

FREQUENTLY ASKED QUESTIONS

What is the Government-Industry Agreement (GIA) Initiative?

The Government-Industry Agreement is an agreement between MAF Biosecurity New Zealand (MAFBNZ) and industry groups for biosecurity readiness and response that provide industry benefits. They will **not apply** to biosecurity activities that solely provide public benefit – for example, protection of the environment or human health.

Including industries in decision-making will tap their expertise and innovation. Working together can harness greater capability and efficiency than MAFBNZ or industry has on its own.

How will the GIA work?

The agreement will be negotiated with industry bodies that have the mandate to represent the interests of primary producers.

The agreement will set the ground rules for joint decision-making and cost sharing and will enable MAFBNZ and each industry to:

- decide which pests and diseases (risk organisms) are a priority for readiness and response;
- jointly design and oversee readiness plans and the management of relevant responses;
- agree on cost shares for readiness and response activities for each organism based on the proportion of public versus industry benefits.

There will be a single overarching agreement that interested industry groups will sign. Industry-specific schedules will be added to record:

- nominated pests and diseases with their cost-share category;
- agreed plans for readiness work;
- baseline (non-cost shared) resource commitments;
- expenditure caps;
- other items.

The agreement will cover pests and diseases considered and nominated by industry groups and MAFBNZ to be of sufficient concern to warrant shared investment in readiness or response programmes. It will also have a rapid assessment mechanism to allow new pests or diseases to be added, in the event of an incursion.

GIA will initially focus on risk organisms that are not present in New Zealand. Pests and diseases currently present in New Zealand may be covered under GIA in the future.

Why do we need the Government-Industry Agreement Initiative?

By working together, MAFBNZ and primary industries can reduce the damage from incursions of new pests and diseases. There will be more certainty that we are addressing the things that really matter, and all parties will have incentives to invest in preparedness.

With limited resources, government must focus on activities that will deliver the greatest public benefit. Top priority pests and biosecurity risks for industry may not be covered by current MAFBNZ-funded readiness and response activity. The Government-industry agreement will provide the opportunity for government to co-invest in things that are important to your industry.

Better readiness will result in faster, less costly and more successful responses that are likely to reduce potential impacts on production and market access.

Including you in decision-making will tap into your expertise and innovation. Working together can harness greater capability than MAFBNZ or industry has on its own.

Is this a surprise to industry?

MAFBNZ has been talking with industry representatives about joint decision-making and cost sharing agreements for some time. This initiative is the culmination of four years of discussions by the joint industry-MAFBNZ working group – the Surveillance and Incursion Response Working Group (SIRWG). Consultation was held with wider industries in 2007 and industries were surveyed again in May 2009 as to whether they were interested in moving ahead with such a process. MAFBNZ considered all submissions carefully before arriving at the now-approved way forward.

Why not have joint decision-making without cost sharing?

While this would have partially helped with planning and prioritising – without cost sharing it would be difficult to get accurate signals on industries' priorities and whether addressing those priorities would actually be worthwhile. Sharing costs will give industry strong incentives to identify readiness activities that will best protect them and to decide what risk organisms should be a priority for a response.

There is also the need to recognise that, where significant beneficiaries from biosecurity activities can be clearly identified, it is fair to expect those beneficiaries to contribute directly towards them. With this expectation, comes the right to make decisions about when and how those activities are undertaken.

Who can negotiate agreements?

Agreements will be negotiated with industry bodies that have the mandate to represent primary producer interests.

Are GIAs in place anywhere else?

Australia has led the way in implementing this collaborative approach between industry and government.

The European Union is also looking at developing efficient cost and responsibility sharing schemes as a key part of establishing a modern animal health framework, as set out in the EUs Animal Health Strategy (2007).

The UK Government has recently undertaken public consultation on what form such arrangements might take and is planning to bring forward a draft Animal Health Bill which would establish a new independent body for animal health in England early in 2010.

In New Zealand, some industries already make significant contributions to readiness and response. For example, the deer, forestry, poultry and avocado industries invest in surveillance programmes to protect their industries and maintain market access. The bee industry made significant in-kind contributions during the varroa response.

Shouldn't government fully fund this?

Currently, the government both funds and makes all the decisions on biosecurity activities and it can be difficult to get a realistic picture of the real biosecurity priorities for various industries. Being the primary funder of both preparedness and response, MAFBNZ often gets signals from industries that absolutely everything is a top priority. Because of this unclear picture of true biosecurity needs, the government may be spending money addressing risks that are not really priorities.

A government-industry agreement would enable MAFBNZ to put joint decision-making arrangements in place and apply cost sharing fairly and consistently across all industries rather than the current case-by-case approach.

Why should industry pay when pests get through the border?

Ensuring we have an effective biosecurity system is a joint effort. It is critical that all New Zealanders – industries, individuals, government and other organisations – participate and take responsibility for risks they create or are best placed to manage.

Zero risk at the border is unattainable. Trade is a two-way street, and to gain access to export markets we need to give access to our market. Our aim is to allow safe trade to continue by putting measures in place that manage the risk to acceptable levels. As with every other country, it is inevitable that some incursions of risk organisms will occur.

The government believes it reasonable that industries should contribute to mitigating the biosecurity risks they face, as they would other business risks. If industries share costs and decisions then this will lead to better priority setting and more efficient and effective responses.

Importers already contribute by paying between \$81–125 million per annum to meet biosecurity requirements to protect New Zealand from exotic pests and diseases.

Don't primary producers already pay for biosecurity through general taxation?

This view could apply to any "user-pays" government service. But in this case, as in other user-pays cases, the industries concerned are clear beneficiaries of the work. While some industries see biosecurity as solely a public benefit, there is often a high proportion of industry benefit in readiness and response and the taxpayer should not have to pay for activities that are only for industry good.

How much will industries need to pay?

It will be up to industries to decide what pests and diseases they wish to protect themselves against and how much they want to spend. They will decide on the preparedness activities and responses they wish to invest in with MAFBNZ, and the two parties will together design readiness and response activities and agree on budgets and cost shares.

What's actually in it for primary industries?

- Faster and more effective responses that will ultimately reduce costs by maintaining or quickly regaining market access and reducing damage to production.
- A guaranteed "say" in how prioritised risk organisms should be dealt with.
- Surety that those organisms will be responded to on detection.
- Improved priority setting ensuring the best use of limited resources.
- Expanded scope and capability for readiness and response activities.
- Government support and advice for preparedness.

How will cost sharing work?

Briefly, costs will be shared (after agreement) on the basis of the proportion of benefits each signatory to an agreement receives from the biosecurity activity. Industry benefits are through avoiding, reducing, or delaying the impacts on such things as: loss of market demand and access for their commodities; animal and plant losses or reduced productivity; and ongoing disease and pest management costs.

Benefits to other groups and the wider public, for which government is responsible, are realised through avoiding, reducing, or delaying the impacts on such things as: human health; the environment; New Zealand's social and cultural values; non-industry producers like "backyard" growers. The government may also contribute to protect commercial impacts where the beneficiaries are difficult to identify, or where an incursion might have such large impacts as to cause macro-level damage to the economy (for example, in the case of foot-and-mouth disease).

Moving to this new way of working will not be easy. Cabinet has agreed to the following arrangements to smooth the transition:

- MAFBNZ will fund the implementation of agreements and administration costs for the first six years while they are operating:
 - This stemmed from industry concerns that they didn't want to be penalised for signing up early.
- For the first three years, joint decision-making and cost sharing will be for readiness only. Response will follow after.
 - This will allow industry parties to see the benefits of joint decision-making before fully committing to joint agreements.
- Industry cost shares will begin at a reduced level, gradually increasing over six years.

When will all this happen?

MAFBNZ has already started to develop the processes and systems, staffing and communication channels with industries.

It is anticipated that in 2010 willing industries will work with MAFBNZ to identify high priority risk organisms, decide on readiness activities to undertake for these organisms, and prepare a high level view of the likely costs for these readiness activities.

By March 2011, willing industries will have gained approval from their members and signed the Master Agreement. Following this the parties will begin work on joint readiness activities.

In April 2014 the agreement will come into effect for responses.

For more information

If you would like more information or to talk to one of the GIA team please contact:

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