production resources in agriculture, food, forestry and related activities.

### HOW IS MAF MEASURING PROGRESS TOWARDS THIS OUTCOME?

- MAF measures success in achieving this outcome by monitoring sectors’ current use of, and impact on, the environment as well as sectors’ progress toward adopting sustainable practices which will, over time, lessen the negative impacts associated with sectors’ activities.

### IMPACT MEASURES OF PROGRESS

- An increase in the priority actions and performance targets met associated with the Dairy and Clean Streams Accord.
- A decrease in agricultural emissions of methane and nitrous oxide per unit of output.
- An increase in uptake and participation in the Permanent Forest Sink Initiative.

### NEW ZEALANDERS ARE INFORMED AND INVOLVED PARTICIPANTS IN MAF’S REGULATORY SYSTEMS

- New Zealanders (a) are confident in our biosecurity and animal welfare systems, (b) have a widespread understanding of reasons for biosecurity rules, (c) actively report suspected biosecurity pests (d) voluntarily declare risk items at the border and (e) are aware of the complexity, trade-offs and ethical issues concerning animal welfare.

- MAF uses (a) non-compliance rates among discrete target groups as proxies to gauge its success in generating awareness of the biosecurity system, and (b) the current reach of codes of animal welfare applicable in New Zealand and measuring progress towards full coverage.

- A decrease in seizures of undeclared risk items at the border.
- A decrease in the number of border infringements by air passengers.
- An increase in the number of codes of animal welfare in New Zealand.

### EFFICIENT Stewardship* OF CROWN FORESTRY ASSETS

- MAF has sold off the Crown’s commercial forestry assets while, in the interim, having ensured assets have been managed and administered in a prudent manner.

- MAF measures success in achieving this outcome by establishing whether Crown forestry assets (a) have been effectively managed, and (b) whether or not it has been able to exit from commercial forests or forestry-related leases as circumstances permit.

- A reduction, over time, in the area (hectares) and value ($ million) of Crown forestry assets.
At its most basic, cost-effectiveness is about measuring an organisation’s relative efficiency in producing its outcomes.

For MAF, the development of robust cost-effectiveness measures requires knowledge of both the total costs (fiscal, economic and other) of its outputs and the nature and incidence of the outcomes (i.e. the impacts) generated as a result of these outputs. It also requires knowledge of the costs of alternative outputs that could be expected to generate similar outcomes. This “alternative output analysis” is a complex task, and if there are limited alternative outputs available, cost effectiveness analysis will be very difficult. It may be that cost utility analysis – comparing the costs of achieving a common end point (i.e. using a common metric) – may be possible, but this is also a complex task.

As a result, MAF is adopting a phased approach to developing cost-effectiveness measures.

During 2006/07 we developed an Outcomes Performance Monitoring Framework which identified the outcomes MAF is pursuing and what data will indicate whether MAF has made progress in achieving them. Developing these outcome performance measures is the first step towards determining cost-effectiveness.

MAF plans to develop a monitoring and evaluation strategy during 2007/08 that, when implemented, will allow for an assessment of the effectiveness of MAF outputs in creating desired outcomes. Therefore, demonstrating the efficiency of existing interventions and the robustness of the intervention logic is the second step in developing an over-arching performance measurement framework (which includes cost-effectiveness measures). It enables cost estimates to be provided for each MAF outcome, as the cost of those outputs that create the outcome can be aggregated.

In essence MAF’s intervention logic will be assessed by these outcome evaluations and from 2008/09 on alternative interventions, or changes in output mixes, which achieve the same desired outcomes can then be costed and compared.
Sustainable development for MAF is defined as the agriculture, food and forestry sectors delivering maximum socio-economic benefits to New Zealanders in current and future generations, through the interrelationships between:

› people;
› the biophysical environment; and
› the natural resources people draw from that environment;

while maintaining over time the environment’s life-sustaining capability and functioning.

MAF has positioned itself as a leading sustainable development agency, and is currently developing a framework which will promote the sectors’ delivery of the benefits of sustainable development.

MAF’s work in the area of sustainable development covers issues of climate change, water allocation, land use, and facilitating the primary sectors’ delivering on their economic potential now and into the future.

The agriculture, food and forestry sectors remain the engine room of the economy, responsible for over 60 percent of merchandise export earnings. They are at the centre of efforts to lift New Zealand’s economic growth rate and standard of living (see box “Government’s Economic Transformation Priority” on the following page). The success of these sectors is built on protecting and adding value to our natural and biological resources, including fertile soils, plentiful clean water, managing our pests and diseases and ensuring the disease-free status of our livestock. These resources, together with our temperate climate, and a history of innovation within the primary sector, are at the heart of New Zealand’s comparative and competitive advantage.

Sustainable development of New Zealand’s natural and biological resources is essential to ensure today’s prosperity is not at the expense of tomorrow’s. Even today, the global trading environment is driven by changing social values and consumer demand. Increasingly, overseas markets are demanding evidence of the energy efficiency, low environmental impact and wider sustainability of production processes on farms, orchards and vineyards.

MAF is leading the Sustainable Agriculture objective of the New Zealand Energy Efficiency and Conservation Strategy – for efficient and low-carbon farms, orchards and vineyards. Proposed actions include establishing a fund to demonstrate a model energy efficient farm/orchard/vineyard by 2008, developing a suitable model farm programme by 2009, scoping opportunities for bioenergy use by 2009, and investigating broadening...
supply options (particularly renewable energy technologies) for rural households. Lifting the energy efficiency of our land-based businesses and their use of “clean, green” renewable energy can be a differentiating feature for New Zealand in international markets. MAF also provides support for the Strategy’s objective of introducing renewable transport fuels.

The ability of New Zealand’s agriculture, food and forestry industries to compete in international markets increasingly depends on a demonstrable commitment to sustainable development, along with robust product assurance, and animal welfare. There is increasing consumer demand internationally for sustainably produced products, especially in premium markets e.g. the UK, EU. “Food miles” and associated issues represent an emerging risk of adverse perceptions in these markets that must be addressed urgently.

Sustainable development is helped by the protection of the natural environment, productive resources, and human health, and from biosecurity pests and diseases.

**GOVERNMENT’S ECONOMIC TRANSFORMATION PRIORITY**

MAF has a key role to play towards the Government’s priority of Economic Transformation. This priority aims to progress New Zealand’s economic transformation to a high income, knowledge-based market economy, which is both innovative and creative and provides a unique quality of life to all New Zealanders.

The relationship between the economy, environment and natural resources continues to be a major area of Government focus. Within Economic Transformation, MAF co-leads with the Ministry for the Environment the Environmental Sustainability sub-theme, which is in turn divided into work on climate change, water and sustainable land management.

MAF also contributes significantly to the Economic Transformation sub-theme of growing globally competitive firms. Growing and retaining high value businesses in New Zealand implies a link with the local environment and resource base. New Zealand’s productive base is inherently localised and linked to the natural environment; it is an inalienable, environmental and resource base – it cannot be moved elsewhere. While manufacturing capability and cheap labour are abundant in the world, high quality natural environments are becoming ever scarcer in a highly-populated world. While resources such as oil and minerals are finite, land, soil, water, biological resources and wind energy and their products – food, fibre, and fuel – are sustainable and inexhaustible provided they are safeguarded – including from biosecurity pests. The protection and integrity of New Zealand’s resource base underpins our export performance.
CLIMATE CHANGE: EMERGING CHALLENGES

MAF will be in the front line of work on climate change, which is crucial to New Zealand’s future. The agriculture and forestry sectors will bear the brunt of the economic and environmental impacts of climate change, such as drought and flood. There will be significant impacts in relation to food production. International agreements on climate change such as the Kyoto Protocol will only increase in importance. A changing climate will also change pest profiles, potentially making it easier for some biosecurity pests and diseases to spread, and this will be a major challenge to the biosecurity system.

Climate change presents a threat, not only to land-based industries, but also to international markets. For example, there is already a suggestion that pressure could be exerted on nations exporting to Europe to address climate change. There will be impacts for NZFSA with regard to trade. Supermarket chains are becoming increasingly focused on the environmental image associated with traded products, especially in relation to greenhouse gas impacts.

While 14 percent of greenhouse gas emissions globally arise from agriculture, New Zealand has a unique profile, with 49 percent of our greenhouse gas emissions from the agricultural sector. These emissions are comprised of methane from ruminant animals, and nitrous oxide from animal waste and nitrogen fertiliser use. The uptake of technologies such as nitrification inhibitors will be a key contributor to the reduction of emissions from nitrate point sources. There is also evidence through life cycle analysis that many New Zealand products have a lower net impact on global greenhouse gas emissions than competing products from countries with more energy- and resource-intensive production systems.

The forestry sector is integral to New Zealand’s response to the challenge of climate change. In New Zealand, deforestation of plantation forests has emerged in recent years after a long period of net afforestation. A number of competing interests and objectives must be reconciled in developing a sustainable climate change policy that deals with these interests and objectives.

The Permanent Forest Sink Initiative (PFSI) is a new initiative directed at reducing greenhouse gas emissions and therefore human-induced climate change. The PFSI exploits the ability of forests to sequester carbon; under the Kyoto Protocol, this process generates “forest sink credits” that can be sold on the international market.

Since New Zealand’s ratification of the Kyoto Protocol an opportunity has opened up for landowners, particularly of largely marginal land, to establish permanent forests and gain “forest sink credits”. The PFSI therefore provides a new economic use for some of New Zealand’s most difficult and erosion-prone land.
INTERVENTION FRAMEWORK

Regulatory activity is a large part of MAF’s role. We carry out functions related to approvals or accreditations, standard setting, compliance, and enforcement, and are accountable for official assurances that animal and plant products meet the standards required by domestic law or importing countries.

MAF’s regulatory interventions fall into two classes:
- **BIOSECURITY, ANIMAL WELFARE AND FOOD SAFETY**; and
- **SECTORAL DEVELOPMENT** – relating to the broader economic and governance aspects of regulation impacting on sustainable growth and innovation in the sectors.

MAF must ensure our approach to regulatory intervention is based on sound principles. We must also consistently apply and align with other Government regulatory authorities and with Government and international policy. Regulation plays a critical role in shaping behaviour; our aim is to minimise regulatory compliance costs when a change in behaviour is required.

Among the critical issues MAF is addressing are:
- where and how is regulation an appropriate form of intervention? When would other types of non-regulatory intervention be a better approach;
- explaining the costs and benefits of regulation, including guidance in cost recovery;
- developing a rationale for achieving the lowest possible compliance costs;
- facilitating – or at least not impeding – innovation whilst regulating;
- consistency with whole-of-government approaches to regulation, including risk management;
- compliance with international obligations;
- intervention drivers which take into account the public good or industry good; and
- maintaining New Zealand’s comparative advantage internationally.

MAF is developing a set of intervention framework guidelines, which will enable a more consistent and robust approach to the use of regulatory intervention. The purpose of the guidelines is to ensure our intervention decisions are most likely to secure Government outcomes while least likely to result in perverse impacts and unnecessary compliance costs. The guidelines will cover two key aspects:
- the key steps that should be followed in making and then implementing an intervention decision; and
- the principles that should be applied in making such decisions, concerning both the process of decision-making and the content of decisions. Decisions must follow the processes set out in relevant legislation, and as for content, interventions should aim to improve New Zealand’s overall economic, social, health and environmental wellbeing.

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**EXAMPLE: MAF BIOSECURITY NEW ZEALAND’S DECISIONS PROJECT**

This project has developed a common, principles-based framework and a set of good practice processes and content principles for MAF Biosecurity New Zealand to use to support biosecurity decision-making and an implementation planning to ensure consistency and efficiency. The end result will be a single, simple decision-making framework to support biosecurity risk managers.

Decisions should be prioritised based on strategic advantage, technical feasibility and cost benefit and should aim to improve New Zealand’s overall economic, social, health and environmental values.
MAF and NZFSA are very involved in trade negotiations that directly affect the performance of the primary sector. New Zealand exports about 80 percent of our animal and plant products and imports 25 percent of our food. Management of the benefits and risks associated with trade are therefore critical for the success of the industry and New Zealand’s international reputation. This reputation is currently unrivalled in terms of competence, integrity and leadership in trade of animal and plant products, and New Zealand is acknowledged as a world leader in quality assurance and inspection systems. This reputation is a valuable asset which must be protected for the sake of industry and the economy. New Zealand’s commitment to the work of international bodies and to the WTO’s Sanitary and Phytosanitary (SPS) and Technical Barriers to Trade (TBT) Agreements creates an obligation to focus on minimising unjustified technical trade barriers and ensuring standards are based on scientific principles. The principal objectives of this strategic priority are:

- a trading environment where unnecessary barriers to trade are minimised, and where bilateral protocols covering trade in animal and plant products adhere to the principles of international agreements;
- a risk-based approach to animal and plant product imports, with a focus on risk and probability rather than hazards and possibility; and
- maintenance of the credibility and valuable international reputation of New Zealand authorities.

Critical areas in which MAF and NZFSA are engaged:

- international standards and other agreed bilateral obligations;
- enhancing trans-Tasman arrangements;
- negotiating bilateral market access protocols, covering trade in animal and plant products;
- maintaining strong links with other New Zealand agencies involved in the development and implementation of trade standards; and
- maintaining scientific and technical capability including risk assessment and risk management capability.

In dealing with technical rules in trade, MAF and NZFSA work closely with the Ministry of Foreign Affairs and Trade (MFAT) at bilateral and multilateral levels.

TRADE AND TRAVEL: EMERGING CHALLENGES

MAF and NZFSA have central roles in the crucial trade negotiations agenda – the WTO Doha round of negotiations and various free trade agreements (FTAs). While multilateral negotiations are the most crucial, there has been an increasing emphasis on negotiating bilateral and plurilateral FTAs. This places New Zealand at a disadvantage because we are a country with a limited domestic market and already relatively open market access conditions. While increased free trade should be sought, there are inevitable implications for biosecurity. Increasing trade volumes lead to more diverse products and origins, with attendant demands on the biosecurity system, and increasing demand for assurance of New Zealand products from trading partners, even without trade agreements. Non-tariff barriers to trade, e.g. technical rules, are becoming increasingly important and represent both a challenge and an opportunity. MAF is also crucially involved in this area. Trade access continues to be a critical issue. The increasing number of FTAs under development means that SPS provisions consistent with WTO rules are required for a range of possible trading partners. In addition, New Zealand exporters face increasing competition from other low cost producers such as Brazil in meat and dairy, and China and Latin America in horticulture. Positive net migration to New Zealand is predicted to continue, and short-term overseas visitor numbers to New Zealand are increasing. More people moving across the border represents increased biosecurity risk, and pressure on the existing system. Changing demographics will also influence consumer demand and therefore the types of trade moving across our border.
Managing an organisation to achieve outcomes means linking what we need to achieve with what we need to do with the capability of the organisation. We need to think about and work on MAF’s current and future fitness for purpose.

MAF has invested significantly in capability and infrastructure. The challenge now is to realise the benefits – in both efficiency and effectiveness terms – and build on the gains already made.

Our overall focus for the development of the organisation continues to be leadership, our people and our ability to support them with quality systems, processes and tools.

**CURRENT STATE**

Over the past year we have continued to improve our strategic and business planning, budgeting and prioritisation processes. Our experience over the year will result in ongoing improvement in particular with respect to capital and capital project management.

Three initiatives were undertaken in pursuit of our leadership and people objectives. These were:

› an employee engagement survey undertaken by Gallup, followed by action planning to respond to the issues which arose at a team and business group level;

› the development of leadership and management competencies (using the Lominger methodology) to support the recruitment, performance management and development of existing and potential leaders and managers (the structure of this framework will also be extended to staff technical competencies); and

› the systematic assessment of managers using the Leadership Development Centre 360° process.

Work has continued to improve document management, telecommunications, financial management and IT systems and processes to support our staff to work more effectively.

**PARTNERING FOR EFFICIENCY: CO-OPERATION AT THE BORDER**

MAF works with a number of other agencies to ensure the most effective and efficient delivery of our services. Leveraging off each other’s processes, information and good practice benefits both partners and provides a co-ordinated cross-departmental approach to achieving outcomes. Pursuing these relationships is part of our work towards the State Sector Development Goals of Accessible State Services and Coordinated State Agencies.

One particular relationship that we will continue to develop in 2007/08 is with the New Zealand Customs Service (NZCS) at the border. There are significant intersects between our work in dealing with planning, profiling and processing international arrivals into New Zealand. Arrivals of people, goods and vessels represent risks to New Zealand – both to our biosecurity and to the security of our community. Both agencies are likely to manage an increasing volume and diversity of arrivals (and therefore risks) over the coming year.

We will co-operate on three levels. At the operational level, staff from both agencies will combine some training, physical resources and be co-located. Joint planning and information sharing will continue to assist combined clearance operations. The senior management level will oversee shared projects – both strategic and process oriented. At the highest level, formal links will be maintained through Chief Executives’ quarterly meetings, a Memorandum of Understanding and the Border Governance Group.

This year the Border Governance Group will focus on three streams of work:

› mapping border agencies’ operational processes regarding opportunities for synergies, practical improvements and shared investments;

› developing and applying a common approach to optimise the integration and alignment of IT systems; and

› developing a strategic framework to define border management, strategy at system level and roles at the border.
FOCUS FOR THE MEDIUM TERM

In the medium term we will concentrate on completing, embedding and leveraging the initiatives that are currently underway. In particular, our priorities will be to enhance stakeholder engagement through effective communications and relationship management strategies, support staff development and look for opportunities to change how we work to make life easier for our stakeholders and staff.

MAF supports and will actively pursue the State Services Commission’s State Sector Development Goals, especially those related to: Employer of Choice; Excellent State Servants; Networked State Services; and Accessible State Services. The following initiatives will progress our work toward these goals during 2007/08.

In support of our intention to exercise internal and external leadership and to develop our people we will:

› implement action plans arising from the engagement survey undertaken last year and monitor our progress with further annual surveys;
› roll out competency-based role descriptions, performance management and staff development systems, and align recruitment and induction processes to improve attraction and retention of key skills; and
› place emphasis on systems and capability to support effective two way engagement with stakeholders and appropriate sectors of the public e.g. with respect to biosecurity incursions. This will include support to our staff to effectively manage MAF’s relationships with key stakeholders, reviewing our website in terms of both the accessibility of information and services and our management of calls to the Ministry.

We will use the enhancements made to our IT systems to identify ways of transforming our business processes to make doing business easier for our stakeholders and staff. For example, we expect to see significant improvements made over the next two to three years in the efficiency of our interactions with our border stakeholders.

MAF is an agency which seeks to exercise leadership with respect to the sustainable development of our natural resources. Consequently, we must consider our own environmental footprint. In the past two years we have co-located much of our Head Office staff in Pastoral House and our Auckland staff in the Auckland Biosecurity Centre at Auckland International Airport. In these two initiatives we have tried to be environmentally responsible as practicable. In addition, our Auckland lab facilities are based in Landcare Research’s Taranaki building – a building purpose-built for financial, social and environmental sustainability – also reducing our operating costs. We have now embarked on the Govt3 Strategy to take opportunities to reduce our environmental footprint in Pastoral House and more broadly (e.g. with respect to our fleet). These initiatives will also support our planning for carbon neutrality in accordance with Government Policy.

Equal Employment opportunities and Positive Aging strategies will be supported by a review of MAF’s recruitment marketing, enhanced management skills in hiring and staffing, making effective use of the new competency framework to focus on skills identified, and flexible employee arrangements to meet the needs of a diverse workforce. We have also committed to working with unions representing employees to implement the Pay and Employment Strategy in conjunction with the State Services Commission.

A legislative compliance framework is being developed. This is intended to link legislation to MAF organisational policies which will be monitored via a control self assessment process. Complementing this is a series of seminars run by MAF Legal Services on legislation applied by MAF, statutory decision-making and the legal framework within which we work.
MAF’s quarantine group has initiated a Capability Project whose objectives are to deliver flexible and safe work practices and career programmes and promote an improved remuneration model. It will allow the group to deliver a flexible workforce with interesting jobs coupled to a fair, transparent remuneration system and supported by a robust quality and training system.

An integrated business model has been created for the new biosecurity arrangement (MAF Biosecurity New Zealand). It is focused on the information management strategy and the specific information needs of the new biosecurity arrangement. A core part of the information management strategy is using technology to improve operational and business processes which will enhance biosecurity risk management and improve service delivery to stakeholders.

The Biosecurity Communications Strategy (2007-2012) brings together an extensive programme of communications activities across the biosecurity and animal welfare sectors. The Strategy’s vision is a country where “all New Zealanders are taking responsibility for the biosecurity and animal welfare risk-related activities”. The Strategy is primarily based on the biosecurity outcomes framework which includes an emphasis on stakeholder communications and behaviour change programmes.

Similarly, Biosecurity’s compliance framework provides a way to think about compliance that integrates consideration of the behaviour of people and businesses with the steps MAF can take to promote better compliance. According to the framework, compliance activity should be targeted towards high biosecurity risks where compliance effort can be expected to make a difference. Compliance is assisted by designing good systems and rules; education and persuasion; financial and other incentives; licensing and restricting; audits and inspections; withdrawal, suspension or conditioning of licences; investigations; and prosecutions.

We have identified four capability objectives for our MAF Policy group for 2007/08 – alignment, connectedness, efficiency and effectiveness, and a performance culture.

- **ALIGNMENT** will involve building a strong platform for sustainable development and active collaboration supported at both a strategic and an operational level within MAF and across government.
- **CONNECTEDNESS** aims to enhance our relationships with the agriculture, food and forestry sectors. We will be implementing a Communications Strategy and undertaking work on sector engagement models.
- **EFFICIENCY AND EFFECTIVENESS** will focus on using resources to make the greatest difference. We will review priorities and resource allocation, and improve the underpinning systems and processes.
- **A PERFORMANCE CULTURE** – one of high achievement and ongoing development – will include core skills development and succession planning as well as organisation-wide work programmes such as leadership development and project management.
MAF manages risk in every part of the organisation. We are recognised world leaders in the management of food safety and biosecurity related risk. Our success in managing these risks has a significant impact on the health and vitality of our economy, environment and people. To ensure we are able to manage these operational risks we need to be aware of the organisational or strategic risks that may prevent us from achieving our stated purpose and outcomes.

MAF has a firm commitment to taking a consistent approach to risk identification and management across the organisation. We must understand the events which may prevent us achieving our outcomes and manage the organisation to minimise the likelihood of these events occurring and their potential impact.

Over the past year risk management has been formally incorporated into the MAF planning and budgeting cycle. By taking a consistent approach to risk, MAF has supported the assertion that we are a knowledge-based organisation.

The “Big Five” risks (detailed on the following page) have been identified by aggregating the results from a series of risk workshops across the organisation. MAF uses these risks to inform our strategies and regular reporting provides assurance that risks throughout the organisation are being managed effectively.
### MAF’s Top Five Organisational Risks

#### The Risk – We Might Not...

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<tr>
<th><em>Have the Right People – Right Skills</em></th>
<th><strong>Key Mitigation Strategies</strong></th>
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<tbody>
<tr>
<td>We are operating in a tight labour market.</td>
<td>MAFQS capability project.</td>
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<tr>
<td>We have a high proportion of long-service staff members combined with a high turnover of the workforce.</td>
<td>MAF Leadership Development programme.</td>
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<tr>
<td>We must manage our skill blend and our management of knowledge (as opposed to information).</td>
<td>MAF competency framework development.</td>
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<td>NZFS Human Resources strategy review.</td>
<td>Performance management and staff development.</td>
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<th><em>Be Engaging With Stakeholders</em></th>
<th><strong>Key Mitigation Strategies</strong></th>
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<tr>
<td>We rely on co-operation and compliance of industry and inter-departmental stakeholders.</td>
<td>Encouragement of stakeholder engagement at all levels.</td>
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<tr>
<td>Internally we may not gain buy-in to our business initiatives, or fail to engage with the right people at the right time.</td>
<td>Relationship Management programme.</td>
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<td></td>
<td>Business Group Communication strategies.</td>
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<tr>
<th><em>Provide Leadership</em></th>
<th><strong>Key Mitigation Strategies</strong></th>
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<tr>
<td>Internal and external leadership failures present a significant obstacle to achieving our objectives.</td>
<td>Senior Leadership Team development.</td>
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<tr>
<td>Effective sector and industry leadership is critical as is ensuring we promote realistic and effective solutions and policies.</td>
<td>Leadership Development programme.</td>
</tr>
<tr>
<td>Internally, we need to ensure we share a vision and have robust debates that support a clear unified direction.</td>
<td>Human Resources talent management programme.</td>
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<td></td>
<td>Information Management enhancement of tools in the operating environment.</td>
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<th><em>Give Robust Policy Advice</em></th>
<th><strong>Key Mitigation Strategies</strong></th>
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<tr>
<td>Our policy advice may produce unexpected or unwanted outcomes.</td>
<td>Policy teams developed in specific operational areas such as biosecurity and food safety.</td>
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<td></td>
<td>Continued involvement in international forums to ensure we at the leading edge of policy development.</td>
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<tr>
<td>Our policy advice may not be robust, leading to poor decision-making by the Government or inappropriate positions taken by farmers.</td>
<td>Robust peer review process for all published policy advice and advice to ministers.</td>
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<tr>
<td>If policy advice is not robust it may result in market access restrictions for primary produce.</td>
<td>Intervention Frameworks Strategic Priority.</td>
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<th><em>Deliver (Credibility)</em></th>
<th><strong>Key Mitigation Strategies</strong></th>
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<tr>
<td>MAF has a leadership role for various aspects of the agricultural, food and forestry sectors. Failing to deliver at an outcome or operational level could be disastrous for the department.</td>
<td>Review, the development and improvement of performance measures across the outcome framework and output expense classes.</td>
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<tr>
<td>MAF must ensure it is always aware of progress against objectives and monitors the effectiveness of remedial action when required.</td>
<td>Audit and assurance programme at all levels from corporate to operational delivery areas.</td>
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<td></td>
<td>Planning, budgeting and prioritisation process.</td>
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In July 2007, the New Zealand Food Safety Authority (NZFSA) will celebrate its fifth year since establishment. The five years have seen considerable progress in delivering on our two key roles of:

- protecting and promoting public health and safety;
- facilitating access to markets for New Zealand’s food and food-related products;

and on our vision of “A world-leading food regulatory programme that has the confidence of its stakeholders”.

But there is still considerable work to be done. With the completion of our Domestic Food, Imported Food and Wild Food Reviews and Government agreement on the direction for these, 2007/08 will see NZFSA working to implement a new food regulatory programme designed to greater protect consumers and position New Zealand’s vital domestic and export food industry for the future.

Working internationally to maintain and enhance market access for exports continues to demand priority attention.

NZFSA is a semi-autonomous body attached to MAF\(^2\). Its goals and objectives link to and align with those outlined in the MAF Statement of Intent. This section describes NZFSA’s plans for the coming year and our direction for the future.

NZFSA’s efforts will contribute primarily to the Government priorities of:

- economic transformation; and
- families, young and old.

For NZFSA to succeed, there must be a strong relationship between the primary outcomes Government is seeking for our economic base, community and environment, and the intermediate outcomes directly impacted by NZFSA’s work. Together these contribute to achieving Government’s goals for New Zealand. This necessarily involves a mix of strategic and business as usual activities. The diagram below illustrates these relationships:

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\(^2\)The State Services Commission is currently investigating the separation of NZFSA from MAF, creating a new department to administer food safety. Results of the investigation are required by May 2007 and will include the implications that such a restructuring would have in legal, financial and human resource terms. After receiving this advice, Cabinet will decide whether or not to proceed with the separation of NZFSA from MAF.
In pursuing each of the stated outcomes, NZFSA will develop and enhance linkages with its stakeholders. These include Government and other regulators, (both within New Zealand and internationally), industry, public interest groups and consumers.

In some instances, NZFSA contributes to joint outcomes with other parts of Government – including Safe and Freer Rules-Based Trade with MAF Policy, MAF Biosecurity, Ministry of Foreign Affairs & Trade (MFAT) and Healthy New Zealanders with the Ministry of Health (MoH). We also have direct linkages with the Environmental Risk Management Authority (ERMA) and MoH via the Agricultural Compounds and Veterinary Medicines Act and direct linkages with local government in the delivery of community outcomes. NZFSA will also be working collaboratively with other agencies in pursuit of the longer term objectives each of these seek in their own Statements of Intent.

**INTERMEDIATE OUTCOMES**

This section describes how NZFSA will deliver its intermediate outcomes:

**PEOPLE:**

**INTERMEDIATE OUTCOME - SAFE AND SUITABLE FOOD FOR NEW ZEALANDERS**

NZFSA will:

- implement a policy and regulatory environment that facilitates effective administration of food and food related products;
- consistently apply NZFSA’s framework for managing risk;
- develop hazard-based and risk-based standards, using high quality scientific information and risk analysis expertise, which reduce consumer exposure to foodborne pathogens and chemical hazards;
- effectively address new and emerging hazards in the food supply;
- effectively manage suitability characteristics of food;
- involve stakeholders in policy and standards development, the regulatory decision-making process and in the wider management of the programme;
- respond appropriately to untoward food safety events and incidents;
- maintain appropriate technical capability;
- effectively communicate with stakeholders;
- measure and review the performance of all regulatory activities against agreed performance measures; and
- maintain linkages with other Government sectors that have a role in public health.

**ECONOMY:**

**INTERMEDIATE OUTCOME – MARKET ACCESS (TECHNICAL OR NON-TARIFF RELATED) FOR NEW ZEALAND’S ANIMAL AND PLANT PRODUCTS IS MAINTAINED AND ENHANCED**

NZFSA will:

- effectively negotiate market access conditions and establish certification requirements with the competent authorities of countries importing New Zealand’s food and food related products;
- effectively manage bilateral agreements impacting on our food trade such as the Closer Economic Relations with Australia, the Trans-Tasman Mutual Recognition Arrangement and the EU-NZ Sanitary Agreement;
- effectively manage trading partner relationships;
- develop and present cases for judgments of equivalence of New Zealand food hygiene measures where beneficial; and
- manage trade related responses in the event of food safety emergencies.
Intermediate outcome – New Zealand’s reputation for consistent and principled treatment of exports and imports according to international rules is maintained and enhanced

NZFSA will:
› continue to be recognised as a trusted and highly credible “competent authority”;  
› provide official assurances that are consistent with the ethical requirements of Codex and OIE;  
› demonstrate effective performance of the regulatory programme for imported, domestically produced and exported food and food related products;  
› continue to base standards on science and risk assessment, together with transparent and systematic risk management processes;  
› develop and maintain strategic alliances, networks and linkages; and  
› ensure New Zealand is seen internationally as a principled trader where trade is treated as a “two way street”. This will necessitate:  
  – consistent application of international trade agreements and protocols to both imported and exported products;  
  – being an active and principled participant in international forums such as the WTO Sanitary and Phytosanitary Agreement Committee, the food standards setting body, Codex Alimentarius and expert international working parties;  
  – influencing the setting of relevant standards affecting food by competent authorities other than NZFSA to ensure proportionality to risk and consistency with international obligations;  
  – establishing and maintaining effective liaison with other parts of MAF, MFAT and other Government agencies on trade-related issues.

Intermediate outcome – A business environment for the agriculture, food, forestry and related sectors that supports innovation, enterprise and high performance

NZFSA will:
› empower and enable industry to meet its responsibilities in a climate of commercial certainty within the food and food related regulatory environment;  
› establish minimum, effective, consistent and equitable interventions or regulations;  
› provide a focus on “outcome-based standards” so as to give industry maximum flexibility in the application of regulatory standards;  
› work with industry in their establishment of voluntary standards;  
› undertake and/or commission operational research that provides the scientific basis for regulations supporting innovation, enterprise and high performance;  
› maintain transparent, equitable and sustainable cost recovery;  
› provide competent and cost-effective verification services;  
› involve regulated parties in policy and standards development and take into account their interests and concerns; and  
› ensure food administration reflects whole-of-government interests.

Strategy in action
NZFSA has identified a number of key programmes needed to deliver the intermediate outcomes outlined above. These include:

Implement the outcome of food reviews

Domestic food
Following a lengthy period of review, the Government has accepted NZFSA’s proposals to redesign New Zealand’s food regulatory system. The changes will cover all aspects of the safety, nutrition and suitability of food produced,
imported, processed, manufactured, transported, stored and traded in New Zealand. This includes all food, whatever its source and however it reached the point of sale, and whether for profit or for charity.

To do this NZFSA will need to:
› develop a new Food Bill; clarify the roles and responsibilities of the regulators;
› introduce a range of risk-based tools designed to help food operators manage food safety and suitability in the future;
› develop education and training requirements for food operators; and
› implement the programme in close cooperation with local government and public health units.

**IMPORTED FOODS**

After a detailed review of current arrangements, NZFSA has developed a new programme for food imported into New Zealand. This has been designed to manage food safety issues at the appropriate point in the food chain, be flexible, and ensure controls on imported foods are effective, efficient and based on sound science. Rather than inspecting or testing imports when they arrive in the country, the new imports programme provides a variety of ways to import food safely.

Support systems are being developed and risk profiling undertaken to determine the regulatory interest level of each food/hazard combination is being progressed. It is intended the new imported food programme will commence when the new Food Bill is enacted.

**MEET STAKEHOLDERS’ NEEDS**

NZFSA’s extensive stakeholder base includes every consumer of food produced in this country, whether they live in New Zealand or overseas, the New Zealand farming and food industries and other regulators, government departments and Ministers.

NZFSA will continue to enhance its programme to meet the needs of these groups. This includes working with stakeholders through a consultative process and ensuring they have adequate opportunities to participate in the food regulatory decision-making process. Industry must have opportunities to provide input on matters affecting them and consumers must have sufficient sound information to enable them to make informed choices on the food they eat.

**STRENGTHENING NEW ZEALAND’S REPUTATION IN INTERNATIONAL TRADE**

**MARKET ACCESS STRATEGY**

NZFSA is developing a Market Access Strategy that identifies strategic priorities as a consequence of the environmental scanning, and export food sector analysis relating to New Zealand food and food related exporters.

The Market Access Strategy will be compatible with, and rely implicitly on, the strategies of NZFSA and other MAF business groups. The strategy depends on NZFSA, MAF, MFAT, ERMA and other related agencies working collaboratively to enhance New Zealand business environment and economic prospects. NZFSA also depends on a world class science programme, state of the art standards, an innovative information technology platform and compliance with standards and rigorous adherence to SPS principles, all of which are prerequisites of, and leverage planks for, any credible market access strategy. The Strategy also depends on: our people, our credibility, our capability to work together, our networks, our intelligence gathering capabilities and our negotiating skills.

The Market Access Strategy will fully contribute to the NZFSA Strategy and its overarching objectives and goals.
It will use Government and stakeholder resources to efficiently maximise the benefits to New Zealand.

**EXPORT ASSURANCE STRATEGY**

NZFSA will define the needs, and outline the plan for, the development of a cohesive Export Assurance Programme for the assessment of regulatory compliance through verification and eligibility of food products from production to acceptance by the importing competent authority. The programme will provide the basis, standards and procedures for all assurances provided by NZFSA for exported food products. Verification and certification are the cornerstones of any Export Assurance Programme. Confidence in the robustness of verification processes for generic export requirements, specific market requirements, residue testing and laboratory systems provides a strong platform for recognising the integrity and ethics of official assurances issued by the New Zealand Government. Without robust linkages of verification to certification, NZFSA cannot reliably confirm product eligibility.

**ENHANCE OUR ORGANISATIONAL DEVELOPMENT**

NZFSA must ensure it is able to meet the challenges, expectations and needs of stakeholders into the future. To do this, the organisation must be adequately resourced, consider future capability needs and develop a culture with the capacity to work smarter, be responsive and pragmatic and look for the most effective solutions to the issues faced.

Achieving these requires having the right people, supported appropriately and using best practice-based systems and processes.
FORECAST SERVICE PERFORMANCE
2007/08

This section describes each output expense that MAF is funded under and how we measure our performance on delivering these groups of outputs.
MAF administers three areas of government responsibility (votes):
> VOTE AGRICULTURE AND FORESTRY
> VOTE BIOSECURITY
> VOTE FOOD SAFETY

Under each vote are a number of output expenses. These are groupings of the goods and services MAF delivers. Our performance against them will be assessed against the performance measures and financial forecasts included in this section.

The delivery of these goods and services is what MAF is doing externally to achieve our outcomes (and intermediate outcomes). If we have performed well under our output expenses there should be movement towards the three outcomes in our Outcome Framework.

>>> GOOD PERFORMANCE AGAINST THESE 18 OUTPUT EXPENSES DRIVES OUR PROGRESS TOWARD OUR THREE MAIN OUTCOMES.
**AGRICULTURE AND FORESTRY POLICY ADVICE**

Policy advice contributes to many of MAF's intermediate outcomes.

This covers analysis and decision-making support underpinning policy advice to Ministers and the Government in relation to the sector. It includes analysis and advice on legislation, institutional arrangements, and on policy and operational initiatives in relation to the sector, rural communities and other stakeholders. The focus is on sustaining and enhancing the economic contribution of this sector to New Zealand, and on the economic, environmental and cultural sustainability of the sector, of their land, water and genetic resources, and of the communities dependent on them.

**PERFORMANCE MEASURES**

- All policy advice conforms to the criteria set out in Schedule A as assessed by one or more of the methods identified in Schedule B.
- Priority work is completed as agreed with the Minister in the 2007/08 output plan (including any subsequent agreed amendments).
- All policy advice meets or exceeds the following Ministerial quality thresholds:
  - less than five percent of Ministerial letters rejected (for content);
  - less than five percent of Ministerial letters submitted to Minister's office more than 15 days after receipt;
  - no Ministerial letters submitted to Minister's office more than 20 days after receipt; and
  - less than five percent of Cabinet papers submitted to Cabinet Committee after due date.
- 100 percent of input into key international forums meets Ministerial expectations, consultation requirements of international organisations and is informed by consultation with relevant affected stakeholders.

**COST**

Outputs will be provided within the appropriated sum of $30.121 million. The appropriation is funded by $29.543 million revenue Crown and estimated third-party revenue of $0.578 million.

**ANIMAL WELFARE**

The intermediate outcome these activities primarily contribute to is:

- New Zealanders are informed and involved participants in MAF’s regulatory systems.

This involves setting standards for animal welfare complying with the Animal Welfare Act 1999 and covers investigation and (where appropriate) prosecution of individuals and organisations who breach animal welfare legislation.

**PERFORMANCE MEASURES**

- Animal welfare standards (codes of welfare and codes of ethical conduct) developed during 2007/08 are 100 percent compliant with the legal and constitutional requirements of the Animal Welfare Act.
- All policy advice conforms to the criteria set out in Schedule A as assessed by one or more of the processes identified in Schedule B.
- All policy advice meets or exceeds the following Ministerial quality thresholds:
  - less than five percent of Ministerial letters rejected (for content);
  - less than five percent of Ministerial letters submitted to Minister's office more than 15 days after receipt;
  - no Ministerial letters submitted to Minister's office more than 20 days after receipt; and
  - less than one percent of Cabinet papers submitted to Cabinet Committee after due date.
- Priority work undertaken by the National Animal Welfare Advisory Committee and the National Animal Ethics Advisory Committee is completed as agreed with...
the Minister in the 2007 Operational Plan (including any subsequent agreed amendments).

- 100 percent of input into key international forums meets Ministerial expectations, consultation requirements of international organisations and is informed by consultation with relevant affected stakeholders.
- 95 percent of criminal investigations prepared for prosecution meet prima facie requirements (sufficient evidence to initiate criminal proceedings).
- At least 90 percent of prosecutions are successful.
- Less than five percent of cases lodged with the Court incur adverse judicial comment (to allow for the pursuit of precedent setting by the Court).

**Cost**

Outputs will be provided within the appropriated sum of $2.572 million. The appropriation is funded by $2.547 million revenue Crown and estimated third-party revenue of $0.025 million.

**Administration of Indigenous Forestry Provisions**

The intermediate outcomes these activities primarily contribute to are:

- Sustainable use of resources, and the natural systems they are based on, by the agriculture, food and forestry sectors.
- New Zealanders are informed and involved participants in MAF’s regulatory systems.

This involves the administration of Part IIIA of the Forests Act 1949 which relates to the management of privately owned indigenous forest. Principally this involves the administration of sustainable forest management plans and permits, controls on sawmills processing indigenous logs and the export of indigenous forest produce, and breaches of Part IIIA of the Forest Act. The administration of the Crown’s undertakings with respect to the preparation and funding of sustainable forest management plans on South Island Landless Natives Act land is also a function of this purpose.

**Performance Measures**

- 95 percent of Sustainable Forest Management plans received are processed/reviewed within the approved timeframe provided by Part IIIA of the Forests Act 1949.
- The regularity of monitoring of Sustainable Forest Management plans conforms with the provisions of Part IIIA of the Forests Act 1949.

**Climate Change**

The intermediate outcomes these activities primarily contribute to are:

- Sustainable use of resources, and the natural systems they are based on, by the agriculture, food and forestry sectors.
- New Zealanders are informed and involved participants in MAF’s regulatory systems.
- Enhanced prosperity for Māori engaged in the agriculture, food and forestry sectors.

This covers analysis and advice on sustainable land management and climate change including advice on managing deforestation, encouraging afforestation and reducing agricultural greenhouse gas emissions. This work also links with other sustainable land management initiatives and Government’s wider climate change work. It includes advice on possible legislation and operational initiatives and partnerships with the land-based sectors.
Performance Measures

- All Climate Change policy advice conforms to the criteria set out in Schedule A as assessed by one or more of the processes identified in Schedule B.
- Priority work is completed as agreed with the Minister in the 2007/08 output plan (including any subsequent agreed amendments).

Cost

Outputs will be provided within the appropriated sum of $2.517 million. The appropriation is funded by $2.372 million revenue Crown and estimated third-party revenue of $0.145 million.

Contract, Grant and Asset Management

The intermediate outcomes these activities primarily contribute to are:

- Effective stewardship of Crown Forestry assets.
- Enhanced prosperity for Māori engaged in the agriculture, food and forestry sectors.
- Connected and resilient rural communities.
- Sustainable use of resources, and the natural systems they are based on, by the agriculture, food and forestry sectors.
- A business environment for the agriculture, food and forestry sectors that supports innovation, enterprise and high performance.

This covers the management of certain Crown forest and land assets, and the Crown’s participation in contracts and agreements with others in forestry and agriculture, including arrangements covered by legislation and regulations for which the Crown retains an ownership interest or ongoing obligation.

Performance Measures

- No known breaches of statute, lease agreements, forestry rights and other contractual arrangements by Crown Forestry occur or are upheld since the last independent audit.
- Annual independent assessment of a sample of operations confirms that Crown Forestry achieves stumpage returns consistent with national benchmarks.
- No forest loss from fire attributable to the quality of Crown Forestry’s response and systems, as determined by rural fire district investigations.
- The administration of East Coast Forestry Grants is consistent with the statutory framework.
- The administration of the Sustainable Farming Fund is consistent with the statutory framework.

Cost

Outputs will be provided within the appropriated sum of $3.398 million. The appropriation is funded by $3.351 million revenue Crown and estimated third-party revenue of $0.047 million.

Contestable Services

These activities are cost-recovered and do not directly contribute to our intermediate outcomes.

This output expense covers the subleasing of surplus accommodation owned or leased by the Ministry and the cost recovery of associated shared or in-house services.

Cost

Outputs will be provided within the appropriated sum of $2.200 million. This appropriation is fully funded by third-party revenue.
**VOTE BIOSECURITY**

**BIOSECURITY POLICY**

Policy advice contributes to many of MAF’s intermediate outcomes.

This includes providing analysis and advice on, and development of, policies, legislation and organisational arrangements to be applied to: implementing the Biosecurity Strategy, developing the biosecurity system and managing operational responses, the provision of biosecurity advice to Ministers and participation in biosecurity and consultative forums, Māori responsiveness, and ongoing business support.

**PERFORMANCE MEASURES**

- All policy advice conforms to the criteria set out in Schedule A as assessed by one or more of the methods identified in Schedule B.
- Priority work is completed as agreed with the Minister in the 2007/08 output plan (including any subsequent agreed amendments).
- All policy advice meets or exceeds the following Ministerial quality thresholds:
  - less than five percent of Ministerial letters rejected (for content);
  - less than five percent of Ministerial letters submitted to Minister’s office more than 15 days after receipt;
  - no Ministerial letters submitted to Minister’s office more than 20 days after receipt; and
  - less than five percent of Cabinet papers submitted to Cabinet Committee after due date.

**COST**

Outputs will be provided within the appropriated sum of $11.713 million. The appropriation is funded by $11.493 million revenue Crown and estimated third-party revenue of $0.220 million.

**BIOSECURITY APPROVALS AND ASSURANCE**

The intermediate outcomes these activities primarily contribute to are:

- New Zealand’s reputation for consistent and principled application of international trade and sanitary and phytosanitary rules and regulations is maintained and enhanced.
- Market access (technical or non-tariff related) for New Zealand’s animal and plant products is maintained and enhanced.

This covers the administration of biosecurity standards and export certification. It involves auditing against biosecurity regulatory standards and providing assurance to trading partners that New Zealand exporters are complying with the relevant regulations.

**PERFORMANCE MEASURES**

- 100 percent of the agreed audit and review schedule is completed and effective reviews are carried out in accordance with Compliance Team procedures.
- 100 percent of investigative reviews are carried out in accordance with Compliance Team procedures.
- 100 percent of agreed remedial action plans are followed up within 12 months (to ensure their implementation).
- Other countries accept our export certification systems.

**COST**

Outputs will be provided within the appropriated sum of $2.158 million. The appropriation is funded by $1.080 million revenue Crown and estimated third-party revenue of $1.078 million.

**BIOSECURITY ENFORCEMENT**

The intermediate outcomes these activities primarily contribute to are:

- New Zealanders are informed and involved participants in MAF’s regulatory systems.
› Prevention and reduction of harm to economic activity, human health, the natural environment and resources of economic and cultural value to Māori from pests and diseases and their management.
› New Zealand’s reputation for consistent and principled application of international trade and sanitary and phytosanitary rules and regulations is maintained and enhanced.

This covers investigation and (where appropriate) prosecution of individuals and organisations who breach biosecurity legislation.

**PERFORMANCE MEASURES**
› 100 percent of complaints are investigated in accordance with the Compliance and Enforcement priority grading framework.
› 95 percent of criminal investigations prepared for prosecution meet prima facie requirements (sufficient evidence to initiate criminal proceedings).
› At least 90 percent of prosecutions are successful.
› Less than five percent of cases lodged with the Court incur adverse judicial comment (to allow for the pursuit of precedent setting by the Court).

**COST**
Outputs will be provided within the appropriated sum of $4.508 million. The appropriation is funded by $4.453 million revenue Crown and estimated third-party revenue of $0.055 million.

**BIOSECURITY STANDARDS**
The intermediate outcomes these activities primarily contribute to are:
› Prevention and reduction of harm to economic activity, human health, the natural environment and resources of economic and cultural value to Māori from pests and diseases and their management.
› New Zealand’s reputation for consistent and principled application of international trade and sanitary and phytosanitary rules and regulations is maintained and enhanced.
› Market access (technical or non-tariff related) for New Zealand’s animal and plant products is maintained and enhanced.
› A business environment for the agriculture, food and forestry sectors that supports innovation, enterprise and high performance.
› New Zealanders are informed and involved participants in MAF’s regulatory systems.

This involves setting standards for imports, exports, border including transitional facilities, post-border including response and surveillance, international agreements, undertaking risk analysis to support standard development, and monitoring border pathways. Standards need to comply with the Biosecurity Act 1993.

**PERFORMANCE MEASURES**
› 100 percent of new and revised biosecurity standards are prioritised and developed using the biosecurity decision-making framework.
› 100 percent of new and revised biosecurity standards comply with the Biosecurity Act.
› Other countries accept our export assurances.

**COST**
Outputs will be provided within the appropriated sum of $26.865 million. The appropriation is funded by $24.100 million revenue Crown and estimated third-party revenue of $2.765 million.

**BIOSECURITY SURVEILLANCE AND INCURSION RESPONSE**
The intermediate outcomes these activities primarily contribute to are:
› Prevention and reduction of harm to economic activity, human health, the natural environment and resources
of economic and cultural value to Māori from pests and diseases and their management.

› New Zealanders are informed and involved participants in MAF’s regulatory systems.
› New Zealand’s reputation for consistent and principled application of international trade and sanitary and phytosanitary rules and regulations is maintained and enhanced.
› Market access (technical or non-tariff related) for New Zealand’s animal and plant products is maintained and enhanced.

This covers the delivery of services for surveillance for new organisms in the terrestrial and aquatic environments including: invasive species, pests and diseases of native and introduced animal and plant populations (including forests), maintenance of the capability to investigate and respond to new organisms and, if necessary, the delivery of services for their eradication or management.

〉 PERFORMANCE MEASURES
› 100 percent of all reported unwanted organisms are investigated and the presence of an unwanted organism is ruled in or ruled out in accordance with agreed standards.
› 100 percent of all reports of suspected unwanted organisms are investigated and responded to in accordance with existing policies, standards and procedures.
› 100 percent of all surveillance, incursion response and pest management programmes have clearly identified objectives and performance measures.

〉 COST
Outputs will be provided within the appropriated sum of $34.206 million. The appropriation is funded by $31.776 million revenue Crown and estimated third-party revenue of $2.430 million.

〉 QUARANTINE SERVICES

The intermediate outcomes these activities primarily contribute to are:

› Prevention and reduction of harm to economic activity, human health, the natural environment and resources of economic and cultural value to Māori from pests and diseases and their management.
› New Zealanders are informed and involved participants in MAF’s regulatory systems.

This covers the identification and management of biosecurity risk goods, and goods possibly contaminated with biosecurity risk organisms, entering New Zealand. It involves clearing all direct overseas aircraft and vessels, passengers, personal effects consignments, sea containers, used vehicles and mail items in accordance with biosecurity legislation and MAF Biosecurity New Zealand standards.

〉 PERFORMANCE MEASURES
› Biosecurity risk goods are identified, prioritised and subsequently actioned in accordance with biosecurity legislation and MAF Biosecurity New Zealand Import Health Standards.
› 100 percent of direct overseas aircraft and vessel arrivals are cleared in accordance with MAF Biosecurity New Zealand Import Health Standards.

〉 COST
Outputs will be provided within the appropriated sum of $59.601 million. The appropriation is funded by $32.701 million revenue Crown and estimated third-party revenue of $26.900 million.
FOOD SAFETY

FOOD SAFETY POLICY ADVICE
Policy advice contributes to many of MAF’s intermediate outcomes.
This includes purchasing policy advice and decision-making support for the Minister and the Government on food safety and related issues. It includes analysis and advice on legislation and policy to be applied to all aspects of food administration ensuring a robust, modern, comprehensive legislative base, implementation tools, and mechanisms to measure its effectiveness. Services to assist the Minister are also included.

PERFORMANCE MEASURES
› All policy advice conforms to the criteria set out in Schedule A as assessed by one or more of the methods identified in Schedule B.
› Priority work is completed as agreed with the Minister in the 2007/08 output plan (including any subsequent agreed amendments).
› All policy advice meets or exceeds the following Ministerial quality thresholds:
  – less than five percent of Ministerial letters rejected (for content);
  – less than five percent of Ministerial letters submitted to Minister’s office more than 15 days after receipt;
  – no Ministerial letters submitted to Minister’s office more than 20 days after receipt; and
  – less than one percent of Cabinet papers submitted to Cabinet Committee after due date.
› 100 percent of input into key international forums meets Ministerial expectations, consultation requirements of international organisations and is informed by consultation with relevant affected stakeholders.

COST
Outputs will be provided within the appropriated sum of $3.126 million. The appropriation is funded by $3.105 million revenue Crown and estimated third-party revenue of $0.021 million.

REGULATORY STANDARDS
The intermediate outcomes these activities primarily contribute to are:
› Safe and suitable food for New Zealanders.
› A business environment for the agriculture, food and forestry sectors that supports innovation, enterprise and high performance.
› New Zealand’s reputation for consistent and principled application of international trade and sanitary and phytosanitary rules and regulations is maintained and enhanced.
› Market access (technical or non-tariff related) for New Zealand’s animal and plant products is maintained and enhanced.

This covers the setting of technical standards for food production. It ensures that food and food-related products are produced in accordance with New Zealand legislation and, where appropriate, meet the requirements negotiated with countries importing New Zealand products to enable official assurances necessary for market access and to otherwise meet "agreed levels of consumer protection". It includes standards for ancillary legislation associated with controls on inputs into food protection. It also covers the setting of operational standards, the development of monitoring and review mechanisms to measure performance and to support reports to the Minister as well as providing official assurances.

PERFORMANCE MEASURES
› 100 percent of all standards are reviewed according to a schedule agreed with the accountable Director.
› 100 percent of approvals comply with the Charter agreed with the accountable Director.
› The public health and other outcomes of regulatory standards (and other regulatory activities) are
monitored according to programme parameters agreed with the accountable Director and reviewed accordingly.

**COST**
Outputs will be provided within the appropriated sum of $40.310 million. The appropriation is funded by $18.217 million revenue Crown and estimated third-party revenue of $22.093 million.

**RESPONSE TO FOOD SAFETY EMERGENCIES**
The intermediate outcomes these activities primarily contribute to are:

› Safe and suitable food for New Zealanders.
› New Zealanders are informed and involved participants in MAF’s regulatory systems.
› New Zealand’s reputation for consistent and principled application of international trade and sanitary and phytosanitary rules and regulations is maintained and enhanced.

This covers food safety emergencies; these are to be expected and need to be handled in a systematic manner. The setting of standards for this purpose is covered in this output expense. It covers food safety emergencies where there is a need to be prepared for such emergencies and to handle events in a systematic manner to reduce threats to human health and/or impacts on the integrity of the programme. It includes the co-ordination of routine food recalls and communication with affected parties and those at risk, as well as responses to food safety emergencies. Responses are demand driven and budgeted for on a case-by-case basis.

**PERFORMANCE MEASURES**
› Systems and measures to limit the impact of events that pose a threat to human health or to the integrity of the New Zealand Food Safety programmes are maintained in accordance with standards.
› Emergency responses are managed in an effective manner (limiting adverse impacts on health and the integrity of New Zealand food safety programmes) as measured by internal review.

**COST**
Outputs will be provided within the appropriated sum of $0.383 million. The appropriation is fully funded by revenue Crown.

**SYSTEMS AUDIT AND ENFORCEMENT**
The intermediate outcomes these activities primarily contribute to are:

› A business environment for the agriculture, food and forestry sectors that supports innovation, enterprise and high performance.
› New Zealanders are informed and involved participants in MAF’s regulatory systems.
› Safe and suitable food for New Zealanders.
› New Zealand’s reputation for consistent and principled application of international trade and sanitary and phytosanitary rules and regulations is maintained and enhanced.
› Market access (technical or non-tariff related) for New Zealand’s animal and plant products is maintained and enhanced.

This covers the audit of component systems and specific areas within the regulatory programme, as well as investigations of problems, complaints and suspected breaches of legislation. It covers obtaining the necessary evidence that the programme is effective in meeting public objectives and is being enforced.
**PERFORMANCE MEASURES**

- 100 percent of audits undertaken are completed so their outcomes are managed and reports are produced according to agreed procedures and by competent assessors.
- 100 percent of audit results are analysed by an external reviewer to substantiate assurances provided by NZFSA that delivery is in accordance with relevant standards.
- 100 percent of complaints are investigated in accordance with strategies and legal powers.
- 95 percent of investigation files prepared for prosecution meet prima facie requirements (sufficient evidence to initiate criminal proceedings).
- At least 90 percent of prosecutions successfully meet outcomes agreed with the accountable Director.
- Less than five percent of cases lodged with the Court incur adverse judicial comment (to allow for the pursuit of precedent setting by the Court).

**COST**

Outputs will be provided within the appropriated sum of $4.292 million. The appropriation is funded by $2.792 million revenue Crown and estimated third-party revenue of $1.500 million.

**CONSULTATION AND FOOD SAFETY INFORMATION**

The intermediate outcomes these activities primarily contribute to are:

- New Zealanders are informed and involved participants in MAF’s regulatory systems.
- A business environment for the agriculture, food, forestry and related sectors that supports innovation, enterprise and high performance.
- Enhanced prosperity for Māori engaged in the agriculture, food, forestry and related sectors.
- Safe and suitable food for New Zealanders.

This covers consultation with stakeholders (including the public) and involves the Food Safety Advisory Board, the Consumers’ Forum and the Officials’ Committee on Food Safety. It covers communication of food safety information including all regulatory and other relevant matters to stakeholders and managing issues from a communication perspective.

**PERFORMANCE MEASURE**

Consultation and food safety information provided meets the needs of the majority of stakeholders as assessed by stakeholder feedback.

**COST**

Outputs will be provided within the appropriated sum of $3.432 million. The appropriation is funded by $2.749 million revenue Crown and estimated third-party revenue of $0.683 million.

**REGULATORY PROGRAMMES**

The intermediate outcomes these activities primarily contribute to are:

- New Zealand’s reputation for consistent and principled treatment of exports and imports according to international rules is maintained and enhanced.
- Market access (technical or non-tariff related) for New Zealand’s animal and plant products is maintained and enhanced.
- New Zealanders are informed and involved participants in MAF’s regulatory systems.
- A business environment for the agriculture, food, forestry and related sectors that supports innovation, enterprise and high performance.
- Safe and suitable food for New Zealanders.

This covers primary components of the regulatory programmes where arrangements exist to contract out regulatory services. District Health Boards are jointly contracted with the Ministry of Health to provide a range of functions across the public health continuum. District Health Boards provide NZFSA with oversight of parts of
the programme at a local level, investigate possible cases of food-borne illness and provide a link to wider public health areas. The NZFSA Verification Agency provides verification functions to the meat and seafood industries.

**PERFORMANCE MEASURES**

- District Health Boards’ technical compliance with relevant standards and food legislation are confirmed by NZFSA assessment.
- Verification services delivered by NZFSA’s Verification Agency meet pre-set effectiveness standards as determined by independent assessment.

**COST**

Outputs will be provided within the appropriated sum of $37.759 million. The appropriation is funded by $2.165 million revenue Crown and estimated third-party revenue of $35.594 million.
Policy advice delivered through this output expense must underpin effective decision-making by Ministers and the Government. To maximise the quality of Ministerial and government decision-making, policy advice must meet the measures of:

**Process Integrity**
- Compliance with formal Cabinet Office, Ministerial and other requirements governing policy advice.
- Fulfilment of MAF peer review, consultative, evaluation and other requirements governing the structure and process for developing policy advice.

**Fitness for Purpose**
- Relevant to the issues being addressed.
- Responsive to the Government’s policy objectives, desired outcomes, portfolio commitments and obligations.
- Evidence-based and accurate.
- Frank and dispassionate.
- Timely.
- Clear, unambiguous and appropriate for the audience.
- Apply managing for outcomes and intervention logic methods and disciplines.
- Give Ministers clear guidance and specific recommendations.
- Accepted by Ministers or other recipients as meeting their needs.

**Comprehensiveness**
- Identifies all relevant options.
- Takes account of all relevant factors and ramifications, including regulatory impacts, compliance costs, changed incentives and unintended consequences.
- Is based on comprehensive consultation.
- Takes account of, and where appropriate gives direction on, the longer-term strategic implications, opportunities and ramifications.
- Lends itself to monitoring, evaluation and future refinements or enhancements.

To ensure the quality of policy advice meets the measurement criteria identified in Schedule A, it will be assessed using one or more of the following methods:
- Ministerial rating;
- independent third-party review;
- evaluation results;
- agency/stakeholder feedback;
- internal peer review process.
FORECAST FINANCIAL STATEMENTS 2007/08
The Statement of Intent of the Ministry of Agriculture and Forestry presented in this report for the year ending 30 June 2008 has been prepared in accordance with sections 38-42 of the Public Finance Act 1989.

The Director General of the Ministry of Agriculture and Forestry acknowledges in signing this statement that he is responsible for the information contained in this report.

The financial performance to be achieved by the Ministry for the year ending 30 June 2008, that is specified in the Statement of Intent, is as agreed with the Minister of Agriculture, who is the Minister responsible for the financial performance of the Ministry of Agriculture and Forestry.

The performance to be achieved by the Ministry for each output expense for the year ending 30 June 2008, specified in the Statement of Intent, is as agreed with the Minister of Agriculture, Minister for Biosecurity and Minister for Food Safety who are responsible for the Votes administered by the Ministry.

We certify that the information contained in this report is consistent with the existing appropriations and the appropriations contained in the Estimates for the year ending 30 June 2008 that are being laid before the House of Representatives under section 13 of the Public Finance Act 1989.

Signed

M A Sherwin
Director-General
19 April 2007

Countersigned

Gael Hargreaves
Acting Chief Financial Officer
19 April 2007
FINANCIAL OVERVIEW

The Director-General of Agriculture and Forestry is responsible for administering three Votes – Vote Agriculture and Forestry, Vote Biosecurity and Vote Food Safety. The total sum appropriated through these Votes for 2007/08 is $401.199 million representing $141.398 million for Vote Agriculture and Forestry, $168.709 million for Vote Biosecurity and $91.092 million for Vote Food Safety.

### SUMMARY OF 2007/08 EXPENDITURE APPROPRIATIONS

<table>
<thead>
<tr>
<th>VOTES</th>
<th>Agriculture and Forestry $(000)</th>
<th>Biosecurity $(000)</th>
<th>Food Safety $(000)</th>
<th>Total $(000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Departmental output expenses</td>
<td>43,487</td>
<td>139,051</td>
<td>89,302</td>
<td>271,840</td>
</tr>
<tr>
<td>Departmental other expenses</td>
<td>60</td>
<td>-</td>
<td>-</td>
<td>60</td>
</tr>
<tr>
<td>Non-departmental output expenses</td>
<td>77,548</td>
<td>29,528</td>
<td>-</td>
<td>107,076</td>
</tr>
<tr>
<td>Non-departmental other expenses</td>
<td>20,283</td>
<td>130</td>
<td>1,790</td>
<td>22,203</td>
</tr>
<tr>
<td>Non-departmental capital expenditure</td>
<td>20</td>
<td>-</td>
<td>-</td>
<td>20</td>
</tr>
<tr>
<td>Total</td>
<td>141,398</td>
<td>168,709</td>
<td>91,092</td>
<td>401,199</td>
</tr>
</tbody>
</table>
### DEPARTMENTAL OUTPUT EXPENSES

<table>
<thead>
<tr>
<th>Department</th>
<th>Revenue Crown $(000)</th>
<th>Revenue Other $(000)</th>
<th>Total $(000)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Vote Agriculture and Forestry</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration of indigenous forestry provisions</td>
<td>2,617</td>
<td>62</td>
<td>2,679</td>
</tr>
<tr>
<td>Agriculture and forestry policy advice</td>
<td>29,543</td>
<td>578</td>
<td>30,121</td>
</tr>
<tr>
<td>Animal welfare</td>
<td>2,547</td>
<td>25</td>
<td>2,572</td>
</tr>
<tr>
<td>Climate change</td>
<td>2,372</td>
<td>145</td>
<td>2,517</td>
</tr>
<tr>
<td>Contract, grant and asset management</td>
<td>3,351</td>
<td>47</td>
<td>3,398</td>
</tr>
<tr>
<td>Contestable services</td>
<td>-</td>
<td>2,200</td>
<td>2,200</td>
</tr>
<tr>
<td><strong>Total Vote Agriculture and Forestry</strong></td>
<td>40,430</td>
<td>3,057</td>
<td>43,487</td>
</tr>
<tr>
<td><strong>Vote Biosecurity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Biosecurity approvals and assurance</td>
<td>1,080</td>
<td>1,078</td>
<td>2,158</td>
</tr>
<tr>
<td>Biosecurity enforcement</td>
<td>4,453</td>
<td>55</td>
<td>4,508</td>
</tr>
<tr>
<td>Biosecurity policy</td>
<td>11,493</td>
<td>220</td>
<td>11,713</td>
</tr>
<tr>
<td>Biosecurity standards</td>
<td>24,100</td>
<td>2,765</td>
<td>26,865</td>
</tr>
<tr>
<td>Biosecurity surveillance and incursion response</td>
<td>31,776</td>
<td>2,430</td>
<td>34,206</td>
</tr>
<tr>
<td>Quarantine services</td>
<td>32,701</td>
<td>26,900</td>
<td>59,601</td>
</tr>
<tr>
<td><strong>Total Vote Biosecurity</strong></td>
<td>105,603</td>
<td>33,448</td>
<td>139,051</td>
</tr>
<tr>
<td><strong>Vote Food Safety</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consultation and food safety information</td>
<td>2,749</td>
<td>683</td>
<td>3,432</td>
</tr>
<tr>
<td>Food safety policy advice</td>
<td>3,105</td>
<td>21</td>
<td>3,126</td>
</tr>
<tr>
<td>Regulatory programmes</td>
<td>2,165</td>
<td>35,594</td>
<td>37,759</td>
</tr>
<tr>
<td>Regulatory standards</td>
<td>18,217</td>
<td>22,093</td>
<td>40,310</td>
</tr>
<tr>
<td>Response to food safety emergencies</td>
<td>383</td>
<td>-</td>
<td>383</td>
</tr>
<tr>
<td>Systems audit and enforcement</td>
<td>2,792</td>
<td>1,500</td>
<td>4,292</td>
</tr>
<tr>
<td><strong>Total Vote Food Safety</strong></td>
<td>29,411</td>
<td>59,891</td>
<td>89,302</td>
</tr>
<tr>
<td><strong>Total All Votes</strong></td>
<td>175,444</td>
<td>96,396</td>
<td>271,840</td>
</tr>
</tbody>
</table>

Services to be supplied under each departmental output expense are detailed in the Statement of Service Performance.
### DEPARTMENTAL OTHER EXPENSES

|$\text{(000)}$

- **Vote Agriculture and Forestry**
  - Restructuring Expenses 60

### NON-DEPARTMENTAL OUTPUT EXPENSES

|$\text{(000)}$

- **Vote Agriculture and Forestry**
  - Management of Crown forestry assets 77,548

- **Vote Biosecurity**
  - Control of TB vectors 29,528

Total Votes Agriculture and Forestry and Biosecurity 107,076

### NON-DEPARTMENTAL OTHER EXPENSES

|$\text{(000)}$

- **Vote Agriculture and Forestry**
  - Adverse climatic events 636
  - Community irrigation schemes 17
  - East Coast afforestation grants 8,278
  - Organic initiatives 750
  - Subscriptions to international organisations 2,158
  - Sustainable farming fund 8,444

  Total Vote Agriculture and Forestry 20,283

- **Vote Biosecurity**
  - Subscriptions to international organisations 130

- **Vote Food Safety**
  - New Zealand and Australia food standards setting treaty 1,790

Total All Votes 22,203
NON-DEPARTMENTAL CAPITAL EXPENDITURE

VOTE AGRICULTURE AND FORESTRY
Forestry encouragement loan advances

($000)

Details of Non-Departmental appropriations appear in Parts B1 and C2 of Vote Agriculture and Forestry, Vote Biosecurity and Vote Food Safety 2007/08 Estimates (B.5 Vol. 1).

CROWN REVENUE AND CAPITAL RECEIPTS

The Ministry is responsible for collecting the following revenue on behalf of the Crown.

($000)

VOTE AGRICULTURE AND FORESTRY
Crown forestry assets 109,172
Dairy industry levy 500
Forestry encouragement loan repayments 2,125
Total Vote Agriculture and Forestry 111,797

VOTE BIOSECURITY
Biosecurity Act 1993 fines 1,300
Total Votes Agriculture and Forestry and Biosecurity 113,097

Details of Crown revenue appear in Parts F of Vote Agriculture and Forestry and Vote Biosecurity 2007/08 Estimates (B.5 Vol. 1).
STATEMENT OF
ACCOUNTING POLICIES

A. THE REPORTING ENTITY

The Ministry of Agriculture and Forestry is a government department as defined by section 2 of the Public Finance Act 1989, and qualifies as a “public benefit entity” under the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The forecast financial statements for 2007/08 have been prepared in accordance with NZ GAAP and comply with NZ IFRS and other applicable financial reporting standards, as appropriate for public benefit entities. The Ministry has not applied any of the optional exemptions allowed on transition to NZ IFRS.

The forecast financial statements for 2007/08 are the first prepared using NZ IFRS. The comparative figures for 2005/06 and 2006/07 have not been restated to NZ IFRS. A reconciliation of taxpayers’ funds under current GAAP and NZ IFRS is shown on page 64.

B. PURPOSE OF FORECAST FINANCIAL STATEMENTS

The Statement of Intent is a public document setting out the Government’s expectations of the Ministry for the next three years. The Statement of Intent outlines the strategic context of the Ministry’s role and the outcomes to which it is expected to contribute. The forecast financial statements form part of the Statement of Intent. The forecast financial statements form the basis for end-of-year reporting in the financial statements contained in the Annual Report and the basis on which these statements are audited. It is likely that the actual financial statements presented in the Annual Report will vary from the forecast financial statements, these variances may be material.

C. SIGNIFICANT UNDERLYING ASSUMPTIONS

The forecast financial statements have been compiled on the basis of existing Government policies and Output Plans agreed with the Ministers of Agriculture, Biosecurity and Food Safety at the time the statements were finalised.

The statements have been prepared on a going concern basis. The measurement base adopted is that of historical cost modified by the revaluation of certain fixed assets. The Statements are presented in New Zealand dollars and all values are rounded to the nearest 1000 dollars ($000). The functional currency of the Ministry is New Zealand dollars.

The users of these forecast financial statements should note that no unwarranted credibility should be attached to the forecast financial statements as a number of assumptions have been made in their compilation. Factors that could lead to material differences between the forecast financial statements and the 2007/08 actual financial statements include the “machinery of government” review of governance arrangements for the New Zealand Food Safety Authority.

The Ministry does not intend to update the forecast financial statements subsequent to presentation of the Statement of Intent.

D. ACCOUNTING POLICIES

1. REVENUE

The Ministry derives revenue through the provision of outputs to the Crown and for services to third-parties. Such revenue is recognised when earned and is reported in the financial period to which it relates.

2. UNEARNED REVENUE

Unearned revenue is revenue received in the current accounting period relating to services that the Ministry will provide in future accounting periods.

3. COST ALLOCATION

The Ministry has determined the cost of outputs using the cost allocation system as outlined below.

Direct costs are costs charged directly to significant
activities. Indirect costs are charged to significant activities based on cost drivers and related activity/usage information.

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 assigned to outputs based on various cost drivers including assessed charges and usage, personnel numbers and estimated allocation of time.

4. DEBTORS AND RECEIVABLES
Receivables are recorded at estimated realisable value after providing for doubtful and uncollectible debts.

5. LEASES
Leases which effectively transfer to the Ministry substantially all the risks and benefits incidental to ownership of the leased items are classified as finance leases. These are capitalised at the lower of the fair value of the asset or the present value of the minimum lease payments. The leased assets and the corresponding lease liabilities are recognised in the Statement of Financial Position. The leased assets are depreciated over the period the Ministry is expected to benefit from their use. The interest expense component of finance lease payments is recognised in the Statement of Financial Performance.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease expenses are recognised on a systematic basis over the period of the lease.

6. PROPERTY, PLANT AND EQUIPMENT
Land and buildings are stated at fair value as determined by an independent registered valuer. Fair value is determined using market-based evidence. Land and buildings are revalued at least every five years. Additions between revaluations are recorded at cost.

The results of revaluing land and buildings are credited or debited to an asset revaluation reserve for that class of asset. Where a revaluation results in a debit balance in the revaluation reserve, the debit balances will be expensed in the Statement of Financial Performance.

All other fixed assets, or groups of assets forming part of a network which are material in aggregate, costing more than $5,000 are capitalised and recorded at cost. Any write-down of an item to its recoverable amount is recognised in the Statement of Financial Performance.

All property, plant and equipment is reviewed annually for impairment. Losses resulting from impairment are recognised in the Statement of Financial Performance unless they reverse a prior revaluation.

7. DEPRECIATION
Depreciation is provided on a straight line basis on all fixed assets, other than freehold land and items under construction, at a rate which will write off the cost (or valuation) of the assets to their estimated residual value over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

<table>
<thead>
<tr>
<th>DEPRECIATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>BUILDINGS</td>
</tr>
<tr>
<td>LEASEHOLD IMPROVEMENTS</td>
</tr>
<tr>
<td>PLANT AND EQUIPMENT</td>
</tr>
<tr>
<td>LEASE PLANT AND EQUIPMENT</td>
</tr>
<tr>
<td>MOTOR VEHICLES</td>
</tr>
</tbody>
</table>
The cost of leasehold improvements is capitalised and depreciated over the unexpired period of the lease or the estimated remaining useful life of the improvements, whichever is shorter.

Items under construction are not depreciated. The total cost of a capital project is transferred to the appropriate asset class on its completion and then depreciated.

8. INVENTORIES
Inventories held for distribution are valued at the lower of cost and current replacement value. Inventories acquired for use in the provision of goods and services are valued at the lower of cost (assigned to inventory quantities on hand at balance date using the first in, first out (FIFO) basis) or net realisable value. Full provision is made for obsolescence where applicable.

9. INTANGIBLE ASSETS
Computer software is initially recorded at cost and then amortised on a straight-line basis over the useful life of the asset (three to seven years). Computer software is reviewed annually for impairment. Losses resulting from impairment are recognised in the Statement of Financial Position.

10. 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 expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

ACC PARTNERSHIP PROGRAMME
The Ministry belongs to the ACC Partnership Programme whereby the Ministry accepts the management and financial responsibility of work-related illnesses and accidents of employees. Under the ACC Partnership Programme the Ministry is effectively providing accident insurance to employees and this is accounted for as an insurance contract. The future cost of ACC claim liabilities are revalued annually at balance date. Movements of the liability are reflected in the Statement of Financial Performance.

11. EMPLOYEE ENTITLEMENTS
SHORT-TERM BENEFITS
Employee benefits that the Ministry expects 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 to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

A sick leave liability is recognised to the extent that absences in the coming year are expected to be greater than sick leave entitlements earned in the coming year.

LONG-TERM BENEFITS
Entitlements that are payable beyond 12 months, 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 future estimated cash flows.

12. FOREIGN CURRENCIES
Transactions in foreign currencies are initially translated at the foreign exchange rate at the date of the transaction. 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 Statement of Financial Performance.

13. FINANCIAL INSTRUMENTS
The Ministry is party to financial instrument arrangements as part of its normal operations. These financial instruments include bank accounts, debtors, creditors, and finance leases. All financial instruments are recognised in the Statement of Financial Position and all revenues and expenses in relation to financial instruments are recognised in the Statement of Financial Performance.

Except for those items covered by a separate accounting policy all financial instruments are shown at their estimated fair value.

14. GOODS AND SERVICES TAX (GST)
The Statement of Financial Position is exclusive of GST, except for Creditors and Payables and Debtors and Receivables which are GST inclusive. All other statements are GST exclusive. The amount of GST owing to or from Inland Revenue Department at balance date is included in Creditors and Payables or Debtors and Receivables (as appropriate).

15. TAXATION
Government departments are exempt from the payment of income tax in terms of the Income Tax Act 1994. Accordingly, no charge for income tax is provided for.

16. COMMITMENTS
Future expenses and liabilities to be incurred on contracts that have been entered into at balance date are disclosed as commitments to the extent that there are equally unperformed obligations.

17. CONTINGENT LIABILITIES AND CONTINGENT ASSETS
Contingent liabilities and contingent assets are disclosed 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.

E. CHANGES IN ACCOUNTING POLICIES
No changes to accounting policies, including cost allocation policies, are anticipated over the forecast period.
STATEMENT OF FORECAST

FINANCIAL PERFORMANCE

FOR THE YEAR ENDING 30 JUNE 2008

The Forecast Statement of Financial Performance details the revenue and expenses relating to all outputs (goods and services) to be produced by the Ministry.

<table>
<thead>
<tr>
<th></th>
<th>Actual 2005/06 ($000)</th>
<th>Budget 2006/07 ($000)</th>
<th>Estimated Actual 2006/07 ($000)</th>
<th>Forecast 2007/08 ($000)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Crown</td>
<td>156,355</td>
<td>183,775</td>
<td>181,225</td>
<td>175,444</td>
</tr>
<tr>
<td>Departments</td>
<td>3,979</td>
<td>4,806</td>
<td>4,806</td>
<td>4,806</td>
</tr>
<tr>
<td>Other</td>
<td>76,178</td>
<td>91,181</td>
<td>86,631</td>
<td>91,590</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>236,512</td>
<td>279,762</td>
<td>272,660</td>
<td>271,840</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Output Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel</td>
<td>119,834</td>
<td>129,462</td>
<td>129,462</td>
<td>134,853</td>
</tr>
<tr>
<td>Operating</td>
<td>108,134</td>
<td>137,010</td>
<td>130,833</td>
<td>123,747</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>8,704</td>
<td>11,480</td>
<td>11,480</td>
<td>11,260</td>
</tr>
<tr>
<td>Capital charge</td>
<td>1,241</td>
<td>1,810</td>
<td>1,810</td>
<td>1,980</td>
</tr>
<tr>
<td><strong>Total Output Expenses</strong></td>
<td>237,913</td>
<td>279,762</td>
<td>273,585</td>
<td>271,840</td>
</tr>
<tr>
<td>Surplus/(Deficit) from Operations</td>
<td>(1,401)</td>
<td>-</td>
<td>(925)</td>
<td>-</td>
</tr>
<tr>
<td>Other expenses</td>
<td>36</td>
<td>60</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td><strong>Net Surplus/(Deficit)</strong></td>
<td>(1,437)</td>
<td>(60)</td>
<td>(985)</td>
<td>(60)</td>
</tr>
</tbody>
</table>

The forecast financial statements for 2007/08 have been prepared in accordance with NZ GAAP and comply with NZ IFRS and other applicable financial reporting standards, as appropriate for public benefit entities. The comparative figures for 2005/06 and 2006/07 have been prepared under current GAAP and have not been restated to comply with NZ IFRS.

The Statement of Accounting Policies should be read in conjunction with these financial statements.
# Statement of Forecast Financial Position

**As at 30 June 2008**

The Forecast Statement of Financial Position reports the assets and liabilities of the Ministry.

<table>
<thead>
<tr>
<th></th>
<th>Actual 30 June 2006 ($000)</th>
<th>Budget 30 June 2007 ($000)</th>
<th>Estimated Actual 30 June 2007 ($000)</th>
<th>Forecast 30 June 2008 ($000)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TAXPAYERS’ FUNDS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General funds</td>
<td>23,730</td>
<td>26,045</td>
<td>25,120</td>
<td>26,971</td>
</tr>
<tr>
<td>Revaluation reserve</td>
<td>362</td>
<td>1,762</td>
<td>1,762</td>
<td>1,762</td>
</tr>
<tr>
<td>Total Taxpayers’ Funds</td>
<td>24,092</td>
<td>27,807</td>
<td>26,882</td>
<td>28,733</td>
</tr>
<tr>
<td><strong>REPRESENTED BY:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>10,908</td>
<td>9,243</td>
<td>8,318</td>
<td>6,373</td>
</tr>
<tr>
<td>Debtors and receivables</td>
<td>15,041</td>
<td>11,200</td>
<td>11,200</td>
<td>11,200</td>
</tr>
<tr>
<td>Inventory</td>
<td>3,397</td>
<td>3,400</td>
<td>3,400</td>
<td>100</td>
</tr>
<tr>
<td>Prepayments</td>
<td>852</td>
<td>750</td>
<td>750</td>
<td>750</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>30,198</td>
<td>24,593</td>
<td>23,668</td>
<td>18,423</td>
</tr>
<tr>
<td><strong>NON-CURRENT ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors and receivables</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Inventory</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,300</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>47,530</td>
<td>56,767</td>
<td>56,767</td>
<td>34,825</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>24,216</td>
</tr>
<tr>
<td>Total Non-Current Assets</td>
<td>50,322</td>
<td>56,767</td>
<td>56,767</td>
<td>62,341</td>
</tr>
<tr>
<td>Total Assets</td>
<td>80,520</td>
<td>81,360</td>
<td>80,435</td>
<td>80,764</td>
</tr>
<tr>
<td><strong>CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creditors and payables</td>
<td>22,529</td>
<td>20,103</td>
<td>20,103</td>
<td>20,103</td>
</tr>
<tr>
<td>Employee entitlements</td>
<td>8,817</td>
<td>9,000</td>
<td>9,000</td>
<td>9,730</td>
</tr>
<tr>
<td>Unearned revenue</td>
<td>11,060</td>
<td>9,500</td>
<td>9,500</td>
<td>9,000</td>
</tr>
<tr>
<td>Provisions</td>
<td>405</td>
<td>300</td>
<td>300</td>
<td>498</td>
</tr>
<tr>
<td>Finance lease liability</td>
<td>1,921</td>
<td>2,200</td>
<td>2,200</td>
<td>2,200</td>
</tr>
<tr>
<td>Provision for repayment to the Crown</td>
<td>14</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Current Liabilities</td>
<td>44,746</td>
<td>41,103</td>
<td>41,103</td>
<td>41,531</td>
</tr>
<tr>
<td><strong>NON-CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee entitlements</td>
<td>7,681</td>
<td>7,750</td>
<td>7,750</td>
<td>8,000</td>
</tr>
<tr>
<td>Provisions</td>
<td>300</td>
<td>300</td>
<td>300</td>
<td>300</td>
</tr>
<tr>
<td>Finance lease liability</td>
<td>3,701</td>
<td>4,400</td>
<td>4,400</td>
<td>2,200</td>
</tr>
<tr>
<td>Total Non-Current Liabilities</td>
<td>11,682</td>
<td>12,450</td>
<td>12,450</td>
<td>10,500</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>56,428</td>
<td>53,553</td>
<td>53,553</td>
<td>52,031</td>
</tr>
<tr>
<td>Net Assets</td>
<td>24,092</td>
<td>27,807</td>
<td>26,882</td>
<td>28,733</td>
</tr>
</tbody>
</table>

The forecast financial statements for 2007/08 have been prepared in accordance with NZ GAAP and comply with NZ IFRS and other applicable financial reporting standards, as appropriate for public benefit entities. The comparative figures for 2005/06 and 2006/07 have been prepared under current GAAP and have not been restated to comply with NZ IFRS.

The Statement of Accounting Policies should be read in conjunction with these financial statements.
## Statement of Forecast Movements in

### Taxpayers’ Funds

#### For the Year Ending 30 June 2008

<table>
<thead>
<tr>
<th></th>
<th>Actual 30 June 2006 ($000)</th>
<th>Budget 30 June 2007 ($000)</th>
<th>Estimated Actual 30 June 2007 ($000)</th>
<th>Forecast 30 June 2008 ($000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxpayers’ Funds at Start of Period</td>
<td>15,512</td>
<td>24,092</td>
<td>24,092</td>
<td>26,204</td>
</tr>
<tr>
<td>Net surplus/(deficit)</td>
<td>(1,437)</td>
<td>(60)</td>
<td>(985)</td>
<td>(60)</td>
</tr>
<tr>
<td>Increase in revaluation reserves</td>
<td>-</td>
<td>1,400</td>
<td>1,400</td>
<td>-</td>
</tr>
<tr>
<td>Total Recognised Revenues and Expenses for the Period:</td>
<td>(1,437)</td>
<td>1,340</td>
<td>415</td>
<td>(60)</td>
</tr>
<tr>
<td>Provision for payment of surplus to the Crown</td>
<td>(14)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Capital contributions for:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>› Wine export electronic certification capability</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,000</td>
</tr>
<tr>
<td>› Effective border management</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,184</td>
</tr>
<tr>
<td>› Emergency incursion response information systems</td>
<td>-</td>
<td>1,145</td>
<td>1,145</td>
<td>-</td>
</tr>
<tr>
<td>› Integrated document management system</td>
<td>2,191</td>
<td>1,250</td>
<td>1,250</td>
<td>-</td>
</tr>
<tr>
<td>› Software to map public access rights along water courses</td>
<td>575</td>
<td>575</td>
<td>575</td>
<td>-</td>
</tr>
<tr>
<td>› Part acquisition of AgResearch Ltd’s Wallaceville campus</td>
<td>7,691</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>› Vessel compliance information system</td>
<td>169</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Capital withdrawn</td>
<td>(595)</td>
<td>(595)</td>
<td>(595)</td>
<td>(595)</td>
</tr>
<tr>
<td>Taxpayers’ Funds at the End of the Period</td>
<td>24,092</td>
<td>27,807</td>
<td>26,882</td>
<td>28,733</td>
</tr>
</tbody>
</table>

The forecast financial statements for 2007/08 have been prepared in accordance with NZ GAAP and comply with NZ IFRS and other applicable financial reporting standards, as appropriate for public benefit entities. The comparative figures for 2005/06 and 2006/07 have been prepared under current GAAP and have not been restated to comply with NZ IFRS.

The Statement of Accounting Policies should be read in conjunction with these financial statements.
# Statement of Forecast
## Cash Flows

### For the Year Ending 30 June 2008

The Forecast Statement of Cash Flows summarises the cash movements in and out of the Ministry for the financial year.

<table>
<thead>
<tr>
<th></th>
<th>Actual 2005/06 ($000)</th>
<th>Budget 2006/07 ($000)</th>
<th>Estimated Actual 2006/07 ($000)</th>
<th>Forecast 2007/08 ($000)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash Flows from Operating Activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Provided from:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supply of Outputs to:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Receipts from Crown revenue</td>
<td>153,430</td>
<td>188,903</td>
<td>186,351</td>
<td>175,444</td>
</tr>
<tr>
<td>- Receipts from department revenue</td>
<td>3,451</td>
<td>4,885</td>
<td>4,885</td>
<td>4,806</td>
</tr>
<tr>
<td>- Receipts from other revenue</td>
<td>75,357</td>
<td>91,094</td>
<td>86,544</td>
<td>91,090</td>
</tr>
<tr>
<td>Cash Disbursed to:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of Producing Outputs:</td>
<td>230,775</td>
<td>(268,812)</td>
<td>(262,635)</td>
<td>(257,720)</td>
</tr>
<tr>
<td>- Payments to suppliers and employees</td>
<td>(230,775)</td>
<td>(268,812)</td>
<td>(262,635)</td>
<td>(257,720)</td>
</tr>
<tr>
<td>- Capital charge paid</td>
<td>(1,241)</td>
<td>(1,810)</td>
<td>(1,810)</td>
<td>(1,980)</td>
</tr>
<tr>
<td>- Goods and services tax (net)</td>
<td>(306)</td>
<td>113</td>
<td>113</td>
<td>-</td>
</tr>
<tr>
<td>- Other expenses</td>
<td>(36)</td>
<td>(60)</td>
<td>(60)</td>
<td>(60)</td>
</tr>
<tr>
<td><strong>Net Cash Flows from Operating Activities</strong></td>
<td>(120)</td>
<td>14,313</td>
<td>13,388</td>
<td>11,580</td>
</tr>
<tr>
<td><strong>Cash Flows from Investing Activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Provided from:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Sale of property, plant and equipment</td>
<td>677</td>
<td>650</td>
<td>650</td>
<td>650</td>
</tr>
<tr>
<td>Cash Disbursed to:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Purchase of property, plant and equipment</td>
<td>(29,485)</td>
<td>(18,989)</td>
<td>(18,989)</td>
<td>(2,900)</td>
</tr>
<tr>
<td>- Purchase of intangible assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(10,284)</td>
</tr>
<tr>
<td><strong>Net Cash Flows from Investing Activities</strong></td>
<td>(28,808)</td>
<td>(18,339)</td>
<td>(18,339)</td>
<td>(12,534)</td>
</tr>
<tr>
<td><strong>Cash Flows from Financing Activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Provided from:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Capital contribution from Crown</td>
<td>10,626</td>
<td>2,970</td>
<td>2,970</td>
<td>3,184</td>
</tr>
<tr>
<td>Cash Disbursed to:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Payment of surplus to the Crown</td>
<td>(3,278)</td>
<td>(14)</td>
<td>(14)</td>
<td>-</td>
</tr>
<tr>
<td>- Capital withdrawn</td>
<td>(595)</td>
<td>(595)</td>
<td>(595)</td>
<td>(595)</td>
</tr>
<tr>
<td>- Finance leases</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(3,200)</td>
</tr>
<tr>
<td>- Finance lease interest</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(380)</td>
</tr>
<tr>
<td><strong>Net Cash Flows from Financing Activities</strong></td>
<td>6,753</td>
<td>2,361</td>
<td>2,361</td>
<td>(991)</td>
</tr>
<tr>
<td><strong>Net increase/(decrease) in cash held</strong></td>
<td>(2,175)</td>
<td>(1,665)</td>
<td>(2,590)</td>
<td>(1,945)</td>
</tr>
<tr>
<td>Add opening cash</td>
<td>33,083</td>
<td>10,908</td>
<td>10,908</td>
<td>8,318</td>
</tr>
<tr>
<td><strong>Closing Total Cash Balances at 30 June</strong></td>
<td>10,908</td>
<td>9,243</td>
<td>8,318</td>
<td>6,373</td>
</tr>
</tbody>
</table>

The forecast financial statements for 2007/08 have been prepared in accordance with NZ GAAP and comply with NZ IFRS and other applicable financial reporting standards, as appropriate for public benefit entities. The comparative figures for 2005/06 and 2006/07 have been prepared under current GAAP and have not been restated to comply with NZ IFRS.

The Statement of Accounting Policies should be read in conjunction with these financial statements.
## RECONCILIATION OF FORECAST

## NET CASH FLOWS

### FROM OPERATING ACTIVITIES

#### FOR THE YEAR ENDING 30 JUNE 2008

This reconciliation discloses the non-cash adjustments applied to the surplus/(deficit) reported in the Forecast Statement of Financial Performance to arrive at the Net Cash Flows from Operating Activities disclosed in the Forecast Statement of Cash Flows.

<table>
<thead>
<tr>
<th>Operating Surplus/(Deficit)</th>
<th>ACTUAL 2005/06 $000</th>
<th>BUDGET 2006/07 $000</th>
<th>ESTIMATED ACTUAL 2006/07 $000</th>
<th>FORECAST 2007/08 $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Add/(less) non-cash items:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>8,704</td>
<td>11,480</td>
<td>11,480</td>
<td>11,260</td>
</tr>
<tr>
<td>Non operating financial liability items:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance lease interest</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>380</td>
</tr>
<tr>
<td>Add/(less) non-cash working capital movements:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Increase)/decrease in accounts receivable</td>
<td>(5,142)</td>
<td>6,633</td>
<td>6,633</td>
<td>-</td>
</tr>
<tr>
<td>(Increase)/decrease in prepayments</td>
<td>(99)</td>
<td>102</td>
<td>102</td>
<td>-</td>
</tr>
<tr>
<td>(Increase)/decrease in inventories</td>
<td>(3,093)</td>
<td>(3)</td>
<td>(3)</td>
<td>-</td>
</tr>
<tr>
<td>Increase/(decrease) in accounts payable</td>
<td>1,344</td>
<td>(2,426)</td>
<td>(2,426)</td>
<td>-</td>
</tr>
<tr>
<td>Increase/(decrease) in deferred revenue</td>
<td>508</td>
<td>(1,560)</td>
<td>(1,560)</td>
<td>(500)</td>
</tr>
<tr>
<td>Increase/(decrease) in employee entitlements</td>
<td>1,308</td>
<td>252</td>
<td>252</td>
<td>500</td>
</tr>
<tr>
<td>Increase/(decrease) in other provisions</td>
<td>(2,199)</td>
<td>(105)</td>
<td>(105)</td>
<td>-</td>
</tr>
<tr>
<td>Total Working Capital Movements</td>
<td>(7,373)</td>
<td>2,893</td>
<td>2,893</td>
<td>-</td>
</tr>
<tr>
<td>Items classified as investing activities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net (gain)/loss on sale of fixed assets</td>
<td>(14)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net Cash Flows from Operating Activities</td>
<td>(120)</td>
<td>14,313</td>
<td>13,388</td>
<td>11,580</td>
</tr>
</tbody>
</table>

The forecast financial statements for 2007/08 have been prepared in accordance with NZ GAAP and comply with NZ IFRS and other applicable financial reporting standards, as appropriate for public benefit entities. The comparative figures for 2005/06 and 2006/07 have been prepared under current GAAP and have not been restated to comply with NZ IFRS.

The Statement of Accounting Policies should be read in conjunction with these financial statements.
## Forecast Details of Property, Plant and Equipment

### As at 30 June 2008

<table>
<thead>
<tr>
<th></th>
<th>Actual 2005/06 ($000)</th>
<th>Budget 2006/07 ($000)</th>
<th>Estimated Actual 2006/07 ($000)</th>
<th>Forecast 2007/08 ($000)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Land</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost or valuation</td>
<td>1,561</td>
<td>2,511</td>
<td>2,511</td>
<td>2,511</td>
</tr>
<tr>
<td><strong>Buildings</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost or valuation</td>
<td>10,068</td>
<td>13,018</td>
<td>13,018</td>
<td>13,918</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(431)</td>
<td>(911)</td>
<td>(911)</td>
<td>(1,391)</td>
</tr>
<tr>
<td>Net book value</td>
<td>9,637</td>
<td>12,107</td>
<td>12,107</td>
<td>12,527</td>
</tr>
<tr>
<td><strong>Plant and Equipment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost</td>
<td>27,643</td>
<td>31,493</td>
<td>31,493</td>
<td>33,609</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(8,713)</td>
<td>(13,063)</td>
<td>(13,063)</td>
<td>(17,292)</td>
</tr>
<tr>
<td>Net book value</td>
<td>18,930</td>
<td>18,430</td>
<td>18,430</td>
<td>16,317</td>
</tr>
<tr>
<td><strong>Computer Software</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost</td>
<td>19,225</td>
<td>31,692</td>
<td>31,692</td>
<td>-</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(6,243)</td>
<td>(11,743)</td>
<td>(11,743)</td>
<td>-</td>
</tr>
<tr>
<td>Net book value</td>
<td>12,982</td>
<td>19,949</td>
<td>19,949</td>
<td>-</td>
</tr>
<tr>
<td><strong>Motor Vehicles</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost</td>
<td>6,886</td>
<td>6,736</td>
<td>6,736</td>
<td>6,936</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(2,466)</td>
<td>(2,966)</td>
<td>(2,966)</td>
<td>(3,466)</td>
</tr>
<tr>
<td>Net book value</td>
<td>4,420</td>
<td>3,770</td>
<td>3,770</td>
<td>3,470</td>
</tr>
<tr>
<td><strong>Total Property, Plant &amp; Equipment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost or valuation</td>
<td>65,383</td>
<td>85,450</td>
<td>84,050</td>
<td>56,974</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(17,853)</td>
<td>(28,683)</td>
<td>(28,683)</td>
<td>(22,149)</td>
</tr>
<tr>
<td>Total Net Book Value</td>
<td>47,530</td>
<td>56,767</td>
<td>56,767</td>
<td>34,825</td>
</tr>
</tbody>
</table>
FORECAST DEPARTMENTAL CAPITAL EXPENDITURE

FOR THE YEAR ENDING 30 JUNE 2008

Forecast departmental capital expenditure to be incurred in accordance with section 24 of the Public Finance Act 1989.

<table>
<thead>
<tr>
<th></th>
<th>ACTUAL 2003/03 $(000)</th>
<th>ACTUAL 2003/04 $(000)</th>
<th>ACTUAL 2004/05 $(000)</th>
<th>ACTUAL 2005/06 $(000)</th>
<th>BUDGET 2006/07 $(000)</th>
<th>ACTUAL 2006/07 $(000)</th>
<th>FORECAST 2007/08 $(000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land and buildings</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>8,639</td>
<td>2,500</td>
<td>2,500</td>
<td>900</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>361</td>
<td>46</td>
<td>149</td>
<td>7,574</td>
<td>150</td>
<td>150</td>
<td>250</td>
</tr>
<tr>
<td>Equipment, furniture and computer software</td>
<td>5,027</td>
<td>8,146</td>
<td>4,811</td>
<td>7,954</td>
<td>12,667</td>
<td>12,667</td>
<td>10,534</td>
</tr>
<tr>
<td>Leased computer hardware</td>
<td>-</td>
<td>5,745</td>
<td>477</td>
<td>949</td>
<td>3,500</td>
<td>3,500</td>
<td>1,000</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>1,526</td>
<td>2,136</td>
<td>1,621</td>
<td>1,743</td>
<td>1,150</td>
<td>1,150</td>
<td>1,500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6,914</strong></td>
<td><strong>16,073</strong></td>
<td><strong>7,058</strong></td>
<td><strong>26,859</strong></td>
<td><strong>19,967</strong></td>
<td><strong>19,967</strong></td>
<td><strong>14,184</strong></td>
</tr>
</tbody>
</table>

The forecast capital expenditure for the 2007/08 financial year is primarily for routine replacement and upgrade of the Ministry’s equipment, information technology and motor vehicle fleet.

The forecast financial statements for 2007/08 have been prepared in accordance with NZ GAAP and comply with NZ IFRS and other applicable financial reporting standards, as appropriate for public benefit entities. The comparative figures for 2005/06 and 2006/07 have been prepared under current GAAP and have not been restated to comply with NZ IFRS.

The Statement of Accounting Policies should be read in conjunction with these financial statements.
The following table shows the changes in Taxpayers' Funds resulting from the transition from previous NZ GAAP to NZ IFRS.

<table>
<thead>
<tr>
<th>NOTE</th>
<th>PREVIOUS NZ GAAP 1 JULY 2006 ($000)</th>
<th>EFFECT ON TRANSITION TO NZ IFRS 1 JULY 2006 ($000)</th>
<th>NZ IFRS 1 JULY 2006 ($000)</th>
<th>NZ IFRS ESTIMATED ACTUAL 30 JUNE 2007 ($000)</th>
<th>NZ IFRS FORECAST 30 JUNE 2008 ($000)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TAXPAYERS' FUNDS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General funds</td>
<td>2, 3</td>
<td>23,730</td>
<td>23,052</td>
<td>24,442</td>
<td>26,971</td>
</tr>
<tr>
<td>Revaluation reserve</td>
<td></td>
<td>362</td>
<td>362</td>
<td>1,762</td>
<td>1,762</td>
</tr>
<tr>
<td>Total Taxpayers' Funds</td>
<td></td>
<td>24,092</td>
<td>23,414</td>
<td>26,204</td>
<td>28,733</td>
</tr>
<tr>
<td>Represented by:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CURRENT ASSETS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>10,908</td>
<td>-</td>
<td>10,908</td>
<td>8,318</td>
<td>6,373</td>
</tr>
<tr>
<td>Debtors and receivables</td>
<td>15,041</td>
<td>-</td>
<td>15,041</td>
<td>11,200</td>
<td>11,200</td>
</tr>
<tr>
<td>Inventory</td>
<td>4</td>
<td>3,397</td>
<td>(3,327)</td>
<td>70</td>
<td>100</td>
</tr>
<tr>
<td>Prepayments</td>
<td>852</td>
<td>-</td>
<td>852</td>
<td>750</td>
<td>750</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td></td>
<td>30,198</td>
<td>(3,327)</td>
<td>26,871</td>
<td>20,368</td>
</tr>
<tr>
<td>NON-CURRENT ASSETS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors and receivables</td>
<td>2,792</td>
<td>-</td>
<td>2,792</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Inventory</td>
<td>4</td>
<td>3,327</td>
<td>3,327</td>
<td>3,300</td>
<td>3,300</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>1</td>
<td>47,530</td>
<td>(12,445)</td>
<td>35,085</td>
<td>37,355</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>1</td>
<td>-</td>
<td>12,445</td>
<td>12,445</td>
<td>19,412</td>
</tr>
<tr>
<td>Total Non-Current Assets</td>
<td></td>
<td>50,322</td>
<td>3,327</td>
<td>53,649</td>
<td>60,067</td>
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<tr>
<td>Total Assets</td>
<td></td>
<td>80,520</td>
<td>-</td>
<td>80,520</td>
<td>80,764</td>
</tr>
<tr>
<td>CURRENT LIABILITIES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creditors and payables</td>
<td>22,529</td>
<td>-</td>
<td>22,529</td>
<td>20,103</td>
<td>20,103</td>
</tr>
<tr>
<td>Employee entitlements</td>
<td>8,817</td>
<td>480</td>
<td>9,297</td>
<td>9,480</td>
<td>9,730</td>
</tr>
<tr>
<td>Uncleared revenue</td>
<td>11,060</td>
<td>-</td>
<td>11,060</td>
<td>9,500</td>
<td>9,000</td>
</tr>
<tr>
<td>Provisions</td>
<td>3</td>
<td>405</td>
<td>603</td>
<td>498</td>
<td>498</td>
</tr>
<tr>
<td>Finance lease liability</td>
<td>1,921</td>
<td>-</td>
<td>1,921</td>
<td>2,200</td>
<td>2,200</td>
</tr>
<tr>
<td>Provision for repayment to the Crown</td>
<td>14</td>
<td>-</td>
<td>14</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Current Liabilities</td>
<td></td>
<td>44,746</td>
<td>678</td>
<td>45,424</td>
<td>41,781</td>
</tr>
<tr>
<td>NON-CURRENT LIABILITIES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee entitlements</td>
<td>7,681</td>
<td>-</td>
<td>7,681</td>
<td>7,750</td>
<td>8,000</td>
</tr>
<tr>
<td>Provisions</td>
<td>300</td>
<td>-</td>
<td>300</td>
<td>300</td>
<td>300</td>
</tr>
<tr>
<td>Finance lease liability</td>
<td>3,701</td>
<td>-</td>
<td>3,701</td>
<td>4,400</td>
<td>2,200</td>
</tr>
<tr>
<td>Total Non-Current Liabilities</td>
<td></td>
<td>11,682</td>
<td>-</td>
<td>11,682</td>
<td>12,450</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td></td>
<td>56,428</td>
<td>678</td>
<td>57,106</td>
<td>54,231</td>
</tr>
<tr>
<td>Net Assets</td>
<td></td>
<td>24,092</td>
<td>(678)</td>
<td>23,414</td>
<td>26,204</td>
</tr>
</tbody>
</table>

The Statement of Accounting Policies should be read in conjunction with these financial statements.
EXPLANATORY NOTES
– TRANSITION TO NZ IFRS

NOTE 1 – INTANGIBLE ASSETS
Computer software was classified as part of property, plant and equipment under previous NZ GAAP. The net book value of computer software reclassified as an intangible asset on transition to NZ IFRS was $12.445 million.

NOTE 2 – SICK LEAVE
Sick leave was not recognised as a liability under previous NZ GAAP. NZ IAS requires the Ministry to recognise employees unused sick leave entitlement which can be carried forward at balance date, to the extent that the Ministry anticipates it will be used by staff to cover future absences. The amount of sick leave liability recognised on transition to NZ IFRS was $480,000.

NOTE 3 – ACC PARTNERSHIP PROGRAMME
The ACC Partnership Programme liability was not recognised under previous NZ GAAP and is an insurance contract under NZ IAS 4. The Ministry is required to recognise the value of expected future payments for amounts in relation to unpaid reported claims, claims incurred but not reported and claims incurred but no information available. The amount of ACC Partnership Programme liability recognised on transition to NZ IFRS was $198,000.

NOTE 4 – INVENTORY
Inventory held for distribution during major disease responses e.g. foot-and-mouth vaccine, has been reclassified from a current to a term asset under NZ IFRS.
## TERMS AND DEFINITIONS

### NEW ZEALAND ORGANISATIONS AND TERMINOLOGY

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Biodiversity</strong></td>
<td>The variety of all indigenous biological life and ecosystems</td>
</tr>
<tr>
<td><strong>Biosecurity</strong></td>
<td>The exclusion, eradication or effective management of the risks posed by pests and diseases or unwanted organisms to the economy, environment and human health</td>
</tr>
<tr>
<td><strong>Biosecurity Strategy</strong></td>
<td>The strategy for New Zealand, first published in 2003, sets out an overall direction for biosecurity, and contains a detailed list of expectations for the next five years</td>
</tr>
<tr>
<td><strong>District Health Boards</strong></td>
<td>District authorities that work with NZFSA in implementing food safety regulation</td>
</tr>
<tr>
<td><strong>Economic Transformation</strong></td>
<td>The government priority toward which MAF contributes most</td>
</tr>
<tr>
<td><strong>FIDA</strong></td>
<td>Forestry Industry Development Agenda – provides a means for central government and the industry to develop a strategic approach for the industry’s future growth</td>
</tr>
<tr>
<td><strong>Govt3</strong></td>
<td>The government-wide programme run by the Ministry for the Environment to help central government agencies become more sustainable</td>
</tr>
<tr>
<td><strong>Impact Measures</strong></td>
<td>The performance measures for MAF’s intermediate outcomes which seek to quantify the difference MAF’s interventions and activities have made</td>
</tr>
<tr>
<td><strong>Incursion</strong></td>
<td>An occurrence of an organism not previously known to be established in New Zealand. Does not include interceptions</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NAEAC</strong></td>
<td>The National Animal Ethics Advisory Committee – provides independent advice to the Minister of Agriculture on policy and practices relating to the use of animals in research, testing and teaching</td>
</tr>
<tr>
<td><strong>NAWAC</strong></td>
<td>The National Animal Welfare Advisory Committee – provides advice to the Minister of Agriculture on issues relating to the welfare of animals, and develops and advises the Minister on codes of welfare</td>
</tr>
<tr>
<td><strong>Outcomes</strong></td>
<td>The impacts on, or the consequences for, the community of the outputs or activities of the Ministry (but also influenced by others)</td>
</tr>
<tr>
<td><strong>Outputs</strong></td>
<td>The goods or services produced by the Ministry</td>
</tr>
<tr>
<td><strong>Performance Measures</strong></td>
<td>Qualitative or quantitative indicators of the level and quality of organisational resource use and efficiency (inputs), production and service delivery (outputs) and the results achieved (outcomes)</td>
</tr>
<tr>
<td><strong>SDPoA</strong></td>
<td>Sustainable Development Programme of Action – the New Zealand Government’s view of the way forward on sustainable development issues</td>
</tr>
<tr>
<td><strong>Sectors</strong></td>
<td>The agricultural (including horticulture), food and forestry sectors</td>
</tr>
<tr>
<td><strong>SFF</strong></td>
<td>MAF’s Sustainable Farming Fund</td>
</tr>
<tr>
<td><strong>INTERNATIONAL ORGANISATIONS AND TERMINOLOGY</strong></td>
<td></td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td></td>
</tr>
<tr>
<td><strong>CEPs</strong></td>
<td>Closer Economic Partnerships – focus on the liberalisation of trade between two or more economies</td>
</tr>
<tr>
<td><strong>CODEX</strong></td>
<td>The internationally recognised standards setting body for food safety. Its full name is the Joint FAO/WHO Codex Alimentarius Commission</td>
</tr>
<tr>
<td><strong>Doha Round</strong></td>
<td>Comprehensive trade negotiations in the WTO named after the Qatari city where the negotiations were launched in 2001 (also referred to as the “Doha Development Agenda”)</td>
</tr>
<tr>
<td><strong>FSANZ</strong></td>
<td>Food Standards Australia New Zealand – a bi-national independent statutory authority that develops food standards for composition, labelling and contaminants, including microbiological limits, applying to all foods produced or imported for sale in Australia and New Zealand</td>
</tr>
<tr>
<td><strong>FTAs</strong></td>
<td>Free Trade Agreements – designed to liberalise trade between countries. Includes CEPs and Strategic Economic Partnerships</td>
</tr>
<tr>
<td><strong>Kyoto Protocol</strong></td>
<td>A stand-alone international agreement linked to the United Nations Framework Convention on Climate Change. It builds on the Convention by adding new, stronger and more complete, commitments to help reduce climate change</td>
</tr>
<tr>
<td><strong>OIE</strong></td>
<td>Also known as the World Organisation for Animal Health – deals with animal health and zoonoses (diseases of animals transmissible to humans) and sets sanitary standards for the international trade in animals and animal products</td>
</tr>
<tr>
<td><strong>P4</strong></td>
<td>The “Pacific 4” – Brunei, Chile, Singapore and New Zealand in a Strategic Economic Partnership Agreement</td>
</tr>
<tr>
<td><strong>SPS</strong></td>
<td>The WTO Agreement on the Application of Sanitary and Phytosanitary Measures – sets out basic rules for food safety and animal and plant health standards</td>
</tr>
<tr>
<td><strong>WTO</strong></td>
<td>The World Trade Organisation – the global international organisation dealing with the rules of trade between nations</td>
</tr>
</tbody>
</table>
Last year’s export values set the scene for our operating environment. At the end of 2006, these exports totaled NZ$21.4 billion FOB (or 65.5 percent) of total merchandise exports of NZ$32.7 billion FOB.
Arriving air passengers and crew pose a significant biosecurity risk by bringing risk goods to New Zealand. In the last five years, arrivals of passengers and crew increased by 1 million (6 percent per annum) to 4.7 million in 2006. Passenger and crew arrivals are forecast to increase by 19 percent (3 percent per annum) between 2006 and 2012.

**FORECAST EXPORT VALUES**

This forecast is based on four assumptions about the operating environment: the New Zealand dollar will depreciate against all major currencies, climatic conditions are "normal", international trade and domestic agriculture policies remain the same and there is no change in the animal disease status of major international producers.
MAF will continue to manage a number of North Island forests over the coming year. These forests are on land either leased from its Māori owners or owned by the Crown.

<table>
<thead>
<tr>
<th>MĀORI LEASES</th>
<th>TOTAL NET STOCKED AREA (HA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parengarenga 3G</td>
<td>278.4</td>
</tr>
<tr>
<td>Parengarenga A</td>
<td>4083.0</td>
</tr>
<tr>
<td>Onepu</td>
<td>369.9</td>
</tr>
<tr>
<td>Poutu 2F</td>
<td>781.1</td>
</tr>
<tr>
<td>Te Manawa o Tuhoe</td>
<td>400.5</td>
</tr>
<tr>
<td>Rotomahana Parekarangi 6N2B</td>
<td>63.6</td>
</tr>
<tr>
<td>Rotomahana Parekarangi 602B</td>
<td>110.0</td>
</tr>
<tr>
<td>Te Whaiti nui a Toi</td>
<td>1234.5</td>
</tr>
<tr>
<td>Lake Taupo Lease</td>
<td>12514.9</td>
</tr>
<tr>
<td>Lake Rotoaira Lease</td>
<td>6967.0</td>
</tr>
<tr>
<td>Tokorarangi</td>
<td>1132.6</td>
</tr>
<tr>
<td>Kahotea Y</td>
<td>49.9</td>
</tr>
<tr>
<td>Mangaoporo</td>
<td>180.9</td>
</tr>
<tr>
<td>Waipiro A4B</td>
<td>298.5</td>
</tr>
<tr>
<td>Mangahauini 7</td>
<td>58.0</td>
</tr>
<tr>
<td>Waipiro A5</td>
<td>111.9</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CROWN FORESTS</th>
<th>TOTAL NET STOCKED AREA (HA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waipoua</td>
<td>2878.4</td>
</tr>
<tr>
<td>Waiuku</td>
<td>1001.4</td>
</tr>
<tr>
<td>Pureora Central</td>
<td>898.7</td>
</tr>
<tr>
<td>Lake Taupo Crown</td>
<td>532.4</td>
</tr>
<tr>
<td>Lake Rotoaira Crown</td>
<td>48.0</td>
</tr>
<tr>
<td>Wanganui</td>
<td>678.0</td>
</tr>
<tr>
<td>Waikune</td>
<td>146.8</td>
</tr>
<tr>
<td>Hapararangi</td>
<td>273.0</td>
</tr>
<tr>
<td>Manutahi</td>
<td>204.5</td>
</tr>
<tr>
<td>Wairakei</td>
<td>811.8</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>36,107.7</strong></td>
</tr>
</tbody>
</table>
LEGISLATION
ADMINISTERED BY MAF AS AT 1 JANUARY 2007

PUBLIC ACTS
› Agricultural and Pastoral Societies Act 1908
› Agricultural Compounds and Veterinary Medicines Act 1997
› Animal Control Products Limited Act 1991
› Animal Identification Act 1993
› Animal Products Act 1999
› Animal Welfare Act 1999
› Animals Law Reform Act 1989
› Apple and Pear Industry Restructuring Act Repeal Act 2001
› Biosecurity Act 1993
› Commodity Levies Act 1990
› Dairy Industry Restructuring Act 2001
› Food Act 1981
› Forestry Encouragement Act 1962
› Forestry Rights Registration Act 1983
› Forests Act 1949
› Forests (West Coast Accord) Act 2000
› Franklin-Manukau Pests Destruction Act 1971
› Hazardous Substances and New Organisms Act 1996 (in respect of new organisms by virtue of section 97A)
› Hop Industry Restructuring Act 1999
› Irrigation Schemes Act 1990
› Kiwifruit Industry Restructuring Act 1999
› Meat Board Act 2004
› Ministry of Agriculture and Fisheries (Restructuring) Act 1995
› Ministries of Agriculture and Forestry (Restructuring) Act 1997
› Ministry of Agriculture and Forestry (Restructuring) Act 1998
› New Zealand Horticulture Export Authority Act 1987
› Phosphate Commission of New Zealand Dissolution Act 1989
› Plants Act 1970
› Pork Industry Board Act 1997
› Potato Industry Act Repeal Act 1988
› Poultry Board Act Repeal Act 1989
› Primary Products Marketing Act 1953
› Public Works Act 1981 (Part XIX)
› Royal New Zealand Institute of Horticulture Act 1953
› Taratahi Agricultural Training Centre (Wairarapa) Act 1969
› Veterinarians Act 2005
› Wine Act 2003
› Wool Industry Restructuring Act 2003

PRIVATE ACTS
› Auckland Agricultural Pastoral and Industrial Shows Board Act 1972
› Canterbury Agricultural and Pastoral Association Empowering Act 1982
› Cleveden Agricultural and Pastoral Association Empowering Act 1994
› Kumeu District Agricultural and Horticultural Society Act 1991
› Marlborough Agricultural and Pastoral Association Empowering Act 1974
› Palmerston North Showgrounds Act 1974
› Telford Farm Training Institute Act 1963
› Tokoroa Agricultural and Pastoral Association Empowering Act 1968
› United Wheatgrowers Act 1936
› Waikato Show Trust Act 1965
THE MINISTRY’S ORGANISATIONAL STRUCTURE

NEW ZEALAND FOOD SAFETY AUTHORITY
Functions as a semi-autonomous body attached to MAF. It exists to protect and promote public health and safety and facilitate access to international markets for New Zealand food products and by-products.

CORPORATE SERVICES GROUPS
Contribute to organisational governance and infrastructure support to the other business groups through the delivery of a range of services – asset, financial and information management, ministerial liaison and advice, in-house legal services, communications and human resources.

MAP POLICY
Provides policy advice and service delivery to help create prosperous, sustainable and innovative agriculture, food and forestry sectors which support a vibrant and healthy New Zealand society, environment and economy.

MAF BIOSECURITY NEW ZEALAND
Has a “whole of system” leadership role across New Zealand’s biosecurity system. It also has international trade and animal welfare responsibilities. Its operational arm identifies and manages any potential biosecurity risks at the border and provides domestic and offshore technical inspection and clearance services.

CROWN FORESTRY
Manages the Crown’s interest in a number of commercial forests and forestry-related leases.

MAP POLICY
Provides policy advice and service delivery to help create prosperous, sustainable and innovative agriculture, food and forestry sectors which support a vibrant and healthy New Zealand society, environment and economy.

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CROWN FORESTRY
Manages the Crown’s interest in a number of commercial forests and forestry-related leases.
STAFF INFORMATION

LENGTH OF SERVICE

The average length of service for MAF staff is 8 years (5 years for female staff and 11 years for male staff). This has not changed significantly over the past five years. Currently 47 percent of staff have fewer than five years service; 25 percent have between 5 and 10 years service; and 15 percent of staff have between 10 and 20 years service. 13 percent of staff have over 20 years service.

STAFF NUMBERS AND GENDER

As at 31 December 2006 the permanent staffing level in MAF was 1598.9 full time equivalents (FTEs). This is an increase of 6.6 percent over the last year. Staff are located throughout the country, with the highest concentration of numbers being in the main three centres: Auckland 531 (FTEs), Wellington 611 and Christchurch 152.

The gender ratio in MAF is currently 55/45 (male/female). This has not changed significantly over the past five years.

TURNOVER

The turnover rate in MAF for the year ending 31 December 2006 was 9.3 percent. This compares to 9.4 percent for the previous year.
The average age of MAF staff is 41 years (38 years for female staff and 44 years for male staff). This has not changed significantly over the past five years. Currently 18 percent of staff are aged under 30 years; 28 percent between 30 and 40 years; and 28 percent between 40 and 50 years. 26 percent of staff are aged over 50 years.

**Ethnicity**

The NZ European ethnic group continues to be the most dominant group within MAF at 62 percent. Other ethnic group breakdowns are: Asian 7 percent; NZ Māori 4 percent; Other European 12 percent; Pacific Islands 3 percent; and Other Ethnic Groups 1 percent. The ethnicity for 11 percent of staff remains undisclosed.
**MAF STAFF LOCATION**

THROUGHOUT NEW ZEALAND (AS AT 31 DECEMBER 2006)

- **Auckland**: 531*
- **Wellington**: 611**
- **Christchurch**: 152
- **Head Office**:
- **Investigation and Diagnostic Centre - Tamaki**
- **Investigation and Diagnostic Centre - Wallaceville**
- **Investigation and Diagnostic Centre - Lincoln**

**NUMBER OF STAFF**

- 50-600
- 10-49
- 1-9

**INTERNATIONAL STAFF**

* MAF has 15 Quarantine staff based in Japan. They carry out a pre-shipment inspection of used vehicles destined for New Zealand.

** MAF has staff attached to four international posts – Beijing, Brussels, Geneva and Washington.