



Agricultural Recovery Programme

Crop Re-establishment Details

In the information provided about crop reestablishment with the Agricultural Recovery Programme it was indicated that it was intended to use standard unit rates to establish the payments for crop re-establishment. During meetings with growers in May a number of concerns were raised about using standard unit rates and how the criteria would be applied. Since then the criteria have been clarified and the basis for payment for most items has been changed to actual costs rather than standard unit rates. Using actual costs will require some additional information to be provided by growers as part of the application.

Details of how the criteria will be applied, some example scenarios and the information required are detailed below. On the back page is a guide to the steps that growers need to complete.

1. Payment Criteria

- 1.1 Payments will be made to re-establish crops made unharvestable due to water¹ and silt damage for:
 1. Crop removal – where necessary to re-establish a subsequent crop
 2. Cover crops
 3. Land preparation/cultivation
 4. Seeds or transplants
 5. Planting
 6. Fertiliser
 7. Crop protection (sprays or cultivation)
 8. Irrigation operating costs (e.g. fuel, electricity).
- 1.2 All payments will be made on receipted invoices – no payments will be made without receipted invoices, or equivalent.
- 1.3 The maximum sum to be reimbursed for a claim will not exceed a figure based on 90% of the establishment costs of the 2003/04 crop lost in the flood event – adjusted for any cost changes to establish the equivalent crop in 2004/05.
- 1.4 Where the same crop/variety is grown, payments will be 90% of the cost of establishing the 2004/05 crop.
- 1.5 Where a **cheaper** crop/variety is grown, the payment will be:
 - 90% of the actual 2004/05 re-establishment costs for the crop area sown
 - up to the maximum sum established by the calculation set out in 1.3 above (if a larger area of crop is sown).
- 1.6 Where a more **expensive** crop is grown in 2004/05 the payments will be:
 - 90% of the actual 2004/05 re-establishment costs (if a lesser area is sown)
 - up to the maximum sum established by the calculation in 1.3 above (if a similar or larger area of crop is sown).

¹ Water damage is where there was flooding, ponding or excessive movement of water through the crop.

- 1.7 If a crop is 'replaced' with **pasture**, payment will be 75% of the cost of establishing pasture plus debris and crop removal (where necessary to re-establish the pasture).

NOTE: This is the same rate that applies to pasture re-establishment provisions in the programme.

- 1.8 How payments will be made:

Payments will not exceed the maximum as per 1.3.

- Payments **up to** planting will be based on the 90% of the actual costs for items 1-6 in paragraph 1.1 above.
- Payments **after** planting for items 6-8 in paragraph 1.1 may be either:
 - a) 90% of the actual costs for the items above (based on providing receipted invoices for these items); or
 - b) 90% of a standard rate for the crop from planting to mid-February 2005. (This would be calculated as a lump sum payment and be paid after planting is confirmed and in advance of expenditure being incurred.)
- Payments will be reimbursement for costs incurred:
 - a) Actual costs, including contractors costs, upon provision of receipted invoices; and/or
 - b) Where growers own machinery is used, a payment will be based on 60% of a standard contract rate for the size and type of machine used, based on provision of the 'Use of Own Machinery' Form

Claims for payment can be submitted as soon as receipted invoices have been obtained. There is no limit as to the number of payment requests that can be made, so claims can be made over a number of months.

2. Key points to note

- You do not have to replace in the same location as the lost crop
- You do not have to replant the same crop as was lost
- Costs of crop removal are separate and additional to the crop re-establishment costs – Use 11.2 in the Application Details forms
- Costs of cover crops are separate and additional to the crop re-establishment costs – use 11.3 in the Application Details forms

3. Examples scenarios

3.1 Scenario 1 – Planting the same crop in 2004/05 as was lost in February 2004

Grower A lost 8 hectares of sweetcorn in the floods and decides to re-establish 8 hectares of sweetcorn this year (2004/05). Grower A will receive payment of 90% of the cost of establishing the 2004/05 crop. Payment will be made on receipt of invoices.

If Grower A decided to plant 10 hectares of sweetcorn this year (2004/05), and he/she had only lost 8 hectares in February 04, payment will be based on 90% of re-establishing the area lost/damaged in February 2004 i.e. 8 hectares, not the total 10 hectares that will be planted this season.

If Grower A decided to plant 5 hectares of sweetcorn this year (2004/05), having lost 8 hectares in February 04 Grower A will receive payment of 90% of the cost of establishing the 5 hectares planted this season, not payment based on the 8 hectares lost in February 04.

3.2 Scenario 2 – Planting a **cheaper** crop in 2004/05 than was lost in February 2004

Grower B lost 10 hectares of onions in the floods and decides to establish sweetcorn this year (2004/05). Grower B will receive payment up to 90% of the cost of establishing the 2004/05 crop of sweetcorn. The maximum sum the grower can receive for the 2004/05 sweetcorn will be 90% of the establishment costs of the 10 hectares of onions lost in February 2004.

As sweetcorn is considered a cheaper crop to grow in comparison to onions, this may result in Grower B establishing a greater area in sweetcorn than the 10 hectares that was lost in onions. Grower B can claim up to 90% of the cost of establishment for the 10 hectares of onions.

3.3 Scenario 3 – Planting a more **expensive** crop in 2004/05 than was lost in February 2004

Grower C lost 8 hectares of sweetcorn in February 2004 and decides to establish squash this year (2004/05). Grower C will receive payment up to 90% of the cost of establishing the 2004/05 crop of squash, with the maximum being 90% of the cost of establishing the 8 hectares of sweetcorn lost in February 2004.

As squash is considered a more expensive crop to grow compared to sweetcorn, Grower C will not be able to claim to establish the same area in squash, as was lost in sweetcorn, i.e. 8 hectares. Grower C is constrained by the maximum sum of reimbursement being up to 90% of the establishment costs of the 8 hectares of lost sweetcorn.

3.4 Scenario 4 – Planting **pasture** in place of crop

Grower D lost 10 hectares of barley in February 2004 and decides not to re-establish another crop, but to plant the 10 hectares into pasture. Grower D will receive 75% of the cost of establishing pasture as pasture re-establishment.

3.5 Scenario 5 - **Multiple** crops

Grower E lost more than one crop in February 2004. The amount of total payment will not exceed the total amount to re-establish the crops lost. This will require completion of the cost of production form for each crop lost and the amounts being totalled to establish the total amount claimable.

3.6 Harvestable Portions

If Grower F managed to harvest 20% of a 10 hectare barley crop, then Grower F can only claim for the 80% of the crop that was unharvestable i.e.: 8 hectares or the equivalent cost of production.

If the 20% that Grower F harvested of the 10 hectare barley crop produced significantly reduced yields, Grower F should discuss this with an Agricultural Recovery Facilitator.

4. What do you need to do now?

There are a number of important forms to complete. These are:

- Cost of Production for Crop lost February 2004
- Payment Request form
- Crop Invoice Form for 2004/05
- Use of Own Machinery Form

The forms are the same whether you are claiming for fresh vegetables or processed vegetables and arable.

The forms are described on the pink sheet – Payment and Appeals Information – Crops.

4.1 If you have ALREADY made an application:

1. Complete the **Cost of Production Form** for each crop that you lost in February 2004. These can be sent back to MAF as soon as you have completed them – you do not need to wait till you have invoices for payment.
2. Complete a **Payment Request** for any cost incurred for other items approved as claimable – eg fencing, tracks, cover crops, crop removal. If you have used your own machinery for some work you will need to attach the 'Use of own machinery form' as it is like an invoice. You will need to include 'proof of payment' such as receipts or bank statement with the invoices.
3. Complete **Crop Invoice** form for each claimable crop established in 2004/05 and submit once planting has occurred. As for the payment requests you may need to include a 'Use of own machinery' form. Receipted invoices for costs claimed will need to be included.

4.2 If you have NOT made an application:

1. Complete the **Application Form** and **Application Details** forms that are part of the original application pack. These include estimated costs for crop removal and cover crops.
2. Complete the **Cost of Production** Form for each crop that you lost in February 2004 and include with your Application Form.
3. You will be advised of the Assessment Committee decision on your application and will be sent payment request forms.

If you require assistance or additional forms please contact the Programme Administrator – 06 351 7921.