



# A Guide to the Afforestation Grant Scheme

January 2018

## **Disclaimer**

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Copies of this publication can be requested from [funding@mpi.govt.nz](mailto:funding@mpi.govt.nz)

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# WELCOME TO THE AFFORESTATION GRANT SCHEME (AGS)

This guide provides key information about the AGS including eligibility criteria, processes for application assessment, and timeframes.

## About the AGS

The objective of the AGS is to deliver 15,000 hectares of new forest over a period of 5 years, 2015-2020. This will be achieved by encouraging and supporting the planting of small to medium sized forests (5-300 hectares) of indigenous or exotic species.

The forest may be established for commercial purposes, environmental purposes, or a combination of both.

## What are the main features of the scheme?

- Grants are \$1,300 per hectare.
- You can apply for multiple areas, but they must each be at least 1 hectare.
- Applications must be between 5 and 300 hectares in total.
- The land must be new forest planting. If it was “forest land” in 1989, or in the last 5 years, or is “forest land” now, it’s not eligible.
- Indigenous and exotic species are eligible, so long as they can grow to 5m in the area in which they will be planted, and are not primarily for fruit or nut production.

**TIP:** See the definition of “forest land” on page 6

- If you apply in 2018 and are successful, you’ll be planting in winter 2019.
- Successful applicants enter into a 10-year Grant Agreement, which has obligations to maintain the forest to certain standards over that period.
- Your grant will be paid once the grant area has been successfully established and an inspection confirms it meets the required establishment standards. Plantings must be visually verifiable at the time of the inspection.
- During the 10 years of the Grant Agreement, the landowner may not enter the forest into any other Government forestry related scheme, such as the Emissions Trading Scheme (ETS) or the Permanent Forest Sink Initiative (PFSI).
- The Crown recognises the carbon stored in the new forests in its international carbon accounting for the duration of the Grant Agreement. Landowners may apply to join the ETS or PFSI at the end of the 10 year Grant Agreement.

# AGS FUNDING CYCLE

The steps in the funding process are summarised below.

Step	Timing	Applicants	MPI
<b>Application</b> (pages 4-7)	Applications received no later than 14 May 2018	<ul style="list-style-type: none"> <li>• Submit a complete application with supporting documents</li> </ul>	<ul style="list-style-type: none"> <li>• Check the application for completeness</li> </ul>
<b>Assessment</b> (page 8-9)	May-August 2018		<ul style="list-style-type: none"> <li>• Do a geospatial land eligibility assessment</li> <li>• Do a technical forestry assessment</li> </ul>
<b>Contracting</b> (page 10)	September-November 2018	<ul style="list-style-type: none"> <li>• Sign the Grant Agreement</li> </ul>	<ul style="list-style-type: none"> <li>• Confirm the approved area</li> <li>• Send you a letter with the outcome of your application and, if successful, a Grant Agreement and a map of the approved area</li> </ul>
<b>Planting</b> (page 11)	Winter 2019	<ul style="list-style-type: none"> <li>• Plant the approved area</li> </ul>	
<b>Payment</b> (page 12)	Spring 2019 -	<ul style="list-style-type: none"> <li>• Submit a Claim for Payment once the forest is successfully established</li> </ul>	<ul style="list-style-type: none"> <li>• Inspect the forest</li> <li>• Determine the established area and compare it to the approved area</li> <li>• Approve payment within 30 working days of inspection</li> </ul>
<b>Monitoring</b> (page 13)	July 2019 to June 2029	<ul style="list-style-type: none"> <li>• Actively maintain the grant-aided forest for 10 years</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct checks/site inspections during the term of the Agreement when required</li> </ul>

# APPLICATION

## In this section:

- Who can apply?
- When can I apply?
- Is my proposal viable?
- Eligibility
- Information and supporting material which must be included.

## Who can apply?

Any New Zealand-based individual or organisation may apply for an AGS grant provided they own the land, or have the legal right to use the land for forestry.

Any right to use the land must have a minimum term of 10 years from the date the new forest is established.

## When can I apply?

Applications for this round will open 23 February 2018 and must be received by MPI by 14 May 2018, 3pm. It is your responsibility to ensure your application is received by the closing date.

**TIP:** Don't leave it to the last minute! Submitting your application well before the closing date gives us an opportunity to check it for completeness, in time for you to provide any missing information before the round closes.

## Is my proposal viable?

Before submitting an application, ensure that due diligence is carried out to confirm the proposal's viability. Consider:

- Is the planting programme financially viable?
- Will seedlings be available within the planned timeframe?
- Will you realistically have rights to the land at the time of signing a contract with MPI?
- Are you familiar with all regional council regulations with regards to plantation forests?

You must also ensure that your proposed planting conforms with the rules in the National Environmental Standards for Plantation Forestry (NES-PF) as well as your local council plan rules.

The NES-PF is a set of national regulations that will come into force on 1 May 2018. If you plan to establish a new plantation forest 1ha or larger that you intend to harvest you will have responsibilities under the regulations, including:

- notifying your local council of your intentions to plant;
- a suitably qualified person completing a wilding tree risk calculator assessment if you are planting conifers; and
- complying with setback requirements.

More information and a copy of the regulations can be found at [www.mpi.govt.nz/national-environmental-standards-for-plantation-forestry](http://www.mpi.govt.nz/national-environmental-standards-for-plantation-forestry).

## Eligibility

### Land area

Applications must be for an area between 5 and 300 hectares and only cover one year of planting.

The total area may consist of multiple areas of at least one hectare and may be located on more than one land title – provided you have eligible landholdings in respect of all areas (see below).

An “eligible landholding” is:

- Freehold land;
- Māori freehold land;
- Leasehold land (where the lease clearly includes a forestry right);
- Forestry rights.

Certificate of Title number(s) must be provided in all cases. In addition the following

documentary evidence is required:

- Māori freehold land: Māori Land Court documentation listing you as a landowner;
- Leasehold land (where the lease clearly includes a forestry right): a copy of the lease and any variations. The lease must be for a term of at least 10 years from when planting is proposed (can include an initial term plus unconditional right of renewal equalling 10 years);
- Forestry rights: a copy of the forestry right.

### Ineligible land

Land that is not eligible for a grant is:

- Land that was “forest land” on 31 December 1989.
- Land that was “forest land” at any time during the five-year period prior to the application being submitted.
- Land that is already “forest land” at the date of application; i.e. it has already been planted or seeded, or has natural regeneration that is capable of meeting the forest definition (exotic or indigenous forest species).

**TIP:** Any ineligible land within an application area must be clearly identified on the maps provided with your application, and must be excluded from grant applications and payment claims.

- Land that is to be planted as “pre-1990 offsetting land” under the ETS
- Land that is outside the boundary of the land title.
- Stand-alone strips of land that are less than an average of 30 metres wide and/or separate blocks less than 1 hectare in area.
- Land that has entered any other government grant assisted afforestation or related scheme, including the Emissions Trading Scheme (ETS), Permanent Forest Sink Initiative (PFSI), Erosion Control Funding Programme (ECFP), and forest areas established with the Hill Country Erosion Fund (HCEF).
- As part of the assessment process, MPI will assess the suitability and likely success of the proposed afforestation. Applications may be declined at MPI’s discretion.

**TIP:** An AGS application may be on the same title as an ETS, PFSI, HCEF, or ECFP area, but the forest areas must not overlap.

## Definition of *forest land* from the Climate Change Response Act 2002:

### forest land—

(a) means an area of land of at least 1 hectare that has, or is likely to have, tree crown cover from forest species of more than 30 percent in each hectare; and

(b) includes an area of land that temporarily does not meet the requirements specified in paragraph (a) because of human intervention or natural causes but that is likely to revert to land that meets the requirements specified in paragraph (a); but

(c) does not include—

(i) a shelter belt of forest species, where the tree crown cover has, or is likely to have, an average width of less than 30 metres; or

(ii) an area of land where the forest species have, or are likely to have, a tree crown cover of an average width of less than 30 metres, unless the area is contiguous with land that meets the requirements specified in paragraph (a) or (b)

### Māori land

Applications for land held communally, in trust or by a Māori landowners incorporation under the Te Ture Whenua Māori Land Act 1993 may have complex arrangements. You should seek legal advice about signing and contracting requirements prior to submitting an application.

### Historic Places

If the land is a historic place, historic area, or archaeological site as defined by the Heritage New Zealand Pouhere Taonga Act 2014, or land protected by a heritage covenant, the authority of the Heritage New Zealand Pouhere Taonga must be obtained before such land can be eligible for an AGS grant. For more information, applicants should seek advice from the Ministry of Culture and Heritage.

### Other areas

Significant Natural Areas (SNAs), Sites of Special Wildlife Interest (SSWI), Outstanding Landscape Areas and Recommended Areas for

Protection (RAP) are ineligible for grants, with the exception of indigenous afforestation projects that enhance the protected area.

It is your responsibility to seek advice from your local council and/or the Department of Conservation on the location of these other areas.

**TIP:** Wilding risk assessment is not required for native species.

### Eligible tree species

Land eligible for a grant under the AGS must be planted with a forest species as defined in the Climate Change Response Act 2002. That is a species that is:

- capable of reaching at least 5 metres in height at maturity in the place where it is located;
- not grown or managed primarily for the production of fruit or nut crops.

Plantings may consist of a mixture of forest species. If there is doubt, MPI will undertake an assessment of the suitability of the proposed

afforestation for the site. Species that are assessed as not suitable to a site will not be eligible for planting.

The choice of forest species must comply with any limitations on species specified in the relevant regional and local provisions under the Resource Management Act 1991 (RMA).

Species that have been identified in Regional Councils' regional pest management strategies or the Climate Change (Forestry Sector) Regulations 2008 as pests or tree weeds are not eligible. This can differ between regions so applicants should contact their Regional Council for information specific to their region.

## Making an application

Application forms can be obtained from the MPI website: [www.mpi.govt.nz/ags](http://www.mpi.govt.nz/ags)

Applications to MPI **must** be fully completed, including:

- an application form with all sections filled in;
- applicant details that match the identity of the legal holder of the "landholding" (e.g. freehold, Māori freehold, leasehold, forestry right);
- date and signature of applicant or a representative.

**TIP:** A sample of a completed application form is provided at [www.mpi.govt.nz/ags](http://www.mpi.govt.nz/ags) for your reference.

Supporting documentation **must** also be submitted to ensure a complete application is received:

- Site plan (GIS shapefiles preferred), Google Earth Pro kml file, land use or land management maps at a minimum scale of 1:10,000, aerial photo or a hand drawn area on paper map) that outlines the area for

planting and any internal areas of ineligible land excluded. For guidelines on how to create a Google Earth kml file, see the New Zealand Farm Forestry Association's website (<http://www.nzffa.org.nz/article-archive/how-to-create-good-kmz-google-earth-files/>)

- Photos: These are used to check if there is vegetation and also the type of vegetation on a site. Please provide the following with each photo:
  - the date the photo was taken;
  - where it was taken and the direction it was taken (an arrow on the photo showing the direction the camera was pointed);
  - GPS reference if possible, or an X on a map with an arrow, showing the location and direction of the photo
- A current Farm Plan (if applicable) or council support identifying afforestation as the optimal land use for the applied area.
- Evidence of landholding where a third party agreement is involved, e.g. farm lease or forestry right references that apply to the application area (if applicable).

**TIP:** Make sure that you review the Application Checklist at [www.mpi.govt.nz/ags](http://www.mpi.govt.nz/ags) before submitting your application – incomplete applications may be declined.

Once complete, submit your application:

By email to [funding@mpi.govt.nz](mailto:funding@mpi.govt.nz)

or

By post to:

Afforestation Grant Scheme  
Sustainable Growth Programmes Team  
Ministry for Primary Industries  
PO Box 2526  
Wellington 6140

# ASSESSMENT

Submitting an application does not automatically mean a grant will be approved. MPI assesses applications in three stages.

**Failure to provide a complete application may result in an application being declined.**

## Assessment process

### 1. Administrative assessment

- Applications are checked for completeness including supporting documentation.
- Legal eligibility of landholding is assessed using the Certificate of Title or copy of landholding agreement (as applicable).

### 2. GIS land eligibility assessment

- Land eligibility and suitability is checked.
- Size and width of proposed forest area is checked.
- Overlaps with existing MPI forestry schemes (other AGS grants, ETS, PFSI, ECFP, HCEF) are checked.
- Soil erosion assessment is conducted.

### 3. MPI technical forestry assessment

- All applications are reviewed by technical forestry experts. This includes consideration of the forest management plan and species plan. It also includes assessment of potential risks of future harvesting operations, as well as environmental limiting factors for growth e.g. climate and exposure.

Applications with a Farm Plan or council support identifying afforestation as the optimal land use for the grant area will be regarded favourably. These areas have been pre-assessed by councils, and provide some confidence that the afforestation will deliver environmental outcomes such as reduced soil erosion.

**TIP:** For more information about farm plans or how to obtain one, contact your local Regional Council.

Applications without farm plans or council support may be prioritised based on MPI's assessment of the proportion of highly erosion-prone land in the application

## Approval process

At the conclusion of this process, MPI will evaluate whether there is sufficient funding to provide grants for all the land that has passed assessment. If the fund is oversubscribed, applications may be prioritised.

## Successful applications

Successful applicants will be advised of how much land has been approved and, if applicable, reasons why this is less than the area submitted. They will also receive a Grant Agreement and a map of the approved area.

## Conditional approvals

Conditional approval may be possible in certain circumstances. This could include uncertainty over whether applicants have an "eligible landholding", questions around potential risks of future harvesting operations, or where MPI requires a higher stocking rate than in the application.

## Unsuccessful applications

Unsuccessful applicants will be notified and informed of the reason(s) the application has been declined.

MPI will ensure that applicants have the opportunity to engage with MPI on this decision and discuss why their application did not meet the scheme's requirements.

MPI reserves the right to decline any application at their discretion.

Unsuccessful applicants may choose to submit an application under the NZ Emissions Trading Scheme or the Permanent Forest Sink Initiative (if eligible) as an alternative.

# CONTRACTING

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## Grant Agreement

Successful AGS applicants must enter into a 10 year Grant Agreement with MPI in order to claim their grant. In some cases agreements may be conditional on certain requirements being met.

## Key Terms of the Grant Agreement

- The term of the agreement is 10 years from the date of forest establishment.
- If planting is unable to occur due to unforeseen circumstances, it may, with approval from MPI, be deferred up to one year.
- The minimum establishment standard is 750 stems per hectare, successfully established within the approved establishment year and free of significant weed competition.
- Grants will only be paid for areas that meet the minimum establishment standard.
- The forest must be maintained to the minimum establishment standard for four years, and to at least 300 stems per hectare for the remaining term of the agreement.
- MPI has a right of access over the term of the agreement to inspect the forest, subject to giving sufficient notice.
- The agreement will not be registered on the land title. However, if the land changes ownership, the grantee must notify MPI and transfer the agreement via a Deed of Novation.
- The agreement may be varied from time to time as agreed by the Parties in writing.
- The Grantee owns the new forest and any products from it, but may not register it in the ETS or PFSI during the term of the agreement.
- After the expiry of the agreement the forest may be registered in the ETS or PFSI and from that time the participant would earn carbon credits for incremental growth.

# PLANTING

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## Planting and establishment standards

Forests must be planted. Establishment by natural regeneration or seeding is not eligible.

Research and guidance about planning and undertaking forest planting can be found on the Farm Forestry Association website:

<http://www.nzffa.org.nz>.

## Minimum establishment standard

The AGS requires a minimum establishment standard for grant aided forests of:

- seedlings or cuttings achieving a minimum established stocking of 750 stems per hectare;
- free of significant weed competition.

Lower stocking rates for particular species may be agreed with MPI on a case-by-case basis.

Mortality of planted trees is likely to occur during and after forest establishment. This should be provided for in your initial stocking rate (i.e. initial stockings of more than 750 stems per hectare), or with supplementary planting in cases of high levels of mortality. These contingencies should be contained in a 'Management Plan' as a part of your application.

If planting is unable to occur due to unforeseen circumstances, it may, with approval from MPI, be deferred up to one year.

## Maintaining grant forests

Once MPI is satisfied that the minimum establishment standard for the grant-aided forest has been achieved, this standard must be maintained for four years. For the remaining term of the agreement the forest must be maintained to at least 300 stems per hectare.

If the minimum standard is not maintained throughout the 10 year term of the grant agreement, MPI may require replanting to the minimum required standard or repayment of the grant with interest. This will not apply if it is due to a natural event outside the grantee's reasonable control.

# PAYMENT

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## Claiming for payment

A claim for payment may be made when the forest is successfully established to the minimum establishment standard. This would normally be at least six weeks after the tree releasing operation in the spring following planting. The plantings must be visually verifiable.

A claim must be lodged no later than 30 June in the year following the establishment year (contract schedule 3)

A claim form must be completed and sent to MPI, together with a shapefile or map showing the actual planted area. You will also need to complete a Creditor Form and provide a bank deposit slip to MPI with your claim. These forms are readily available on our website ([www.mpi.govt.nz/ags](http://www.mpi.govt.nz/ags)).

## Site inspection

MPI will then organise a staff member to undertake a site inspection. The inspection is to confirm that the establishment of the forest is within the standards and conditions of the Grant Agreement.

If the forest is not successfully established, or grass/weed growth inhibits the visual assessment of the plants, the Grantee has the opportunity to remedy the situation following notification and agreement from MPI. Deferral of inspections may be required until release spraying is done, or the planted trees overtop the growth and become identifiable.

Once the established area has been determined, an Establishment Payment Map and letter will be provided by MPI to the Grantee. MPI aims to approve payments within 30 working days of completing a site inspection confirming the successful area.

## Evaluating Grants

Ongoing monitoring by MPI will occur for 10 years from the date of planting to ensure the forest has been maintained to the required standard, and all other terms of the Grant Agreement have been met. This may include checks during the term of the Agreement, including site visits by MPI staff or a duly authorised representative if required.

Grant payments are treated as grants to businesses under section DF1 of the Income Tax Act 2004. The grant is made by the Government under a contract at an approved value and is not a reimbursement of costs. Other spending relevant to grant operations should be accounted for under normal accounting procedures in the year incurred.

## Goods and Services Tax (GST)

All grant applications are calculated on a GST-exclusive basis. GST is added to the grant payment and must be accounted for in the usual way.

**TIP:** Claim forms are available at:  
[www.mpi.govt.nz/ags](http://www.mpi.govt.nz/ags)

# MONITORING

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## **Maintaining the Forest**

Ongoing monitoring by MPI will occur for 10 years from the date of planting to ensure the forest has been maintained to the required standard, and all other terms of the Grant Agreement have been met. Monitoring may include checks during the term of the Agreement, including site visits by MPI staff or a duly authorised representative if required.

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