



Cabinet

Minute of Decision

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Mycoplasma Bovis: Response Options

Portfolio **Biosecurity**

On 28 May 2018, following reference from the Cabinet Economic Development Committee, Cabinet:

Background

- 1 **noted** that a decision needs to be taken on the next steps for the response to the cattle disease Mycoplasma bovis;
- 2 **noted** that:
 - 2.1 recent detections of infected properties, and tracing of animal movements, has doubled the scale of response efforts;
 - 2.2 334 properties are now under regulatory control, including two additional infected properties in the North Island;
- 3 **noted** that the Minister for Biosecurity has asked the Ministry for Primary Industries to commence work on several priority areas to strengthen the resilience of the farming and biosecurity systems, including reviewing how biosecurity responses are funded;

Response options

- 4 **noted** that four options have been developed, spanning eradication through to winding down the response, and that Biosecurity New Zealand officials and industry agree that the only two realistic options are:
 - 4.1 phased eradication (Option 2 in the paper under CAB-18-SUB-0245);
 - 4.2 transition to long-term management (Option 3 in the paper under CAB-18-SUB-0245);
- 5 **noted** that Dairy New Zealand and Beef+Lamb New Zealand support Option 2 (phased eradication);
- 6 **noted** that Dairy New Zealand and Beef+Lamb New Zealand will contribute towards the costs of the response;

Financial implications

7 **noted** that due to technical details that still need to be worked through with the Treasury and the Office of the Auditor-General, the paper under CAB-18-SUB-0245 does not seek agreement to financial arrangements to give effect to the policy decisions being sought;

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9 **noted** that because the 2017/18 Supplementary Estimates Bill has already been presented to the House, any funding required for the 2017/18 financial year will be unappropriated, and will need to be included in the Appropriation (2017/18 Confirmation and Validation) Bill;

10 **noted** that because the amount of funding required would exhaust the 2018 Between-Budget Contingency, all required funding will need to be pre-committed against Budget 2019 operating and capital allowances, which will impact the available funding for Budget 2019;

11 **noted** that response expenditure in 2017/18 is likely to exceed existing appropriations if there is an immediate need for further depopulation of infected and at-risk properties;

12 **noted** that due to the uncertainty of the response operational costs (including compensation) and the investment in improving resilience, the paper under CAB-18-SUB-0245 only seeks funding for two years, and that funding for outyears will be sought in Budget 2020;

13 **noted** that phased eradication (Option 2) has a total response cost of \$870 million over 10 years at a 90 percent confidence level, which includes operational, compensation and system resilience costs but excludes \$16 million of industry impacts;

14 **noted** that long-term management (Option 3) has a total response cost of \$520 million over 10 years at a 90 percent confidence level, which includes operational, compensation and system resilience costs but excludes \$698 million of industry impacts;

15 **noted** that Biosecurity New Zealand is working with industry to explore a levy under the Biosecurity Act 1993 to collect industry contributions;

Preferred option

16 **agreed** to phased eradication, including an indicative total response cost of up to \$444 million for 2018/19 – 2019/20 and \$28 million for 2017/18. This includes costs at a 90 percent confidence level, which includes operational, compensation and system resilience costs but excludes industry impacts;

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18 **noted** that in Dairy New Zealand and Beef+Lamb New Zealand will contribute 32 percent towards response costs, and the remaining Crown portion will be 68 percent;

19 **noted** that total costs over 2018/19 to 2019/20 for the Crown are \$302 million, and that industry will contribute \$142 million;

20 **noted** that it may take Dairy New Zealand and Beef+Lamb New Zealand a number of months to collect their contribution, and that the Ministry for Primary Industries will require funding to cover the anticipated revenue during this period, which will be sought in the follow-up Cabinet paper;

21 **noted** that a review of the feasibility of eradication will be undertaken in late 2018 [REDACTED]

Further work

22 **noted** that this outbreak has underlined the imperative for strengthening the biosecurity and sustainability of New Zealand’s farming systems, and that the Minister for Biosecurity has directed the Ministry for Primary Industries to commence work on:

- 22.1 improving the National Animal Identification and Tracing (NAIT) scheme;
- 22.2 reviewing the Biosecurity Act 1993;
- 22.3 reviewing biosecurity response funding, including a possible universal biosecurity levy;
- 22.4 supporting transitions to more sustainable farming systems;

23 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]
Secretary of the Cabinet

Hard-copy distribution:
Prime Minister
Deputy Prime Minister
Minister for Biosecurity