



East Coast Forestry Project

Proposed Changes to the Operation of the Scheme Summary of Submissions

MPI Information Paper 2014/16

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OVERVIEW OF SUBMITTERS' VIEWS

General

- 1) A non-regulatory approach to grant management is supported.
- 2) The reduced uptake of the East Coast Forestry Project in recent years is directly related to the complexity of the scheme and the restrictive conditions imposed by regulations.
- 3) Alignment between the Ministry for Primary Industries and the Gisborne District Council is supported.

Accountability

- 4) Landowners with a Project grant should be held accountable for ensuring an erosion treatment is not deforested.
- 5) The District Plan should be the mechanism relied on for enforcement through the Resource Management Act.
- 6) Covenants are unnecessary as protection of erosion control treatments can be enforced through the vegetation clearance provisions in the District Plan.
- 7) Covenants are cumbersome, a deterrent to virtually all applicants, and very difficult to implement on Māori land.

Bridging finance

- 8) The financial capacity to bridge the gap between operational expenditure and receiving a grant is a problem for some landowners.
- 9) Removing the covenant requirement will speed up the payment process, but bridging finance would remain a significant barrier to many landowners.

Treatment effectiveness

(These views relate to the Project, but not to the way in which it is administered).

- 10) Poplar and willow pole planting is ineffective due to early mortality on some sites.
- 11) Eroding gullies should be the highest priority for funding.
- 12) Scientific research suggests the best treatment for small to medium sized gullies is reforestation or reversion of a significant proportion of the surrounding watershed.

INTRODUCTION

Background

In January 2014, the Ministry for Primary Industries (MPI) released for consultation a document on options for improving the operation of the East Coast Forestry Project. Ministry officials also discussed the options with landowners and organisations at local meetings.

This report summarises the range of views and the key themes that arose from the written and verbal submissions received on the options. Copies of this report are available from MPI by contacting 0800 00 83 33.

Consultation process

The consultation document was published on the MPI website and advertised in the Dominion Post, the NZ Herald, the Gisborne Herald, the weekly email newsletter of the New Zealand Institute of Forestry, and MPI's Sustainable Forestry Bulletin.

Officials were available to discuss the proposed changes at "drop-in" sessions at MPI's Gisborne office every Wednesday afternoon during the consultation period.

The consultation was promoted through the Gisborne District Council and Te Runanganui o Ngāti Porou communications channels. Priority site landowners across the East Coast district were notified of the consultation. A hui was held at Mangarua Marae on 14 March 2014 which was well attended by Ngāti Porou landowners.

Nature of written submissions

There were 12 written submissions received. Submitters were individuals, farmers, forestry organisations, the NZ Farm Forestry Association, forestry investors, the Council, an accountant, a research provider, tangata whenua and representatives of several Māori land blocks.

Actual submissions (apart from submissions where confidentiality was requested) can be viewed on request by contacting MPI. A list of submitters is included as Appendix 1.

Analysis and reporting method

This document reports on the submissions. It provides an overview of the opinions that emerged and an indication of the level of support for the proposed options. Particular attention was paid to recording common opinions and themes, the range of views, and any important issues which submitters took the opportunity to raise.

Responding to specific points raised in public consultation

Submitters had a range of opinions on the options, as well as some proposed new approaches. These have been carefully considered and recommendations will be made to Cabinet that address the issues with the Project's operation without creating additional administration costs or undue risk to the Crown.

Submitters also raised issues that were out of scope of this consultation but related to wider erosion control issues in the East Coast. Some of these are listed and commented on in this document.

SUMMARY OF SUBMISSIONS

Eight of the 12 submitters owned, or represented owners of, land identified by the Council as Land Overlay 3A (LO3A) in the District Plan, or regional scale target land. Some submitters responded on behalf of multiple landowners and multiple properties.

In this section, submitters' responses are summarised in relation to the questions in the Consultation Document. MPI has provided responses where submitters provided an alternative view to what was proposed in the Consultation Document.

Questions 1 & 2: Does the description below accurately describe the status quo? If not, what other factors should be considered?

STATUS QUO

The Project is administered through the Forestry (East Coast) Regulations 2000 (the Regulations).

This Project provides grants to the owners of target land to carry out erosion treatments. Project grants are available for three types of treatment:

- afforestation with exotic and indigenous species;
- natural reversion to indigenous forest; and
- poplar or willow planting.

Reversion grants (assisted natural regeneration of forest) began in 2000 and require a non-use covenant with a 30-year term to be registered. A requirement for all grantees to register 50 year covenants on their land titles was introduced in 2007.

Grant terms and conditions are spread amongst the Regulations, approval certificates (agreement between MPI and the landowner) and covenants:

- regulations set out how the scheme operates and allow approval certificates to require repayment of a grant plus interest if a holder does not comply with the conditions of the certificate or covenant.
- approval certificates contain technical details such as planting densities, grant payment instalments terms and any site-specific conditions.
- covenants require replanting, non-use or the maintenance of tree cover, and include other site-specific conditions.

Grants are paid in two instalments: the first payment after the erosion treatment has been established and covenant registered, and the second maintenance payment 3-8 years later depending on the treatment type. Some older grants may be on different payment regimes.

Submitters' comments

There were few comments on the accuracy of the description of the status quo, as generally submitters agreed with the description. Submitters highlighted the issues they have experienced directly relating to the complexity of the scheme and the restrictive conditions imposed by regulations.

Question 3: Do you agree with the characterisation of the problems?

Problem definition

The Project aims to provide effective tree cover in the East Coast District by funding erosion treatments, and subsequently improving the productivity of the land. Given the scale of the erosion problem in the region, the Project needs to be as effective as it can by treating as much of the worst affected land as possible. This means the scheme needs to be utilised by landowners with target land. In order to do this, the scheme needs to be as easy to understand and as beneficial as possible to attract owners of target land to participate in the Project.

Two reviews have previously been undertaken on the Project. The findings of the Afforestation Review were published by MPI in 2011, and the findings of the Waiapu Catchment Study were published by SCION in 2012.

Both reports consulted with the public regarding the Project, and highlighted a number of issues as to why applicants were deterred from applying, hindering the scheme from being as effective as possible. The reports noted that the Project was not meeting its full potential, and uptake could be improved through more efficient and effective implementation. Some of the issues are directly related to requirements in the Regulations.

Issues highlighted in the reports include:

- financial and economic barriers (e.g. the need for bridging finance);
- complexities associated with issuing grants to Māori land with multiple owners;
- a number of limitations (e.g. must establish in year of approval, requirement for covenants, restrictive forestry regimes);
- negative perceptions of forestry and government (both central and local);
- lack of information, support, and leadership; and
- the absence of formal Crown-Ngāti Porou co-management arrangements.

These issues are, in many cases, linked to the Regulations – such as the requirements for:

- a replanting and non-use covenants (50 years)
- a certified accountant to sign claims for payments
- the grantee needing to provide a land use certificate from an approved consultant
- two funding pools (<50ha and >50ha) with prescriptive dates.

Submitters' comments

Most submitters agreed with the problem definition, and agreed that continuing with the status quo will not increase the rate of participation in the Project. There were three main themes of feedback that emerged, as well as a grouping of additional comments.

1. Accountability

Accountability for sustainable land use (the obligation to ensure an erosion treatment is not deforested) was raised in a number of submissions. Some submitters highlighted that there are already remedies to avoid adverse environmental effects in the Resource Management Act, which is administered by and is the responsibility of the Council.

Replanting and non-use covenants are currently used to ensure erosion treatments are not deforested. However most submitters considered this approach to be unnecessary or cumbersome, a deterrent to virtually all applicants, and very difficult to implement on Māori land.

The need for covenants is questioned through the submissions, as the Council has the required powers to enforce vegetation removal in its District Plan. One submitter thought covenants could remain, but with shorter terms such as 10 years (forestry and willows/poplars) and 15 years for reversion. Other submitters believe the timeframes for all treatments should be consistent to avoid confusion and complexity.

The possibility of registering notices on land titles was raised. Such notices could state that the land (or part thereof contained in the title) is subject to effective tree cover requirements in the District Plan. Notices on titles would provide the status of the eroding and erosion prone land to current and future landowners. Further, a notice on the title would provide a flag to the Council if an application for consent to clear the effective tree cover be received.

The removal of covenants would undermine the purpose of the Project if the District plan rule is not enforced. Without enforcement, many of the established areas, particularly poplars/willows, would be at risk. Landowners need to be accountable for the protection and health of their soil conservation forests.

MPI Response

From 2009, Section 6.10 of the Council's Combined Regional Land and District Plan requires all landowners with LO3A to have an effective tree cover by 2021. Once effective tree cover is established, the District Plan continues to control vegetation clearance on land with erosion risk through the RMA. MPI considers that this should be the primary way to enforce the protection of effective tree cover.

The "Restoring the Waiapu Catchment" programme provides the impetus to improve the Project and the Council's Sustainable Hill Country Programme across the District, for the benefit of all the District's iwi and landowners.

The governance group for the programme includes senior managers from the Council, MPI and Ngāti Porou. The programme includes harmonising the Project and the Council's sustainable hill country work, and a more coordinated working arrangement for monitoring performance of erosion treatments funded under the Project. In addition, Project spatial data will be provided to the Council to take into consideration when consent applications are being assessed.

A fallback option would be to register notices on titles stating that the land or parts of it are classified as LO3A. This would help to inform new owners of land with erosion treatments of their obligation to maintain an effective tree cover. This concept will be explored in more detail with the Council.

For consistency, the proposed timeframe for all Project grant agreements is 15 years. This allows for sufficient time for treatments to establish effective tree cover and when the District Plan vegetation clearance rules would apply ensuring the longevity of the erosion treatments.

2. Bridging finance

Many grantees must obtain bridging finance for the time between their operational expenditure, registration of covenant and the grant payment. This is seen as a deterrent to landowner participation in the Project. This is an issue for some landowners who already have significant short term debt, and for Māori Trusts and Incorporations who are averse to taking on any debt on behalf of their multiple owners.

The multiple signing stages between grant applications, grant certificates, covenants and payment claims are overwhelming to landowners.

MPI Response

Currently, grant payments are made after the erosion treatment has been successfully established and the covenant registered. This may require the grantee to fund deposits with tree nurseries and operation costs prior to their grant being paid. Depending on the time taken to register the covenant, the period of time before the grant is paid can span 8-30 months. Most grantees use debt funding to bridge this gap.

Long periods of bridging finance are recognised as a problem for many grantees, and it is proposed to address this by implementing the non-regulatory option described in the Consultation Document. This sees a removal of covenants which will result in the payment gap being shortened to 3-5 months should the treatments be up to standard. From MPI's experience in operating the Project before covenants were introduced, bridging finance over this shorter period is considered to be reasonable and ensures the accountability for successful forest establishment remains with the landowner. It is acknowledged that bridging finance may still be a problem in some cases and this is an issue that MPI will work with the governance group to assist affected grantees.

3. Effectiveness of erosion treatments

Most submitters included comments on the effectiveness of the poplars and willows treatment. The main concerns were about high mortality rates and the type of erosion features where this treatment should occur.

Additional comments about poplars and willows as an erosion treatment included:

- the causes of willow/poplar mortality warrants further investigation;
- answers to address the high mortality rate should be found before additional funding is invested in this treatment;
- auditing of pole plantings is necessary to check that stocking is adequate, and to ensure the replacement of poles that die;
- grants for poplars and willow poles should cease;
- grazing should not be allowed on land planted with poplar/willow;
- duration of grant approvals could be extended to 2020 as planting programmes and the Council workplans extend that far.

There were several suggestions about stocking rates and payment schedules:

- increase pole stocking rates to offset high initial mortality;
- payments should be 100-120% of reasonable cost to allow for losses;
- payments could be spread over 5 years – 70% at establishment, 15% after 2 years, 15% after 5 years to better secure against subsequent livestock damage.

MPI Response

Poplar/willow pole planting is an effective treatment, however further work to improve survival is required. The "Restoring the Waiapu Catchment" programme includes developing an action plan to address the high pole mortality issue. It will be implemented using the latest scientific and practitioner's evidence available.

While the survival rate of poles is not directly related to the Project administration, changing to a grant agreement allows for more flexibility within the scheme to align with operations on the ground. In a practical sense this will allow erosion treatments to be established over a longer period of time (up to 6 years) and align with the Sustainable Hill Country Programme. Allowing a longer period will assist landowners with stock management and with stock exclusion from treated areas until long term survival has occurred.

4. Other Issues

The problem definition omitted the issue of innate resistance of some landowners to forestry. Further work should be undertaken to assess and understand the underlying motivations of the owners of eroding and erodible land on the East Coast. Clear alignment is needed between Government objectives for the project, and financial and other impediments on landowner's ability to afforest and make other land management decisions.

Alignment between MPI and the Council, and complexity of the current administration, were also identified as issues including common specifications for poplar/willow stockings.

Funding should be directed at erosion features that respond quickest to treatment and thus where the greatest reduction in the rate of sediment delivery to river channels can be achieved in the shortest time. Scientific evidence suggests that remaining untreated gullies should be the highest priority. Poplar/willow planting should be constrained to the smallest of the gullies as the best treatment for small to medium sized gullies is reforestation or reversion of the whole of at least a significant proportion of the surrounding watershed.

MPI Response

These issues are being addressed through the “Restoring the Waipapu Catchment” programme benefiting the wider District, such as:

- priority sites, based on their erosion severity, have been identified across the district, including gullies;
- a relationship manager has been dedicated to each high priority site landowner to help understand the underlying motivations and issues faced by each landowner;
- areas outside of the identified priority areas can continue to apply to the Project, and their applications will be assessed as per usual subject to funding.

Question 4: How important are these problems?

Submitters’ comments

Generally, submitters believe that all of the problems listed in the Consultation Document are important. As discussed, submitters considered accountability, bridging finance and effectiveness of treatments are the most important problems to address.

Questions 5 & 6: Have we identified the correct objectives? Are there any additional objectives?

Objectives for changing the Project

Our objective for changing the Project is to ensure the scheme is best administered to meet the goal of addressing severe soil erosion by achieving sustainable land management on severely eroding land or erodible land on the East Coast. We propose to do this by ensuring the Project operates in ways that are:

- effective;
- efficient;
- flexible;
- client focused;
- equitable; and
- that recognise, as far as possible, the recommendations previously suggested for the Project through the 2011 Afforestation Review and the 2012 Waipapu Catchment Study Report review, as these both investigated and highlighted problems with the current Project administration.

Submitters' comments

There was no disagreement or additional proposals regarding these objectives.

Question 7: Do you agree that these are the correct options to consider? If not, why not?

OPTION 1 – REMAIN WITH THE STATUS QUO

The Project could continue to operate under the current regulations and processes. No changes would need to be implemented; however, given findings of the Afforestation Review and the Waipapu Catchment Study, it is likely that the Project will not treat as much target land as it could if the scheme were made more attractive to landowners.

OPTION 2 – IMPROVED REGULATORY APPROACH

This option would amend the Regulations to remove the requirements for covenants and approval certificates. It would replace the approval certificate with a simplified grant agreement.

All substantive obligations (e.g. relating to minimum establishment standards, fencing requirements, etc), would be in the grant agreement and referenced in the Regulations. Currently, the Regulations refer to an approval certificate as well as a covenant requirement. Some machinery provisions, including application and approval, would be retained in the Regulations, such as the enforcement provision.

The changed scheme would not be able to operate until new Regulations are approved.

OPTION 3 – NON-REGULATORY APPROACH (government preferred approach)

This option removes most of the disincentives that were highlighted in the Afforestation Review Report 2011 and the Waipapu Catchment Report 2012. This option would require amending the Regulations to allow for all new grants to be administered under grant agreements, as opposed to under the Regulations, similar to the successful Afforestation Grants Scheme.

Submitters' comments

One submission commented that the status quo was not an option and should be discarded.

There was strong support for a non-regulatory approach, with only one submitter supporting an improved regulatory approach that would have stronger enforcement.

Question 8: What other options should we consider to solve the problem?

Submitters' comments

An alternative suggestion was that the Government could purchase target land and afforest it, as was done on a large scale from the 1960s to the 1980s by the Forest Service.

On the topic of bridging finance, submitters suggested:

- a) grant payments could be made in advance according to milestones e.g. part on application approval, part when planting is completed. MPI would have to be reasonably certain that best management practices had been followed and grant funding used on the approved area; and
- b) the government manage and pay for operations directly on behalf of landowners.

MPI Response

The options suggested for removing the need for bridging finance will transfer accountability and risk of unsuccessful erosion treatments to the Crown and increase administration costs substantially through increased monitoring and reporting. Also, there is no additional funding available in the Project, and nothing to bind landowners to manage their land use.

Erosion treatments are more likely to be successful in the long term if grantees are accountable for their own land use and maintenance of the erosion treatments on their land.

Government policy today favours partnering and empowering the private sector to achieve social objectives where possible, rather than developing significant Crown assets.

Question 9: Do you agree with the assessment criteria used to evaluate options for improving the Project?

CRITERIA Based on feedback received in the Afforestation Review and Waipapu Catchment Study Report, as well as through administration of the scheme, a number of criteria were selected to assess each option.
--

Effectiveness	How likely is the option to increase the uptake of grants?
Efficiency	How efficient is the option in terms of time and resources required to make a grant?
Flexibility	How flexible is this option to adapt to changing circumstances?
Client focus	Is the public able to easily understand and participate?
Equity	Is the option equitable to current and future grantees, and to all categories of land tenure?
Recognition of review recommendations	Does the option match the recommendations of the Afforestation Schemes Review and the Waipapu Catchment Study?

Submitters' comments

No disagreement.

Question 10, 11 & 12: Do you agree with the assessment of the options?

ASSESSMENT

Assessment was carried out by MPI. 5 = high scoring, 1 = low scoring.

Criteria	Option 1: Status quo	Option 2: Improved regulatory approach	Option 3: Non-regulatory approach
Effectiveness	1	3	3
	The financial appropriation is unlikely to be used to its full potential, because the status quo is not capturing a significant proportion of target land.	Full participation is likely to be constrained, but not as much as with the status quo.	Expected to be more effective than the status quo because of the removal of the covenant and other redundant requirements.
Efficiency	1	3	5
	Current processes are administratively cumbersome. Grants can take 3-18 months to be fully processed and paid.	Still retains some unnecessary machinery provisions, such as the unnecessary duplication of roles undertaken by the Council/MPI.	Streamlined processes are expected to increase efficiency (payment made 1 month from site inspection).
Flexibility	2	3	4
	Regulation changes unnecessary.	Any changes require amendment to the Regulations.	Authority for minor changes to grant agreement conditions could be delegated to the Director General, Ministers could approve significant changes.
Client focus	2	3	5
	Some prospective grantees are put off by covenant requirements.	Improvement to the status quo, but still complex for grantees due to duplication of MPI and the Council roles.	Easier for the public to understand and participate.
Equity	1	5	5
	Participation of Māori land is disadvantaged by the covenant requirement.	More equitable for all landowners, including Māori (no covenants).	More equitable for all landowners, including Māori (no covenants).
Recognition of review recommendations	1	4	5
	No recognition.	Would recognise some recommendations.	Would recognise majority of recommendations.
Total	8	21	27

Submitters' comments

No disagreement.

Question 13: Do you agree with the preferred approach?

PREFERRED APPROACH

The approach which removes the most disadvantages for both the landowner and MPI is preferred, that is option 3. Managing the Project under a non-regulatory approach remains consistent with other governmental grant schemes such as the successful Afforestation Grants Scheme.

Submitters' comments

The majority of submitters supported the preferred non-regulatory approach. However, this was qualified by the need to ensure that the effective tree cover funded by the grants is maintained in the long-term (accountability is discussed earlier in this document).

There is an issue of an unlevel playing field where current grantees would be treated differently to new entrants if option 2 or 3 is implemented and applies to new entrants. This is especially relevant if existing grantees still have 50-year covenants, but new entrants have shorter terms or no covenant at all.

MPI Response

There are several safeguards in place to address the issue of keeping the grant area in effective tree cover:

1. Effective tree cover will continue to be managed under the provisions of the RMA.
2. MPI will provide all Project grant areas to the Council to ensure grant areas are considered when consent applications are received.
3. Monitoring of performance will be undertaken by the "Restoring the Waiapu Catchment" governance group.
4. Collaboration between MPI and the Council will enhance the alignment with the Council's Sustainable Hill Country Programme.

To address the equity issue, transitional provisions can be added to the Regulations to allow existing grantees to voluntarily transfer to a grant agreement.

Question 14: Do you agree with the plans to implement and monitor the preferred approach if it goes forward?

The expected process, following consultation, for developing and implementing improvements to the Project is:

1. Analysis of submissions and recommendations for any changes to the proposals – March 2014.
2. Report-back to Cabinet by mid-2014 seeking approval for a final package of changes.
3. Communicate the changes to the public.

Submitters' comments

No disagreement. Many submitters supported the change as soon as possible in time for the next planting season.

Question 15: Do you agree with the issues identified with current regulations/impacts on grantees?

The table in Appendix 2 sets out the issues identified by MPI with the Regulations, as well as the potential impacts options 2 and 3 would have on a grantee. This table is for the purposes of illustrating the potential impacts and is not an exhaustive analysis.

Link to legislation: <http://www.legislation.govt.nz/regulation/public/2000/0055/7.0/DLM3818.html>

Submitters' comments

No disagreement.

Question 16: What other issues with the Regulations are there which are not included in the table 'Issues with Current Regulation/Impacts on Grantees'?

Submitters' comments

No other issues.

OTHER ISSUES INCLUDED IN SUBMISSIONS

A range of other issues, suggestions or observations were included in submissions – listed below. Some were out of scope and others were generic issues or minor operational improvements that are not related to how the Project is administered.

1. Fund criteria and conditions

- partially treated areas should be eligible;
- continue to allow for a land use consultant to evaluate land that is not delineated as LO3A should not be abandoned. This provision provides more flexibility in assessing applications if the target land is inaccurately mapped;
- the ability to participate in the Emissions Trading Scheme needs more promotion and advocacy;
- required forestry stocking of 1250 stems per hectare is too high should be 1000;
- Reversion was considered to be a good option for land in areas uneconomic to road and harvest. These areas could be over-sown with native plant seed, which would be cheaper than planting trees;
- A long term management prescription would be useful as some options for manuka forests as a crop could have soil conservation implications.

MPI Response

A guide to applicants will be updated and published to accompany the changes, and will include the fund criteria, conditions and business rules. MPI also intends to work directly with landowners through appointing relationship managers to work with each priority landholder.

2. Operational management

- Funds should be allowed to be carried forward if planting programmes can't be completed to schedule;
- MPI field staff should have the ability to agree variations within the approved grant agreement to match operations on the ground, such as staging of works due to weather, site conditions, staff availability, etc;

MPI response

The multi-year appropriation already in place enhances MPI's ability to align its administration with planting programmes on the ground. Further improvements may be possible through a newly implemented Grants Management System and operating approach that will allow those managers with delegated authority to promptly agree a variation on the advice of field staff.

3. General issues

Submitters raised a number of points that they considered would assist in improving the Project, including:

- the project name could be changed to something more neutral e.g. East Coast Erosion Control project to facilitate relationships with landowners that would encourage better participation in the project;
- clarification of requirements between Land Overlay 3 and Land Overlay 3A would be useful;
- grant rates need to be Consumer Price Index adjusted;
- the proposed National Environmental Standard should be consistent with the Project e.g. it could remove concerns about regulatory uncertainty (investors can't be sure that they can harvest in the future, so might be deterred from planting);
- insufficient poplar and willow tree stock in nurseries;
- concerns around biosecurity risk from Giant Willow Aphid on willow erosion treatments.

MPI response

There is a negative perception towards forestry from some farmers on the East Coast. Rebranding the project may encourage greater participation because the primary purpose is to treat erosion rather than forestry.

The grant rates can be adjusted at anytime by MPI and it will consider this suggestion.

The other points raised require further discussion with the Council and others, and are outside the scope of improving the administration of the Project.

There is a low bio security risk from the Giant Willow Aphid. Further information on the Giant Willow Aphid can be sourced from the MPI customer centre on 0800 008333.

APPENDICES

Appendix 1 – List of Submitters

1	Craigmore Forestry Ltd	Forestry investment company
2	Gisborne District Council	Local government (Unitary Council)
3	Randolph Hambling	Individual
4	Eastland Wood Council Inc.	Association of forest owners and managers
5	N.M. Ihaka	Individual representing 15 Māori land blocks
6	Rimanui Farms Ltd	Farmer
7	Mike Marden	Landcare Research
8	NZ Institute of Forestry Inc.	Organisation representing forestry professionals
9	Ted and Kuia Morrell	Māori land owners
10	Nick Seymour	Farmer
11	NZ Farm Forestry Association (East Coast Branch)	Organisation representing farm foresters
12	BDO Gisborne Limited	Accountants

Appendix 2

Forestry (East Coast) Regulations 2000			
Regulatory requirement		Issues under status quo (option 1)	Option 2 and 3 – Impact on grantee
Regulation	Description		
General	Approval certificates	Grant terms and conditions are spread amongst the Regulations, approval certificates.	Replace approval certificates with grant agreements to improve flexibility. Aligns with operations on the ground.
3(a)(b) certified accountant	Certified accountant required to sign off claims for payments	No knowledge of grant. Serves no purpose. MPI inspects all grants before payment	Grantee to sign off own claim for payment. MPI inspects all grants before payment
3 Closed canopy indigenous scrub	Means indigenous scrub/trees at least 2 metres tall with touching/interwoven branches	Does not align with definitions developed for other government schemes	Clarity for grantee with government definitions matching
3	IRD consent required for financial years ending on dates other than 31 March	Outdated	No substantive impact on grantee (Removes requirement for MPI)
6(1)(b)	Land Use certificate required from approved consultant	Redundant – GIS is used instead	Land use certificate would no longer be required from grantee
6(1)(c)	Requirement for recent aerial photo	Too prescriptive – GIS is used instead	No substantive impact on grantee (Removes requirement for MPI)
6(2)	Potential to exempt grantee from 6(1)(b)	Irrelevant	No substantive impact on grantee
6(3)(b)	Resource consent required for clearance of indigenous vegetation	Irrelevant, Project does not fund replacement of one forest for another	No substantive impact on grantee
7(2)	Timeframes for approval certificate	Prescriptive	More flexibility with planting regimes
8	Timeframes for applications	Extremely prescriptive and binding	More flexibility when applying to the Project

9 (1)(a)	Qualifying land must be more than 5 ha and individual blocks more than 2 ha	May not allow for some targeted treatment	More flexibility regarding qualifying land sizes
9(4)(5)(6)(7)	Description of funding pools	Does not easily allow for funding to be spent on priority areas. Does not align with multi-year appropriations	One funding round per year. Improvements made to link the Project with the Sustainable Hill Country Programme.
10	Minister may fix priorities amongst applications	Time consuming and inappropriate level of sign-off for size of the scheme	No substantive impact on grantee
13(4)(a)	Covenant of 50 years required on all Project treated land	Extended timeframes for payments, difficulty with multiple owners and trusts, increased costs of administration, mapping poplar/willow establishment, encumbrance on titles	Removal of covenant from grantee's land. Grant agreements for 10 years (forestry, poplars)/15 years (reversion)
14	Detailed requirements for variations	Prescriptive, binding, unnecessary	Allow variations to agreements with mutual written consent, allowing for flexibility within agreements and multiyear treatments
15	Maximum amount of grant payable in one year cannot exceed what is agreed in approval certificate	Does not align with aspirations, allow for additional areas to be treated if required and funding is available to cover it. Inflexible. Does not align with multi-year appropriations.	More flexibility for grantee and planting regimes
19(b)	Send copy of payment to IRD	Not required	No substantive impact on grantee
22	Definition of offenses against the Regulations and penalties		Option 3 – Grantees would not be subject to the Regulations or offenses against them, but would be subject to contractual terms Option 2 – Grantees would still be subject to the Regulations and related penalties