

Chair
Cabinet Economic Development Committee

BIOSECURITY STRATEGY FOR NEW ZEALAND: OVERVIEW AND CROSS CUTTING ISSUES

Proposal

1. *This paper is the first of a suite of four papers reporting on the finalised Biosecurity Strategy for New Zealand (the Strategy). It:*
 - *summarises the findings and expectations in the Strategy;*
 - *asks Cabinet to endorse these recommendations and agree that they form the basis for the Government's improvements to the biosecurity system over the next five years;*
 - *sets out my proposed Government response, including a summary of funding requirements.*

Executive summary

2. The Biosecurity Council has recently completed its Strategy for improving the biosecurity system (the Strategy). This Cabinet paper, and three companion Cabinet papers, provide advice on the implementation of the Strategy's findings and expectations.
3. The Strategy confirms the finding of earlier reviews that New Zealand's biosecurity system already performs relatively well, but that improvement is needed. Its recommendations are provided in the form of ten 'first steps' and a set of 57 'expectations'.
4. In response, officials have developed recommendations in the following areas:

Governance

Giving the Ministry of Agriculture and Forestry (MAF) end to end responsibility for the biosecurity system, convening a Ministerial Committee and a Chief Executives' Forum to guide strategic direction, and establishing other mechanisms to support a 'whole-of-system' approach.

Risk management

Enhancing current, or introducing new, risk management programmes.

Systems and processes

Developing improved systems and capabilities, including for management, prioritisation, co-ordination, and Maori responsiveness.

Funding and cost recovery

Implementing a more consistent approach to decisions on funding and cost recovery.

5. MAF will need to undertake a significant development programme to give effect to its new biosecurity mandate. The Deputy CE of MAF is leading a development programme, and will be overseeing the establishment of new structures, capabilities and systems designed to support a whole-of-biosecurity focus. I have asked MAF to report to the new CEs Forum by 30 September 2003, and the Ministerial Committee by 31 October 2003, on a process and timeline for its intended change programme.

Background

6. The Government provided funding to MAF in the 2000/01 Budget for the development and publication of a comprehensive Biosecurity Strategy for New Zealand. The Cabinet approved terms of reference and a project plan for the Strategy's development in November 2000 [FIN (00) M 35/8 refers], and the Biosecurity Council was asked to co-ordinate the Strategy's development on behalf of the Minister for Biosecurity. In developing a Biosecurity Strategy, the Government is seeking to agree goals, objectives and measurable targets for New Zealand's biosecurity programmes into the future.
7. In December 2002 the Cabinet agreed to release for public consultation a draft Biosecurity Strategy – *Guarding Pacific's Triple Star*. It also agreed to establish an inter-agency working group to address issues arising from this draft Strategy [EDC Min (02) 7/5 refers]. The objective of the working group was to operate in parallel with the team finalising the Strategy to develop government responses to the broad issues raised, and an implementation plan.
8. Consultation on *Guarding Pacific's Triple Star* resulted in 150 submissions, covering a wide range of issues. Comments included the need for enhanced risk management, better governance and co-ordination mechanisms, and clarity over funding. All submissions were summarised and analysed as part of the process of finalising the Strategy and developing a Government response.
9. This paper summarises the key findings and expectations of the finalised Strategy, and outlines my proposed Government response. Three companion papers provide more detailed recommendations on:
 - Governance and Structural Arrangements;
 - Funding Sources and Cost Recovery; and
 - Improvements to Systems and Capabilities.
10. A copy of the Biosecurity Strategy is attached as Appendix 1.

Comment

Findings and expectations in the Strategy

Context

11. The Strategy notes that New Zealand is facing an increasingly challenging biosecurity environment. Over recent years biosecurity risks have evolved and new biosecurity challenges have emerged. Globalisation and changes in transport technologies have resulted in greater and more rapid trade and the development of new trade routes. Growth in numbers of travellers to New Zealand has been significant and New Zealanders are travelling more often as well as more widely. New infectious animal diseases, such as avian flu and bovine spongiform encephalopathy (BSE), have emerged. Changing climatic conditions may be making the New Zealand environment increasingly susceptible to invasive organisms. The pace of this change is also quickening, as the world becomes increasingly interlinked.

12. Along with these changes, the Strategy notes that there has been expansion in the scope of New Zealand's biosecurity programmes. Historically, New Zealand's biosecurity effort was directed at protecting land-based primary production – our important agriculture, forestry and horticulture industries – and facilitating international trade in primary products. Whilst the health of these sectors remains critical to New Zealand's economic well-being, over recent years there has been increasing recognition of the vital importance of biosecurity to the marine environment, indigenous flora and fauna and human health.

Performance of the system

13. Overall the Strategy concludes that New Zealand's biosecurity system is well-developed and there are many activities at which we excel, from border inspection and quarantine through to pest management. However, it also identifies weaknesses in a range of areas. Many of the weaknesses highlighted are quite detailed, relating to specific aspects of biosecurity activity. However, a number of common themes have emerged. They are that:

- there is no framework for prioritisation across the biosecurity continuum and sectors, and there are inconsistencies and deficiencies in agency decision-making processes;
- the biosecurity agencies management practices have failed to keep pace with the increasing scope and complexity of the biosecurity task, with:
 - unclear roles and responsibilities;
 - inadequate monitoring and review procedures;
 - inadequate use of formal project planning methodologies;
- there is fragmented leadership of the overall biosecurity system, with:
 - inconsistency in approaches and systems across the agencies;
 - poor inter-agency coordination (between and within the different levels of Government);
 - no commonly agreed set of priorities and objectives;
- there is insufficient responsiveness to changes in risks;
- the available information is not managed or used effectively;
- there is insufficient interaction with, and support of, key stakeholders;
- there are gaps in interventions (i.e. areas where activity should be undertaken but is not);
- there are gaps in capability and capacity, with:
 - insufficient resourcing;
 - under-investment in and lack of integration of, information systems;
 - lack of strategic capability;
- there is insufficient public awareness and 'ownership' of biosecurity, with:
 - patchy enforcement;
 - limited use of public awareness and communication campaigns.

Recommendations and expectations

14. The Strategy seeks continuous, incremental improvement in a systematic manner across the biosecurity system. It has not identified any one area where activity is totally lacking or performance is drastically inadequate. Rather, it has highlighted a series of areas where steady ongoing improvement is needed. The Strategy also notes that, at its heart, improving the biosecurity system's performance requires excellence in implementation and management. In other words, improving the system requires doing what is currently done better. It is not just a matter of spending more money or plugging gaps in activities.

15. The Strategy recognises that this will require substantial effort and resources. Ultimately, how much can be achieved will be determined by the extent to which society values each of the outcomes to which biosecurity contributes.

16. The Strategy's recommendations for action are provided in the form of ten recommended first steps and 57 expectations. The ten first steps involve relatively specific changes to the biosecurity system. They are to:
- i. make MAF clearly accountable for overall management of the whole biosecurity system, on behalf of all New Zealanders;
 - ii. put in place the necessary systems, structures and capabilities within MAF to support its role - starting with strong strategic capability;
 - iii. establish governance mechanisms (including a reconstituted Biosecurity Council and chief executives' forum) to support this strategy's implementation and monitor performance;
 - iv. encourage all New Zealanders to support and participate in biosecurity through a social marketing programme;
 - v. identify ways to involve Maori fully in biosecurity issues and decisions, nationally and locally;
 - vi. identify, prioritise and review current and emerging risks– from pre-border to pest management and across aquatic and terrestrial environments;
 - vii. establish national leadership and co-ordination of pest management;
 - viii. recognise the contribution of science to biosecurity (strategically and operationally) and fund it properly;
 - ix. ensure decision-making processes take account of risks to the economy, biodiversity, taonga, human health and lifestyle in setting priorities; and
 - x. increase funding over the next five years for priority areas, and build organisational capability across the system.
17. The 57 expectations of the future state of the biosecurity system have a longer term focus, and describe the sorts of objectives that should be aimed for, rather than the specific actions that need to be undertaken to achieve those objectives. Three of the main expectations are that:
- i. the biosecurity system will be fully integrated, and operating efficiently and transparently in an environment of continuous improvement (measure, review, refine);
 - ii. the system encourages all New Zealanders to participate and support biosecurity; and
 - iii. there is an annual review with external stakeholders on the performance and development of biosecurity, with an overall review in 2010.
18. The Strategy also notes that the biosecurity system must respond to the needs of Māori, both as the Crown's treaty partners and as an emerging economic force. A Māori Responsiveness Strategy will be developed to facilitate Māori engagement in biosecurity issues at both national and regional level. Communication with iwi and hapu who undertake kaitiaki roles will be formalised and facilitated.
19. Some of the other key expectations relate to:
- improving institutional arrangements:
 - giving MAF a clear lead agency role;
 - giving the CE of MAF lead accountability for the system;
 - establishing a CEs Forum to support the MAF CE, and develop strategic direction;
 - creating a re-configured biosecurity council;
 - establishing a regional government / central government forum;
 - possibly establishing an industry forum;
 - plugging capability gaps:
 - establishing a strategic capability;
 - steadily increasing overall funding levels;
 - according high priority to developing and prioritising initiatives for increased spending;

- adopting consistent approaches to funding sources:
 - applying a clear and consistent framework for determining who should pay for a particular service;
 - application of this framework for all new spending, and a progressive review of all existing activities to ensure consistency;
- improved systems and processes:
 - improved integration of decisions;
 - better systems and frameworks for prioritizing between activities;
 - greater standardization of processes;
 - development of improved knowledge systems; and
 - improved performance management practices.

Proposed Government response to the Strategy

20. I believe that the findings and recommendations in the Strategy are sound. I therefore propose that the Strategy be officially endorsed, and that the Government uses it as the basis for improving the biosecurity system over the next five years. Collectively, the recommendations provided in this and the three companion papers seek the Cabinet's agreement to begin making the changes that will be necessary.
21. The recommendations in the *Governance and Structural Arrangements* paper progress all of the institutional changes proposed in the Strategy. Notably, they give overall responsibility for biosecurity functions – strategic, regulatory, decision-making and service delivery functions for health, environmental, economic and social/cultural outcomes to which biosecurity contributes – to MAF. MAF will need to build a biosecurity culture that engenders trust, encourages openness, recognises all interests, and facilitates constructive engagement across the system. I also intend to establish mechanisms to ensure improved accountability and an appropriate 'whole-of-system' focus. These mechanisms will include a Ministerial Committee and a CEs Forum.
22. The *Funding Sources and Cost Recovery* paper provides an overarching framework for MAF to use to determine the appropriate source of funding for each of the services it provides. It also recommends that MAF be required to use this framework when preparing any bids for future funding, and that all funding of existing activities be steadily reviewed over the next 18 months.
23. Lastly the *Improvements to Systems and Capabilities* paper provides recommendations on a range of issues relating to enhanced risk management, and improved systems, processes and capabilities. I am seeking immediate new funding to enhance the management of biosecurity risks posed by imported sea containers, and to increase the public awareness of biosecurity activities. I also intend to ask the new CEs Forum to co-ordinate the development of a comprehensive package of biosecurity new initiative bids for the 2004/05 Budget.
24. Collectively, the recommendations in the three supporting Cabinet papers take the Government well down the track towards implementing the Strategy. Each of the Strategy's recommended first steps is explicitly addressed. However, full implementation of the Strategy is likely to take up to five years and, while some of the 57 expectations are also directly addressed in these papers, others require further work to be undertaken. I will work closely with MAF to ensure that those remaining items continue to be given high priority and are addressed as quickly as practicable.

Implementation

25. Successful implementation of the recommendations provided in this suite of papers will require a considerable amount of effort, time and resources. Many of the recommendations require MAF and the other agencies to undertake further work over the next 12-24 months. Others require new systems to be developed and new bodies to be established. The most important steps to facilitate this change process are the establishment of a true whole-of-system focus within MAF supported by the CEs Forum, and the creation of the strategic function.

Whole-of-system focus

26. The Strategy's top priority is for MAF to be given overall accountability for the biosecurity system. This will require MAF to take greater responsibility for the aspects of biosecurity relating to the marine environment, human health and indigenous flora and fauna than it has at present. MAF will need to undertake a significant development programme to give effect to its new biosecurity mandate. The Deputy CE of MAF is leading a development programme, and will be overseeing the establishment of new structures, capabilities and systems designed to support a whole-of-biosecurity focus. The CE of MAF will be reporting soon to the new CEs Forum and the Ministerial Committee on his intended change process.

Strategic function

27. The Strategy has identified a significant lack of strategic capability within the biosecurity system. To my mind this is the underlying cause of many of the other weaknesses identified. It is therefore crucial that this capability be established as soon as possible. Once in place, the strategic function will provide direction and leadership for the system and be used to drive the remainder of the implementation process. I intend to work closely with the CE of MAF to ensure that this occurs promptly and effectively.

Other important changes

28. Other important changes will be to:

Governance

- establish a Standing Ministerial Committee for Biosecurity;
- establish a CEs Forum;
- establish a Ministerial Advisory Group;
- establish a Regional Government Forum; and
- possibly establish an Industry Forum.

Risk management

- implement the new sea container import health standard;
- enhance the biosecurity awareness programme 'Protect New Zealand';
- implement the agreed findings of the import health standards review;
- implement the agreed findings of the surveillance review;
- develop a national leadership role for pest management functions; and
- develop improved marine biosecurity capability.

Systems and processes

- implement improved performance measurement systems;
- implement improved management practices;
- implement improved information and data management systems;

- implement improved contracting capabilities;
- develop a Māori responsiveness strategy;
- improve the use of science as an input into decision making; and
- use modelling techniques more widely.

Funding and cost recovery

- implement a more consistent approach to decisions on funding and cost recovery.

Monitoring progress

29. Many of the expectations set out in the Strategy will take time to achieve. While some can be implemented more or less immediately, others will require continued effort by MAF over a period of up to five years. It is therefore vital that MAF's implementation effort be closely monitored. I intend to take a lead role in this. In addition, I expect that the proposed Ministerial Advisory Committee and CEs Forum will be helpful in assessing progress. I will report to Cabinet 31 December 2004 on progress with the Strategy's implementation.

Funding issues

30. The implementation of the Strategy will have significant funding implications. Immediate funding is sought to enhance sea container risk management and biosecurity awareness programmes (detailed in the *Improvements to Systems & Capabilities* paper) and to establish the strategic function and develop a change management plan (detailed in the *Governance and Structural Arrangements* paper). A summary of these initiatives is as follows:

<i>Vote Biosecurity: Agriculture and Forestry</i>	\$million, GST inclusive – increase (decrease)					
Departmental Output Expenses:	2003/04	2004/05	2005/06	2006/07	2007/08	Outyears
Sea container risk management	0.781	-	-	-	-	-
Biosecurity awareness	1.150	1.150	1.150	1.150	1.150	1.150
Establishing new strategic function	1.333	1.600	1.600	1.600	1.600	1.600
Initial implementation of development programme	1.418	-	-	-	-	-
Total impact	4.682	2.750	2.750	2.750	2.750	2.750

31. In addition, I intend asking the CEs Forum to develop a prioritised package of new initiative bids to enable progress on the range of other biosecurity systems and capability enhancements outlined above. I expect that some high priority initiatives will be progressed during 2003/04, and that others will be included in the 2004/05 Budget Round.
32. The *Funding and Cost Recovery* paper notes that funding sources for biosecurity services will be reviewed over the next eighteen months. I intend that any expansion in biosecurity services will be linked to an appropriate assessment of funding source. While I expect an increase in the use of cost recovery, I also expect that the taxpayer will continue to fund a significant proportion of biosecurity activity.

Financial implications

33. This paper has no direct financial implications. It summarises funding requests contained in the companion papers *Improvements to Systems and Capabilities* and *Governance and Structural Arrangements*.

Human rights

34. The proposals in this paper are consistent with the Human Rights Act 1993.

Legislative implications

35. This paper has no legislative implications.

Regulatory impact and compliance cost statements

36. Neither a regulatory impact statement nor a business compliance cost statement is required as the proposals in this paper would not result in a Government Bill or statutory regulations.

Gender implications

37. There are no gender implications associated with the proposals in this paper.

Publicity

38. There is considerable public and industry interest in New Zealand's biosecurity programmes. I intend to announce publicly the Cabinet's decisions in relation to this suite of Cabinet papers at a joint public press conference with the Chair of the Biosecurity Council when the Strategy is released.

Consultation

39. The following departments have been consulted during the preparation of this paper: The Treasury, Department of Conservation, Ministry of Fisheries, Ministry of Health, Ministry for the Environment, Ministry of Foreign Affairs and Trade, Te Puni Kōkiri, New Zealand Customs, the Ministry of Research, Science and Technology, the Department of Prime Minister and Cabinet, the Ministry of Economic Development, and the State Services Commission. The Chair of the Biosecurity Council and the Environmental Risk Management Authority have also been provided with a copy.

Recommendations

40. I recommend that the Committee:

1. **note** that the Biosecurity Council has finalised its Biosecurity Strategy and presented it to the Minister for Biosecurity;
2. **endorse** the recommendations set out in the Strategy and **agree** that they form the basis for the Government's improvements to the biosecurity system over the next five years;

3. **note** that the Minister for Biosecurity intends to give priority to implementing recommendations in the following areas:

Governance

- giving MAF end to end responsibility for the biosecurity system;
- establishing a Standing Ministerial Committee for Biosecurity;
- establishing a CEs Forum;
- establishing a strategic function to advise the CE of MAF and support the CEs Forum;
- establishing a Ministerial Advisory Group;
- establishing a Regional Government Forum; and
- possibly establishing an Industry Forum.

Risk management

- implementing the new sea container import health standard;
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- developing a national leadership role for pest management functions; and
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Systems and processes

- implementing improved performance measurement systems;
- implementing improved management practices;
- implementing improved information and data management systems;
- implementing improved contracting capabilities;
- developing a Māori responsiveness strategy;
- improving the use of science as an input into decision making; and
- using modelling techniques more widely.

Funding and cost recovery

- implementing a more consistent approach to decisions on funding and cost recovery;

4. **note** that the three companion Cabinet papers *Governance and Structural Arrangements*, *Funding Sources and Cost Recovery*, and *Improvements to Systems and Capabilities* provide specific recommendations in each of these areas;
5. **direct** MAF, in consultation with other agencies, to report back to Cabinet by 31 December 2004 on progress with implementation of the Strategy;
6. **note** that the Minister for Biosecurity intends to publicly announce the Cabinet’s decisions in relation to this suite of Cabinet papers.

Appendix 1

[Attach final version of Biosecurity Strategy]