



Financial Review briefing to the  
Primary Production Committee  
of the Youth Parliament

6 July 2010

Ministry of  
Agriculture and  
Forestry and  
animal welfare

## Assistance to the Committee

The Primary Production Committee of the Youth Parliament is conducting an inquiry into factory farming versus free-range farming and a financial review of the performance and current operations of the Ministry of Agriculture and Forestry in accordance with the Youth Parliament Standing Orders.

The Controller and Auditor-General provides Parliament with assurance on the performance and accountability of public entities. The Office of the Auditor-General typically assists select committees with their annual financial reviews of entities and examination of the estimates by providing briefings on the results of the annual audit of the particular public entity under review, and by suggesting relevant lines of enquiry and questions.

The lines of enquiry we suggest in this briefing are informed by the Auditor-General's mandate under the Public Audit Act 2001. This mandate covers matters of performance, accountability, waste, probity, and authority within public entities. To identify lines of enquiry, we:

- analyse the results of the annual audit and the accountability documents;
- refer to any relevant performance audit or inquiry work; and
- use our specific knowledge of the entity gained during the audit process and by ongoing contact with the entity.

### **Contact for further explanation**

If any member of the Committee would like further explanation or elaboration of any aspect of this briefing document, please do not hesitate to contact Amanda Powell, Sector Manager, Parliamentary Group on 04-496-3060 or e-mail [amanda.powell@oag.govt.nz](mailto:amanda.powell@oag.govt.nz) at the Office of the Auditor-General.

## Summary of key issues

The key points we cover for the Committee are:

- **Overview of the Ministry's role**, including its structure and funding, and how it works with other government and private sector agencies.
- The Ministry's role in the area of **animal welfare education, compliance and enforcement**.

We suggest questions on the Ministry's capability to deal with animal welfare, and the trends in animal welfare complaints. We also suggest asking about the Ministry's work programme in this area and, in particular, whether the Ministry is undertaking any work in the area of factory farming. Finally, we suggest a question about proposed law changes in the area of animal welfare.

# Advice to the Committee

## 1 Overview of the Ministry of Agriculture and Forestry

### The Ministry's role

- 1.1** The Ministry is a government department under the Public Finance Act 1989. It works in partnership with the agriculture, food and forestry sectors to ensure the operating environment of these sectors support sustainable economic development.<sup>1</sup> The Ministry leads New Zealand's biosecurity system and operates one of New Zealand's largest commercial forestry operations.
- 1.2** At 30 June 2009, the Ministry employed 1,288 full time equivalents (FTEs), based at 19 sites throughout New Zealand and at a number of overseas posts. The majority of staff are situated in Auckland and Wellington.<sup>2</sup>
- 1.3** The Ministry is working to achieve three Outcomes:<sup>3</sup>
- **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

### Financial overview

- 1.4** The Ministry administers both Vote Agriculture and Forestry, and Vote Biosecurity. In 2008/09 departmental expenditure for Vote Agriculture and Forestry and Vote Biosecurity totalled \$223.720 million.<sup>4</sup>
- 1.5** The Ministry administers significant amounts of non-departmental funding. In 2008/09, the Ministry administered \$147 million of expenses, \$118 million of revenue, \$708 million of capital receipts, \$301 million of assets and \$23 million of liabilities on behalf of the Crown.<sup>5</sup> The most significant single components of the non-departmental output expenses in 2008/09 are:
- Management of Crown forestry assets (\$87 million);
  - Purchase of assets from Timberlands West Coast Limited (\$30 million);

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<sup>1</sup> 2009 Annual Report page 2.  
<sup>2</sup> 2009 Annual Report, pages 119 and 123.  
<sup>3</sup> 2009 Annual Report, page 26.  
<sup>4</sup> 2009 Annual Report, page 65.  
<sup>5</sup> 2009 Annual Report, page 95 (rounded to millions).

- Control of Tb Vectors, provided by the Animal Health Board (\$30 million).<sup>6</sup>

- 1.6** In 2008/09 the Ministry also administered \$9 million of grant funding.<sup>7</sup>
- 1.7** In 2008/09 Vote Agriculture and Forestry was underspent by \$3.430 million, 4.5% of the total Vote. The main areas of underspending were agriculture and forestry policy advice (\$2.504 million), the administration of indigenous forests, and contract, grant and asset management.<sup>8</sup>
- 1.8** In 2008/09 Vote Biosecurity incurred a deficit of \$1.186 million, just under 1 percent of total Vote revenue. This was due to expenditure exceeding revenue by \$2.060 million, and largely reflects a significant drop in third party revenue which resulted from the decline in economic activity. There was also a significant area of underspending in biosecurity policy (\$0.733 million).<sup>9</sup>
- 1.9** Overall, the Ministry delivered a net surplus of income over expenditure of \$2.7 million in 2008/09.

## Structure of the Ministry

- 1.10** The Ministry comprises the following groups<sup>10</sup>:

**MAF Policy** - provides information, analysis and advice to the Government on issues affecting the economic and environmental performance of the sectors.

**MAF Biosecurity New Zealand** - is the lead agency in New Zealand's biosecurity system. This group includes the Ministry's border inspection operation, international trade and animal welfare responsibilities.

**Crown Forestry** - manages the Crown's interest in a number of commercial forests and forestry-related leases. Operational management of the forest estate is contracted to forest management companies with audit, strategic planning and administration carried out by Ministry staff.

**Strategy and Performance** - advises on the Ministry's strategic direction, and provides communications and assurance.

**Māori Strategy Unit** - works across the Ministry to assist Maori to participate in the enhancement of New Zealand's natural advantage and to improve the Ministry's responsiveness to Maori and Treaty of Waitangi issues.

**Infrastructure, Capability and Compliance** contributes to Ministry governance and provides corporate support. This group provides shared services to the NZFSA.

<sup>6</sup> 2009 Annual Report, page 96 (rounded to millions).

<sup>7</sup> 2009 Annual Report, page 99 (rounded to millions).

<sup>8</sup> 2009 Annual Report, page 49.

<sup>9</sup> 2009 Annual Report, page 58.

<sup>10</sup> 2009 Annual Report, page 121.

## Working with stakeholders and other agencies

- 1.11** The Ministry works closely with other government agencies, including:<sup>11</sup>
- the Ministry of Foreign Affairs and Trade (MFAT) and the New Zealand Food Safety Authority (NZFSA) on international trade issues to maintain and enhance market access for New Zealand's animal and plant products;
  - the Ministry of Economic Development, The Treasury, the Ministry of Research, Science and Technology, and the Foundation for Research, Science, and Technology (FRST), and Crown Research Institutes (CRIs) on improving the performance of primary industries;
  - the New Zealand Customs Service (Customs), Immigration New Zealand, and the NZFSA on border operations;
  - MFAT, the Ministry of Fisheries, the Department of Conservation, the Ministry of Health, the NZFSA, the Ministry for the Environment, and the Environmental Risk Management Authority on developing and operating the biosecurity system.
- 1.12** The Ministry also works closely with primary industry stakeholders on industry strategies and structures; and with regional government, the private sector, CRIs, universities and AsureQuality (a state owned enterprise) on biosecurity.<sup>12</sup>

## 2 Animal welfare

### The Ministry's role in animal welfare<sup>13</sup>

- 2.1** The Ministry leads and facilitates the management of animal welfare policy and practice in New Zealand. It promotes policies for the humane treatment of animals, and is a key participant in the ongoing animal welfare debate.
- 2.2** The Ministry and the Society for the Prevention of Cruelty to Animals (SPCA) investigate complaints made about non-compliance with the Animal Welfare Act 1999, including cases of animal ill-treatment or cruelty. While the vast majority of complaints are dealt with through consultation and education, the Ministry and the SPCA routinely undertake successful prosecutions against persistent or blatant offenders.
- 2.3** The Ministry's Animal Welfare Group promotes policies appropriate for the humane treatment of animals. It emphasises a consultative approach to animal welfare issues in developing sound, science-based policy and standards. The Ministry's efforts are also focused on:
- identifying emerging animal welfare issues;

<sup>11</sup> 2009 Annual Report, pages 2 and 3.

<sup>12</sup> 2009 Annual Report, pages 3 and 5.

<sup>13</sup> [www.maf.govt.nz](http://www.maf.govt.nz).

- identifying research priorities;
- liaising with New Zealand and international agencies involved in animal welfare; and
- developing a New Zealand position in relation to animal welfare and international trade.

**2.4** Animal Welfare Investigators look into offences committed or suspected to have been committed under the Animal Welfare Act 1999. They oversee and manage the mitigation of pain and suffering in animals, enforcing the requirements of the Animal Welfare Act. A key part of their work is providing practical advice and assistance to farmers.

**2.5** The Ministry provides support and advice for the National Animal Welfare Advisory Committee (NAWAC) and the National Animal Ethics Advisory Committee (NAEAC). The Ministry works closely with these bodies to develop codes of welfare and review codes of ethical conduct, as required by the Animal Welfare Act 1999.

#### ***National Animal Welfare Advisory Committee (NAWAC)***

**2.6** The NAWAC is a ministerial advisory committee established under the Animal Welfare Act 1999. Its main function is to advise the Minister of Agriculture on animal welfare matters relating to farm, companion, wild and pest animals. It also provides advice on the content of codes of welfare specifying minimum standards for animal treatment and recommendations for best practice.

**2.7** The NAWAC is progressively reviewing existing voluntary codes of recommendation and minimum standards which will be replaced by codes of welfare. The minimum standards in codes of welfare can be used to support a prosecution under the Animal Welfare Act, or conversely, can be used as a defence to prosecution.<sup>14</sup>

**2.8** The Committee may wish to ask:

What work is the NAWAC doing in the area of factory farming and animal welfare?

#### ***National Animal Ethics Advisory Committee (NAEAC)***

**2.9** The NAEAC aims to provide independent, high quality advice to the Minister of Agriculture on policy and practices relating to the use of animals in research, testing and teaching.

### **Meeting society's growing expectations around animal welfare**

**2.10** The Ministry is receiving an increasing number of complaints about alleged breaches of the Animal Welfare Act 1999 (the Act), and has identified a trend of increasing seriousness and complexity of those complaints.<sup>15</sup>

<sup>14</sup>

[www.maf.govt.nz](http://www.maf.govt.nz)

<sup>15</sup>

Annual Report 2009, page 18.

**2.11** In 2010/11 the Ministry is budgeting to increase its staff capability in the area of animal welfare.

**2.12** In the coming year, the Ministry plans to work to increase the attention paid to animal welfare by the primary sector, supported by a greater effort going into education, compliance and enforcement activities. The three components are:

- Moving to more proactive, industry-led compliance and enforcement;
- Considering and advising on the risks and benefits of developing a unified national animal welfare strategy to set clear direction, goals and performance measures for the future;
- An increased work plan for the National Animal Welfare Advisory Committee to meet government priorities.

**2.13** The Committee may wish to ask:

- How many staff does the Ministry have working in the area of animal welfare education, enforcement and compliances?
- How does the Ministry expect staff capability in this area to increase in 2010/11?
- What are the expected costs and benefits of any such increase in capability?
- Please outline the trend in complaints about alleged breaches of animal welfare law in recent years.
- Please provide details of the Ministry's work plans in the area of animal welfare reduction, compliance and enforcement in 2010/11.
- What work is the Ministry doing in relation to factory farming and animal welfare?

### Legislative change

**2.14** The Animal Welfare Bill 2010 is currently before Parliament. Amongst other things, the Bill creates a new offence of "reckless ill-treatment of an animal" and substantially increases the penalties for existing penalties under the Animal Welfare Act 1999.

**2.15** The Committee may wish to ask:

How will the changes proposed in the Animal Welfare Bill make a difference to animal welfare in New Zealand?