

Chair
Cabinet Economic Development Committee

BIOSECURITY STRATEGY FOR NEW ZEALAND: IMPROVEMENTS TO SYSTEMS AND CAPABILITIES

Proposal

1. *This paper is one of a suite of four papers reporting on the Government's response to the finalised Biosecurity Strategy for New Zealand. It seeks immediate new funding to implement improved risk management for imported sea containers, and to increase the public awareness of biosecurity. It also notes that the Minister for Biosecurity will report back to the Cabinet with detailed proposals for additional urgent enhancements to the biosecurity system once further work to establish priorities has been completed.*

Executive summary

2. The Biosecurity Strategy (the Strategy) identifies that many changes are necessary to improve biosecurity performance. It is too early to provide detailed funding requests for most of the changes needed. However, I am seeking immediate funding of \$1.931 million (GST inclusive) in 2003/04, and \$1.150 million (GST inclusive) in 2004/05 and outyears, to enhance the management of biosecurity risks posed by imported sea containers, and to increase the public awareness of biosecurity activities. I am also seeking funding in the companion paper *Governance and Structural Arrangements* to commence changes to the way biosecurity is governed.
3. In addition to these immediate measures, the Strategy makes a large number of recommendations to enhance systems, processes and capabilities, and improve risk management. I intend to ask the new CEs Forum to review these recommendations, prioritise them, and develop new initiative proposals for me to bring back to the Cabinet over the coming months. My expectation is that some high priority initiatives will be implemented during 2003/04, and that others will be included in the 2004/05 Budget Round.
4. The Strategy will be implemented progressively over several years. I will review progress with its implementation in the first half of 2004, and may seek further funding for biosecurity enhancements in the 2005/06 Budget round.

Background

5. The Biosecurity Strategy, and the biosecurity working group that has developed a proposed Government response to the Strategy's recommendations, have identified a large number of changes necessary to improve biosecurity performance. Recommendations for change are also contained in a number of other reviews, including a review of biosecurity surveillance, the Office of the Auditor-General's review of biosecurity, the review of sea container risks, and the review of import health standards process.

6. Some of the recommendations relate to improved risk management, but many refer to the systems, processes and capabilities required to improve and manage overall biosecurity performance. This reflects the fact that many of the problems identified relate to how the system works, not what it does.
7. There is considerable concern within the four existing biosecurity agencies (Ministry of Agriculture and Forestry (MAF), Ministry of Fisheries, Department of Conservation and Ministry of Health), that the overall level of funding currently dedicated to biosecurity activities is too low, and not allocated optimally across sectors and functions. This view is supported by other stakeholders and is reflected in the Strategy.
8. It is too early, however, to provide detailed requests for funding for most of the changes needed. Previous biosecurity initiatives have been criticised for being ad hoc and not developed within a strategic framework. It will therefore be important to implement changes in a systematic way, building on a clear strategic overview of the whole system, and ensuring that priorities take account of all desired outcomes. The new CEs Forum will oversee the changes, and the full programme is likely to take several years. The CE MAF will be reporting to the CEs Forum by 30 September 2003, and the new Ministerial Committee by 31 October 2003, on his intended initial implementation process.

Comment

New funding required

9. I am seeking immediate funding in this paper of \$1.931 million (GST inclusive) in 2003/04 , and \$1.150 million (GST inclusive) in 2004/05 and outyears, to enhance the management of biosecurity risks posed by imported sea containers, and to increase public awareness of biosecurity activities.
10. I am also seeking funding in the companion paper *Governance and Structural Arrangements* to commence changes to the way biosecurity is governed. In summary, these changes will result in MAF assuming responsibility for end-to-end management of the biosecurity system, and the establishment of a CEs Forum and other mechanisms to ensure a ‘whole-of-system’ focus.
11. In addition to these immediate needs, I also intend to seek further funding during the current year and outyears to pay for urgently needed enhancements to biosecurity risk management, and improvements to biosecurity systems, processes and capabilities. I will report back to Cabinet with detailed proposals once further work to establish priorities has been completed.

Immediate needs

Sea containers

12. It has been recognised for some time that imported sea containers present a high-risk pathway for the introduction of unwanted terrestrial pests, with consequences for the environment, human health and the primary sector. In response to a Cabinet directive in 2000, MAF has undertaken a comprehensive risk analysis of the sea container pathway, and has consulted with government agencies (including NZ Customs), industry and other stakeholders on a series of recommendations for improving New Zealand’s risk management measures.

13. A new import health standard for sea containers has been drafted, and it is intended that this be implemented progressively from September 2003. The main changes will be:
- receiving shipping manifests electronically;
 - developing and implementing an electronic container risk profiling system;
 - requiring port operators to check for external contamination of containers (MAF will continue to inspect 'high risk' containers);
 - requiring that all containers be directed to MAF approved unpacking or storage facilities for checking by a MAF accredited person (MAF will still undertake the inspection of biosecurity risk goods carried as cargo within the container);
 - promoting sea container biosecurity issues via international organisations such as the International Maritime Organisation and the Institute of International Container Lessors;
 - providing guidelines on container cleanliness and packaging to industry stakeholders; and
 - enforcing more stringently regulatory requirements, including prosecution for serious non-compliance.
14. Implementing the new container import health standard will involve significant effort over the next 6-12 months. MAF will continue liaising with other border agencies to ensure consistency with the Government's overall border security strategy. The costs of developing an electronic risk profiling and container tracking system (estimated at \$0.338 million) will be funded off the MAF balance sheet, and ongoing operating costs will be funded from existing third party charges levied on sea container imports. However, I am also seeking an increase in Crown funding of \$0.781 million (GST inclusive) for the following two items, both of which are critical to the successful implementation of the new requirements:
- develop training materials and train the accredited persons who will check sea containers during discharge at the port and unpacking at importers premises (\$0.666 million); and
 - produce and distribute awareness materials to on and off shore audiences (\$0.115 million).

Biosecurity awareness

15. Building public understanding and awareness of biosecurity is a long-term strategic intervention. It supports New Zealand's total biosecurity programme by helping to ensure:
- greater compliance and understanding of the need for border biosecurity;
 - ongoing surveillance by the New Zealand public;
 - tolerance and understanding of the need to eradicate certain pests;
 - understanding of the growing pressures on, and limitations of, biosecurity measures;
 - increasing acceptance of harsher penalties as a deterrence to non-compliance; and
 - all New Zealanders share in the responsibility of, and support the need for, strong biosecurity.
16. Initially, MAF's Protect New Zealand programme received a one-off appropriation of \$2.970 million (GST inclusive), which was spread over three years ending in 2002/03. In the 2002/03 Budget, baseline funding of \$0.350 million (GST inclusive) was allocated for a permanent biosecurity awareness programme.

17. Results from the initial campaign have been positive, and research conducted before and after indicates a significant increase in awareness New Zealanders have of biosecurity issues. Border compliance statistics also indicate that awareness is changing the behaviour of travellers. Protect NZ programmes and priorities are co-ordinated by a cross-sectoral group, which has agreed key messages, guiding principles and areas for focus. A number of awareness activities are underway, including planning for a biosecurity schools programme, and extending successful programmes targeting the cargo and freight industry, the farming community, the Chinese, Korean and Pacific communities, and the garden industry.
18. With current resources, Protect New Zealand will not be able to maintain the levels of awareness achieved when the programme was better funded and staffed. Comparisons to overseas equivalents also suggest that the programme is significantly under-resourced. Australia's *Quarantine Matters* programme receives NZD \$4.6 million per year. While it could be expected that Australia would spend more on biosecurity awareness because of its greater passenger and cargo volumes, New Zealand's investment is significantly less even when adjusted for these factors.
19. I propose that the Protect New Zealand programme receive additional baseline funding of \$1.150 million per annum (GST inclusive), taking its total annual funding to \$1.500 million (GST inclusive). This level of investment would enable Protect New Zealand to:
- carry out more in-depth research on New Zealander's attitudes and behaviour;
 - extend the scope of programmes already planned and integrate them into a overarching public awareness campaign; and
 - participate in MAF's over-arching communications strategy by looking strategically at how the Government's biosecurity objectives and activities can be better articulated.

Urgent needs

20. The Biosecurity Strategy and the biosecurity working group have identified some other urgently needed improvements to the biosecurity system. I intend to ask the new CEs Forum to review these proposed initiatives in line with its strategic direction for biosecurity, prioritise them, and make recommendations to me. Once this work has been completed, I will report back to Cabinet with detailed funding proposals. My expectation is that some high priority initiatives will be implemented during 2003/04, and that others will be included in the 2004/05 Budget Round.
21. The initiatives will include, but will not be limited to:
- *Risk management*
 - implementing the agreed findings of the import health standards review;
 - implementing the agreed findings of the surveillance review;
 - developing a national leadership role for pest management functions; and
 - developing improved marine biosecurity capability.
 - *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.

Risk management

Import health standards

22. MAF currently has a large backlog of import health standards requiring development, and considerable delays are occurring in their finalisation and publication. Given the fundamental importance of import health standards to biosecurity import risk management, and our relations with other countries that wish to export products to New Zealand, this is not acceptable. MAF has recognised this problem and an external review is underway. MAF has received a first draft of the review report, and I understand that a range of recommendations has been made to improve methodologies and processes. These recommendations will need to be finalised and assessed carefully before being implemented.

Surveillance

23. Surveillance systems are well developed in some sectors and less well developed in others. There is a need to achieve greater consistency by undertaking a systematic evaluation of needs, and ensuring technical rigour in programme design. Assessment of priorities and the development of well-designed surveillance programmes are major tasks that will need to be undertaken over a number of years. An independent review of biosecurity surveillance carried out to inform the Biosecurity Strategy development process identified the following broad areas for improvement:

- baseline information on the current state of biodiversity;
- diagnostics capability for the range of pests of interest;
- enhanced public awareness; and
- new government, regional council and industry led surveillance programmes.

Pest management

24. Pest management includes long-term actions aimed at eradicating, containing and controlling pests that have become established in New Zealand. The current pest management roles of central and local government are at times muddled, and there is a lack of communication and co-ordination. Under the proposals set out in the *Governance and Structural Arrangements* paper, I will expect MAF to take responsibility for oversight and integration of the whole pest management system. This will involve MAF ensuring, for example, that agency roles are clear, that there are no gaps in responsibility, that pests are being managed at the appropriate (national or regional) level, and that legislative tools are appropriate for the full range of necessary actions.

Marine biosecurity

25. Marine biosecurity is a relatively new area of biosecurity. The marine environment poses unique challenges for biosecurity, but as on land, introduced pests threaten the economic, environmental and social values of our seas. Marine biosecurity is characterised by lack of knowledge and limited tools and capability for managing the risks. To protect the marine environment from marine pests, it is vital that information and capability be improved across the board, from developing and implementing international controls on ballast water to controlling introduced marine pests.

Systems and processes

Performance measurement

26. It is vitally important that the Government has the ability to determine how well the biosecurity system is working, and where improvements are needed. To achieve this, a comprehensive set of performance indicators is needed, against which the performance of the biosecurity system can be managed.

Management practices

27. As with any large and complex system, good management practices will be crucial for biosecurity if the system is to perform to the standard desired. However, considerable weaknesses currently exist in biosecurity management practices. The lack of clear service specifications, quality systems and documented procedures and policies have been highlighted in a number of recent biosecurity reviews. Areas where attention is required include business planning, financial management, risk management, process standardisation and prioritisation. I intend to put considerable emphasis on ensuring these practices are improved.

Information and data management

28. New Zealand's biosecurity effort involves complex and varied decision making, with invariably imperfect information. To be effective, our biosecurity system therefore requires that the information we do have is robust, comprehensive and easily accessible. At present there are considerable weaknesses in the biosecurity agencies' information management systems. This is simply not acceptable. Effective and appropriate decision making requires good information. Without it there is a risk that weaknesses in the system will not be identified and addressed, and that changes in the overall effectiveness of the system cannot be identified.

Contracting out

29. The biosecurity agencies have all pursued a policy of contracting out a significant portion of their delivery functions for some time. This policy has provided clear benefits, but some improvements are needed. An important area for improvement relates to the contracting skills found within each agency. In the past, much of the contract management within some of the agencies was based on long standing professional and personal relationships, with relatively weak explicit contracting mechanisms and standards. Over time this has become increasingly unsustainable. Improved contract management skills and resources are therefore needed to ensure that the contracting out approach continues to provide benefits.
30. Contracting out such a large portion of service delivery functions also runs the risk of causing the loss of core skills from the biosecurity system that are crucial to its successful ongoing operation. For this reason I propose to direct MAF to investigate the greater use of long-term, 'alliance' type contracting arrangements that ensures the continuity of key skills is maintained, even where these skills lie outside core government.

Maori responsiveness strategy

31. The biosecurity system must respond to the needs of Maori, both as the Crown's treaty partners, and as an emerging economic force. Maori, for example, may have specific issues with some forms of pest control, or concerns with the management of species such as the kiore (Polynesian rat) or, as the predominant resource owner, a particular interest in marine biosecurity. I propose instructing the CEs Forum to develop a Maori Responsiveness Strategy that supports and, as far as is practicable, integrates the relationship of the biosecurity system with Maori. Once it is developed, I will expect regular reporting on the effectiveness of this strategy.

Incorporation of science input

32. Scientific knowledge is a vital input into biosecurity decisions. New Zealand's science agencies therefore have an important role to play in ensuring that the biosecurity system works as effectively as possible and meets our international obligations. However, there is evidence that the relationship between the biosecurity agencies and science agencies is not working as well as it might. Specifically, research is not always focussed on the most significant areas, there is limited collaboration between the different agencies, and scientific advice is not applied sufficiently transparently in strategy and policy.
33. I will be working to ensure:
- the development of agreed medium to long-term biosecurity research priorities that will inform the CEs Forum and the Foundation for Research Science and Technology;
 - clearer identification of skill and capability needs;
 - a clear process for incorporating science input in a wider range of decisions, not just incursion responses; and
 - promotion of greater collaboration between science providers and MAF where this will achieve better results.

Modelling

34. One method for managing the complexities and uncertainty in biosecurity is to use modelling techniques. These techniques can help agencies predict which pathways and pests pose the greatest risk for incursions, and how different pests will spread throughout the country if an incursion occurs. A number of models already exist or are being developed by the biosecurity agencies. However, there is little co-ordination and co-operation between the different parties, meaning that potential synergies are being lost and that the results of the different models are frequently not comparable. I therefore intend to promote the use of modelling techniques as risk management tools, and to develop a pan-biosecurity framework and strategy to ensure maximum effectiveness and greater consistency of approach.

Medium-term needs (2005/06 Budget)

35. The Biosecurity Strategy will be implemented progressively over several years. One of the first tasks for the CEs Forum will be to agree performance measures and expectations for the system, against which initial implementation progress can be measured. The Statement of Intent and annual reporting processes in the first half of 2004 will then provide an opportunity to review the implementation process, and to identify what further steps might be necessary.

36. I expect to seek further funding for the Biosecurity Strategy in the 2005/06 new initiatives round. Although it is difficult to be specific at this stage about what these initiatives might involve, they could include, for example, issues arising from:

- a comprehensive review of biosecurity funding; and
- implementation of the new prioritisation and decision-making framework.

Financial implications

37. This paper seeks immediate funding of \$1.931 million (GST inclusive) in 2003/04, and \$1.150 million (GST inclusive) in 2004/05 and outyears, to enhance the management of biosecurity risks posed by imported sea containers, and to increase public awareness of biosecurity activities. It also notes that funding is sought in the companion paper *Governance and Structural Arrangements* to commence changes to the way biosecurity is governed.
38. In addition, I intend to report back to Cabinet during the next few months with detailed funding proposals for urgently needed enhancements to biosecurity risk management, and for improvements to biosecurity systems, processes and capabilities. My expectation is that some high priority initiatives will be implemented during 2003/04, and that others will be included in the 2004/05 Budget Round.

Human rights

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

Legislative implications

40. This paper has no legislative implications.

Regulatory impact statement

41. A regulatory impact statement is not required, as the proposals in this paper will not result in a Government Bill or statutory regulations.

Gender implications

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

Publicity

43. 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 Biosecurity Strategy is released.

Consultation

1. 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.

Treasury comment

45. The Treasury makes the following additional comment:

“Treasury recommends that Ministers support funding for the change management, strategic function and sea container initiatives. However, we consider that any additional funding should be subject to a report back to joint Ministers on costing. This is desirable as the existing costings have been developed under tight timeframes and are not robust.

Treasury recommends that Ministers do not support funding requests for the public awareness programme because we consider that there is no urgency for this initiative to go outside the normal Budget cycle, and that MAF will be going through a significant change process in the near future and it is not the best moment to be drawing public scrutiny around its biosecurity activities.

Treasury recognises that there are a number of additional biosecurity projects that need to be undertaken, and that these may need to be considered prior to the next Budget. The Treasury will work closely with MAF in the near future to identify the urgent projects and receive reliable and robust cost structures.”

Recommendations

46. It is recommended that the Committee:

1. **note** that the Biosecurity Strategy and the biosecurity working group have identified a large number of changes necessary to improve the performance of the biosecurity system;
2. **agree** to provide funding of \$0.781 million (GST inclusive) in 2003/04 only for one-off costs associated with implementing a new import health standard for imported sea containers;

EITHER [Minister for Biosecurity]

- 3.1 **agree** to provide funding of \$1.150 million (GST inclusive) in 2003/04 and outyears to boost the biosecurity awareness programme ‘Protect New Zealand’;

OR [Treasury]

- 3.2 **decline** to provide funding of \$1.150 million (GST inclusive) in 2003/04 and outyears to boost the biosecurity awareness programme ‘Protect New Zealand’;
4. **note** that funding is also sought in the companion paper *Governance and Structural Arrangements* for commencing changes to the way biosecurity is governed;

5. **note** that the Minister for Biosecurity will report back to the Cabinet during the next few months with further proposals for urgently needed enhancements to biosecurity, and that funding for some of these initiatives will be sought during 2003/04, whereas others will be included in the 2004/05 Budget round;
6. **note** that the Statement of Intent and annual reporting processes in the first half of 2004 will provide an opportunity to review the implementation of the Biosecurity Strategy and that, as a result of this review, additional new initiatives may be submitted in the 2005/06 Budget round;
7. **note** that the summary of 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
Imported sea containers	0.781	-	-	-	-	-
Biosecurity awareness	1.150	1.150	1.150	1.150	1.150	1.150
Total impact	1.931	1.150	1.150	1.150	1.150	1.150

8. **approve**, subject to decisions on recommendation 3.1 and 3.2 above, the following changes in appropriations, with a corresponding impact on the Government's operating balance:

	\$million – increase (decrease)						
<i>Vote Biosecurity- Agriculture and Forestry</i>	2003/04	2004/05	2005/06	2006/07	2007/08	Outyears	GST
<i>Output class</i> Prevention of pests and diseases – pre-border and border (funded by Revenue Crown)	0.781						Incl
<i>Output class</i> Biosecurity Policy Advice and Co-ordination (funded by Revenue Crown)	1.150	1.150	1.150	1.150	1.150	1.150	Incl
Total operating	1.931	1.150	1.150	1.150	1.150	1.150	

9. **direct** officials from MAF and the Treasury to report back to the Minister for Biosecurity and the Minister of Finance with final costings prior to incurring any new expenses under the appropriations in recommendations 7 and 8; and
10. **agree** that the changes to appropriations in paragraph 8 be included in the 2003/04 Supplementary Estimates and that, in the interim, the expenses be met from Imprest Supply.