



Government Industry Agreement Model Design

In Brief

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Ministry of Agriculture and Forestry
Te Manatū Ahuwhenua, Ngāherehere



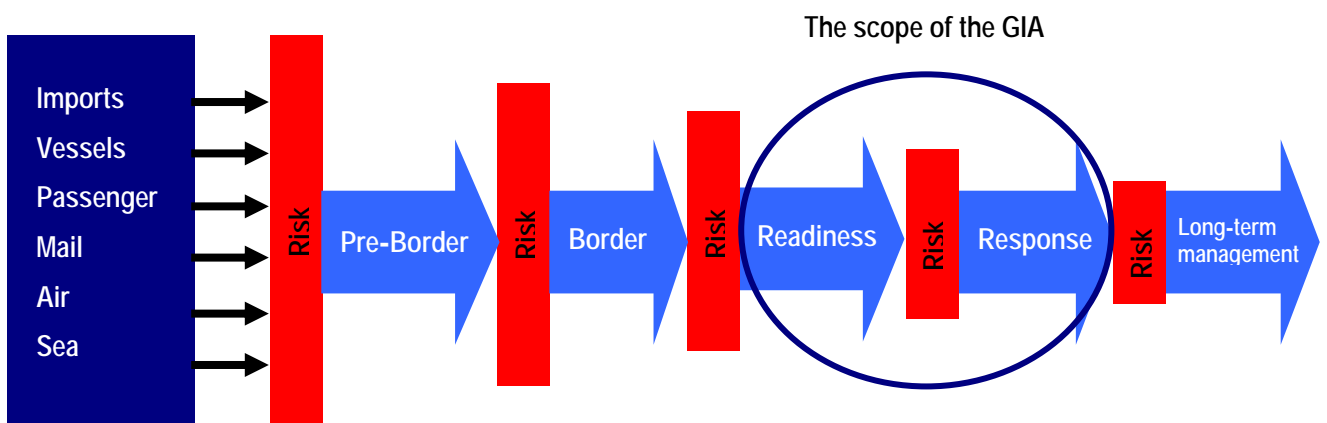
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Government Industry Agreement Model Design

BUILDING A BIOSECURITY SYSTEM IS A COLLABORATIVE PROJECT. IT TAKES A WHOLE COUNTRY ...

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

The Government Industry Agreement initiative is about government and industry working together to manage biosecurity risk for readiness and response.



By working together, MAF and primary industries can reduce 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. We can harness greater capability than MAF or industry has on its own.

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

WHAT DOES THE AGREEMENT INCLUDE?

The Government Industry Agreement will apply to biosecurity readiness and response activities that provide industry benefits but will not apply to biosecurity activities that provide public benefit only.

There will be a single Deed that covers all primary industries; animals, plants and marine. This will be supported by operational agreements that are either industry or pest/disease specific.

The Deed will apply to risk organisms and groups of organisms that:

- are not currently present in New Zealand; or
- which are established and are having new impacts; or
- which are established and for which there are new management options, meaning eradication may be possible.

WHO CAN SIGN THE AGREEMENT?

MAF and primary industry are the signatories to the Deed. Primary industry comprises producers, which are defined as “a person in the business of producing or harvesting animals or plants or their products; and includes a person who uses horses in the course of their business”.

For a primary industry body to be eligible to sign the Deed they must be able to demonstrate that they have mandate from industry participants.

It is envisaged that in most situations it will be nationally representative grower organisations that will be eligible to sign the Deed. Processor organisations are also eligible to sign provided they meet all the above criteria and they can demonstrate that producers are not being charged twice for the same service.

Where both processor and grower representation is appropriate for an industry sector it is proposed that the members of the sector operate under a legal “accord”.

PRINCIPLES

The agreement is framed to deliver to the following overarching principles:

- MAF and industry will work in partnership to make joint decisions that improve biosecurity outcomes, in the spirit of good will and co-operation.
- Signatories will represent those best able to make changes to reduce biosecurity risks or improve biosecurity efficiency.
- All processes and decisions will be transparent and consistent for all parties.
- Priorities will be clearly identified and agreed for action to ensure the best use of limited resources. Managing risks and reducing impacts of risk organisms will form the basis of identifying priority work.
- Industry must be paying a share of costs in order to have decision making rights.
- The proportion of public benefit relative to industry benefit will determine the cost shares for readiness and response.
- All signatories will commit to a level of baseline capability that represents the minimum level of commitment and competency required to participate in the agreement. These baseline commitments will not be cost shared.

THE GIA FRAMEWORK – WORKING TOGETHER

Assess priorities

Industry and MAF will work jointly to assess the residual biosecurity risks they face after border interventions. This will include assessing the likelihood of establishment and potential impacts of risk organisms and deciding the best way to mitigate the risk. Industry and MAF will then work together to develop programmes that reflect where the most value is added. These programmes will be progressed as time and budget allows. Once agreed, our joint commitment to these programmes will be captured in operational agreements.

There will be a large emphasis on improving our state of ‘readiness’ – that is developing initiatives that would increase our speed of response and therefore decrease the impact of a risk organism should it arrive. Examples include pre-prepared response plans, surveillance programmes for early detection, or registration of control tools.

Joint decision making for responses

If an incursion of a priority organism does occur, MAF and industry will be partners through the response process, with shared decision making and industry participation in the planning and analysis of response options.

Even if an organism is not on the priority list, ‘affected’ signatories (signatories that would benefit from the eradication of the organism) will still have the chance to decide whether they wish to support and participate in a response for this organism or not.

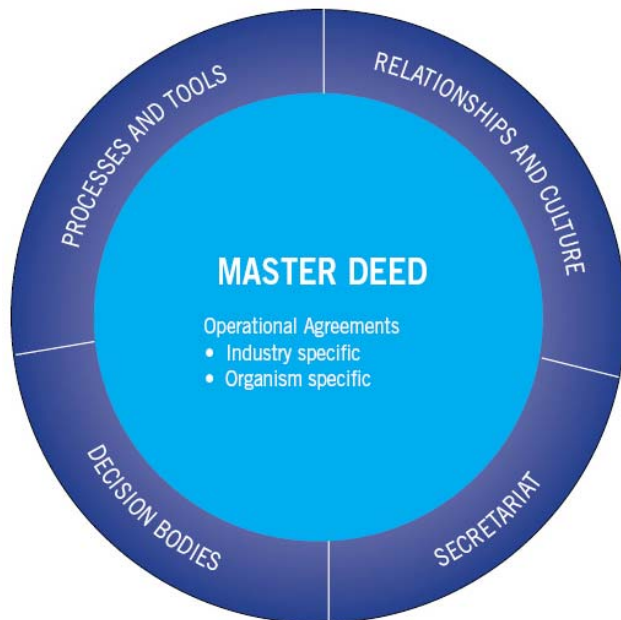
Cost Sharing

Once an industry organisation has signed the Deed then the cost share proportions can be determined for the pests and diseases that they identify as a priority. These cost shares are determined using the proportion of public benefit relative to industry benefit, however the Government has committed to funding a minimum of 50% of the cost of prioritised readiness and response activities. Where two or more industries benefit from a readiness activity or response the industry portion of the costs will be shared between them.

BASELINE COMMITMENTS

Each party will commit to a level of ‘baseline commitments’. These baseline commitments are not cost shared – they are essentially the guarantee that the parties give to each other that they will maintain an agreed minimum level of biosecurity capability and capacity.

How the model fits together



The legal structure

The Deed is a legal document that outlines the commitment of the parties to work together. There is a single Deed that outlines the principles and legal mechanisms. It defines the rules of engagement. This is signed by all primary industries that have chosen to participate in GIA and by the Crown.

This will be supported by multiple operational agreements that will capture:

- Generic agreements between MAF and a specific industry
- Agreements specific to an organism.

These operational agreements can be readily amended.

Processes, procedures and tools

The mechanics of the GIA model are described by processes, procedures and tools. These outline the agreed order of events, who is responsible, and provide helpful templates, decision tools and guidelines. They cover areas such as:

- Signing the agreement.
- Developing a high level plan for readiness.
- Determining cost shares.

As part of MAF’s baseline there are a number of generic processes and tools that are available to guide GIA activities. The most important of these is the ‘Response system’ that provides processes, standards and other resources for leading and managing a biosecurity response. The response model is being updated to reflect the much greater role industry plays in response under GIA.

Decision bodies

Decisions pertaining to the Deed will be determined by a governance committee consisting of all signatories to the Deed. The Deed Governance Group will be supported by a secretariat.

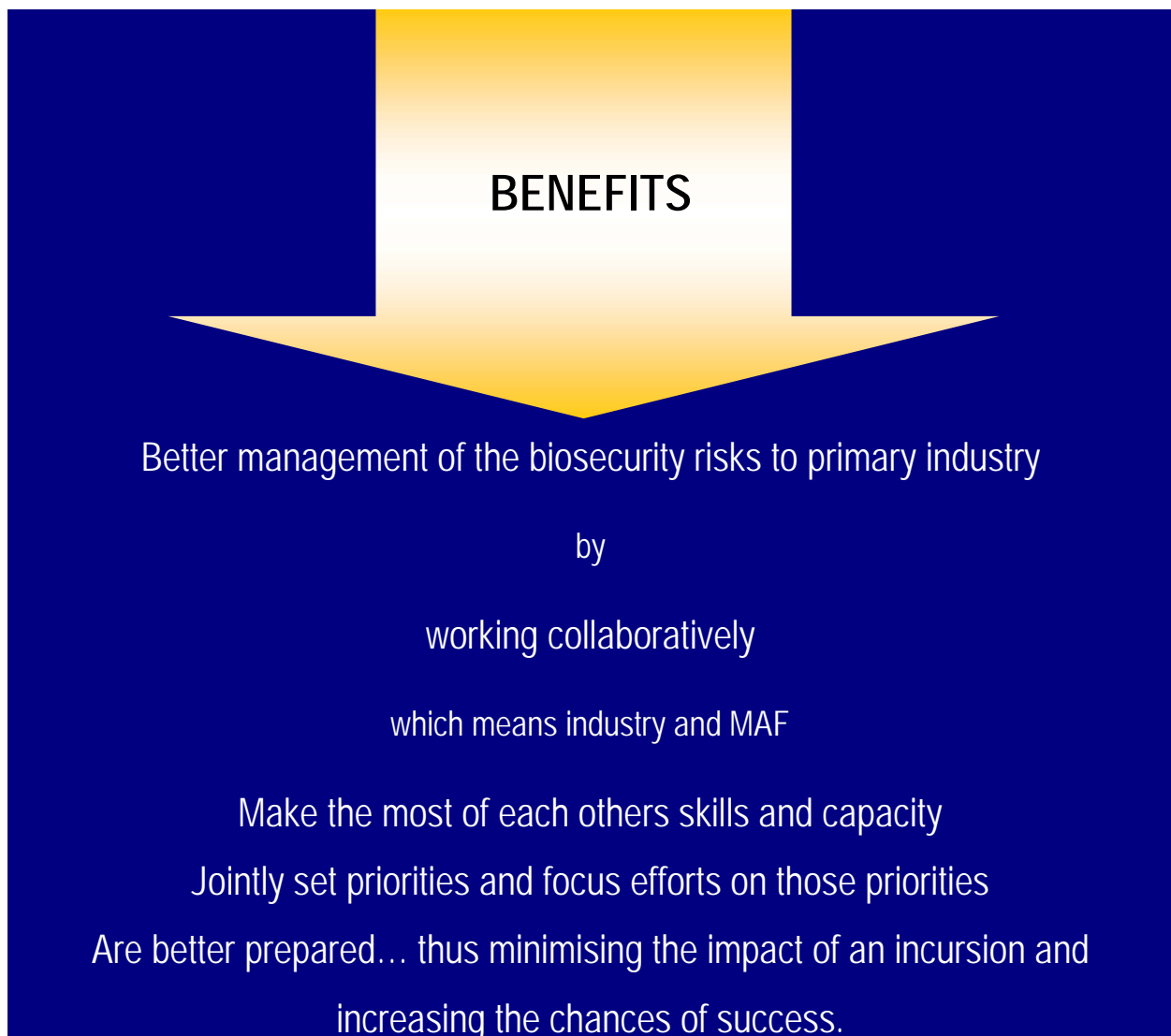
Readiness activities will be overseen by a group of representatives that are nominated and agreed by affected signatories.

Response decisions will be taken by the Response Strategic Leadership (RSL) team. All affected signatories for a response are members of the RSL and make decisions by consensus.

Relationships and Culture

The real glue that holds the whole model together is the relationships and culture.

The **huge win** from GIA is that building strong relationships between government and industry becomes the norm rather than the exception. Both parties will be focused on building trust.



Frequently Asked Questions

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.

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 EU's 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.

Shouldn't importers contribute to the cost of readiness and response?

Importers contribute between \$80 and \$125 million annually to the cost of biosecurity management in New Zealand through levies and compliance and clearance costs. The Sanitary & Phytosanitary (SPS) Agreement sets restrictions on import levies such that they should be no higher than the actual cost of the inspection and clearance services provided by MAF, and that they are equitable in relation to like domestic goods.

While MAF is confident that importers' financial contribution is fair and reasonable, we consider importers to be best placed to further improve border biosecurity by taking more responsibility to reduce biosecurity risk. Amendments to be made to the Biosecurity Act 1993 will clarify the role of importers in reducing biosecurity risks and put in place measures to further reduce residual risk from the border. In particular, those who deliberately and/or repeatedly import non-compliant goods will face additional compliance costs due to more severe audit schedules and increased use of prosecutions.

How can industry contribute to MAF's border management decisions?

Industry contributes to MAF's border management decisions through participation in public consultation. They are also invited to make submissions on the Risk Analyses and Import Health Standards produced by MAF.

MAF is working to improve and streamline the way we work with stakeholders particularly during the development phase of Import Health Standards. Instead of being consulted when a standard has been drafted, in future stakeholders will be engaged earlier in the process, and will continue to be engaged throughout the development of the draft standard. This will allow us to address stakeholder concerns earlier in the import health standard development process which will limit the number of new stakeholder issues that surface during formal consultation processes. It is also hoped that this new approach will reduce the number of challenges and litigation regarding import health standard decisions.

These changes will mean importers and domestic producers have greater input, will be more likely to understand, accept and comply with, and see the decision-making process and its outcomes as fair.

How is mandate established and how often does it have to be proven?

Mandate is established by satisfying the Director-General MAF that the organisation adequately represents industry participants. Matters that will be taken into account include:

- whether the greater proportion of producers are members of the industry organisation;
- whether all producers are entitled to become members of the industry organisation;

- whether the organisation represents the full range of producers within that industry; and
- the governance arrangements of the industry organisation.

Changes that may affect mandate must be notified. Ongoing assurance that mandate criteria continue to be met will form part of the baseline audit.

Can you still sign up to GIA if your industry body represents only 50% of the industry?

Industries must be able to satisfy the Director-General MAF that they have the mandate to represent industry participants. This will involve industry undertaking to growing connections within their own industry and organising themselves so they can speak with a unified voice.

For groups having difficulty obtaining industry wide mandate they can:

1. limit mandate to a smaller sector of producers;
2. canvas all industry participants re joining forces through the levy process;
3. join together as industry groups to form a larger umbrella organisation.

Can plant or animal product processing industries sign up to GIA?

A processing industry may be eligible to sign up to GIA if they can demonstrate that they are best placed to reduce biosecurity risks or improve biosecurity efficiency in their operation (e.g. take measures to prevent spread of diseases prior to or after slaughter); and their participation does not mean that growers/producers are charged twice for the same thing. They must also be able to demonstrate that they have mandate from their members and be eligible to sign.

Where it is appropriate for two or more organisations to be involved on behalf of one sector of producers, an accord will be used to document the agreement between those organisations. Accords will include details such as how the organisations will come together to make decisions on behalf of their sector, who will represent those organisations in decision making and other GIA discussions, and how their funding obligations will be met while ensuring producers do not pay twice.

Can you add additional priority pests to the list after the pest/disease workshops?

Yes – as priorities change, these changes can be reflected in the operational agreements that support the Deed.

If a pest arrives that is not on the priority list can this still be treated under GIA?

Yes. Even if a pest is not on the list, affected signatories will still be invited to the response decision table.

What happens if a consensus decision cannot be reached?

Consensus means that decision makers must agree on a collective decision. This is an essential part of the model and all efforts will be made to ensure that a consensus decision is reached. Some parties may not prefer the decision, but after discussion and debate within the time constraints, all parties will stand behind that decision.

In some exceptional situations the parties may not be able to reach a consensus decision. In this case an affected signatory may withdraw from joint decision making and cost sharing, but withdrawal should only be regarded as a last resort and withdrawing parties will be liable for decisions already made that have led to ongoing commitments. The Australians already have a similar system to GIA in place, and their experience is that peer pressure limits the ‘game playing’ and results in a consensus decision being reached.

If an industry does not sign GIA, and government decides to invoke mandatory cost recovery, who will costs be recovered from?

A non-signatory industry may receive a significant benefit from a response and in this case it may be appropriate to recover a share of the response costs from those industry members.

Costs would be recovered from individual growers and producers by means of a biosecurity levy but cost recovery will only be undertaken where it is efficient and economical to do so.

Is industry being asked to “write a blank cheque”?

No. Signing up to GIA does not commit industry to funding readiness programmes or response actions and numerous decision points are in place to ensure that all parties agree to costs incurred under the response plan.

1. Readiness programmes are jointly agreed between MAF and industry and funding must be agreed and signed off by both parties before these programmes begin.
2. For response activities, a decision to initiate the response will be made by consensus. This will ensure industry have the ability to say “no” to a response if they do not feel this is worth pursuing. Decision points throughout the response programme will ensure that all parties agree to costs incurred under the response plan.
3. Industry can set a “fiscal cap” for a response. Fiscal caps are set as the maximum amount the industry has indicated they wish to spend on responding to the organism in question which will ensure that industry do not invest more than they wish or can afford. A fiscal cap will act as trigger point – once a fiscal cap is reached the industry will decide whether they wish to continue to share funding and decision making for the response, or whether they wish to withdraw.

Industry may not be able to meet the costs of the response initially. Will government provide support?

It is proposed that when a response begins each party would be required to meet its own costs arising from the Response plan. Affected industries should try and meet cost sharing

obligations up front but, where this is not possible, it is proposed that Government would assist with these costs and then recover cost over a period of up to 10 years.

How binding is GIA on government?

This is a legally binding agreement and as such the government will meet all its obligations under the agreement.

Will MAF have a fiscal cap?

MAF will not set a fiscal cap for responses. For responses over a certain size MAF will obtain approval for funding from cabinet on a case by case basis, based on a business case.

Why is a 'Secretariat within MAF' being proposed to support the Agreement rather than an independent body?

The Secretariat will be made up of a GIA Manager and several support staff, including administration and analysts. It will be accommodated within MAF buildings and will be supported by MAF central services (Human Resources, payroll etc), but will report to, and be accountable to, the Governance Group, which is made up of all signatories – both industry and MAF.

MAF will pay for the Secretariat for the first six years, and so has chosen this option because it is more cost effective than setting up an independent company. MAF recognises that the independence of the secretariat is important and has reflected this in the accountability of the GIA Manager to the Governance Group. The GIA Manager will be interviewed and appointed by a panel including both industry and MAF staff.

Can we 'jointly agree' to nominate a single decision maker during a response?

Yes. As part of the Readiness Programme, MAF and affected industries may decide to develop a pre-prepared response plan which could include who will be in the decision making role/s.

What role does MAF play if a response is 100 percent industry funded?

This might occur if industry wanted to pursue a response but MAF were unwilling to, perhaps because of it being a low priority relative to other responses, or feasibility or cost benefit concerns. In this situation, the response would be fully funded and resourced by industry. MAF would, as a minimum, provide advisory support to the Response Strategic Leadership (RSL) to ensure that decisions made by RSL take into account all the factors necessary for the Chief Technical Officer (CTO) to authorise the use of powers under the Biosecurity Act. The CTO is appointed under the Biosecurity Act and must be employed under the State Sector Act, therefore the CTO function can not be delegated out to industry partners.

How do you see levies working and can MAF collect these on behalf of industry?

Industry can fund their share of costs through levy orders or through other funding mechanisms. If industry choose to fund through a levy, they may use either the provisions of the Commodity Levies Act or the Biosecurity Act.

For levies collected under the Biosecurity Act, the Act provides for these to either be collected by MAF on the industry's behalf, or be collected by industry and subsequently paid to MAF.