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Report to the Rural Services and Wairarapa Committee
from Wayne O'Donnell, Manager, Biosecurity

**Board of Inquiry Report - National Pest Management Strategy
(Bovine Tb)**

1. Purpose

To seek the Committee's views on issues contained within the Board of Inquiry report that affect Council's biosecurity activities.

2. Background

The Animal Health Board produced a "Discussion Paper on Future Options towards a Tb Free New Zealand" in March 2000. Extensive consultation occurred around New Zealand to determine the views of those affected by the existing National Bovine Tb Strategy.

This paper became the forerunner to the development of a formal National Pest Management Strategy (NPMS) review document titled "Bovine Tuberculosis Pest Management Strategy 2001-2013 – An Amendment Proposal", published in May 2001. This document was developed to amend the existing NPMS.

The Amendment Proposal document attracted 94 submissions following public notification. Slightly over 85% of the submissions were mildly or strongly opposed to the proposal. However, the number of submissions was very small considering the wide audience that the proposal could affect.

All NPMS proposals are required under the Biosecurity Act 1993, to be approved by an Order in Council process. The relevant Crown Minister is required to recommend that an Order in Council proceed, subject to the proposal meeting the criteria outlined in s57(1) of the Act, and, furthermore, that the strategy will be adequately funded for its proposed duration or five years, whichever is the shorter.

Section 57(1) covers a range of criteria, including –

- ◆ The benefits of a NPMS outweigh the costs;
- ◆ The benefits of national intervention exceed the benefits of regional intervention;
- ◆ That funding streams align with beneficiary / exacerbator principles;
- ◆ That the organism considered is capable of causing serious adverse effects on a national scale.

3. The Board of Inquiry Recommendations

The Minister of Agriculture appointed the Board of Inquiry (BOI) to consider the Amendment Proposal and the submissions received. Hearings were conducted in Auckland, Wellington, and Christchurch. The BOI are required to prepare a written report on the proposal and make recommendations to the Minister and they have done this.

Recommendations that either directly or indirectly impact on this Council are summarised below –

Directly impact

- (1) That the Minister not approve the Amendment Proposal until such time as there is a legal obligation on funders to provide the necessary financial support for the term of the reviewed NPMS, i.e. to 30 June 2013.
- (2) That vector management services should be contestable to the greatest practical extent unless non-contestability is justified on the grounds of accountability, effectiveness, efficiency, transaction costs or other case-specific considerations that favour retaining current arrangements.
- (3) That vector control operations which continue to be managed by regional councils should be put on a more contestable footing.

Indirectly impact

- (4) That disease control services should be fully contestable.
- (5) That consideration be given to whether the feral deer industry should contribute funds for implementing the reviewed NPMS.

3.1 Comments on Recommendations

Compulsory Funding

- (1) Both central and regional government are subject to annual appropriation of funds. It could be difficult for the affected parties to legally commit to a longer term funding agreement. Agreement in principle could perhaps be obtained, over say a three-year cycle, to fund annual amounts on a prescribed basis.

The Council should consider whether it is prepared to be legally bound to contribute specified funding for the National Bovine Tb Strategy

until 2013. If it is not, the Minister of Agriculture should be advised before he makes decisions on the BOI recommendations.

Vector Management Contestability

- (2) Currently, the Council is near the end of a two-year contract with the AHB to be the regional vector management agency for the Wellington Region. This Council, along with other regional councils, has received written advice from the AHB that a further two year contract, commencing 1 July 2003, may be agreed subject to some aspects of standardisation and benchmarking being resolved in the interim.

In earlier reports, it has been advised that some regional councils have identified a strong link between providing the annual regional funding share for the bovine programme and the respective councils also being the regional vector management agency. Some councils have resolved to withdraw regional funding if their involvement in vector management discontinues under a competitive process. This Council has not adopted any position on that aspect to date.

The Council should consider whether it is prepared to continue its funding (currently about \$650,000 per annum) for the National Strategy should it no longer in the future have any involvement in managing the regional vector control programme. In other words, is the Council prepared to be a funder only with no further involvement?

Vector Control Contestability

- (3) The Committee has previously discussed the issue of a fully contestable vector control programme. It was noted in a Cabinet minute dated December 2000, that the Crown funders supported movement towards a fully contestable environment by July 2002.

On 2 October 2002, the Council was advised by the AHB that they had resolved that *“all vector control activity for the purposes of the strategy should be undertaken in a contestable environment effective 1 July 2003, unless there are compelling reasons not to.”*

In the opinion of Council management, this advice continues the AHB’s almost single focus on contestability as the means of achieving efficiency and effectiveness.

From a vector manager’s perspective, it would be preferable to have a number of contracting options available. For example, preferred supplier contracts, input contracts, and longer-term contracts should all be available to maximise management flexibility. If we are required to tender every contract, no matter the size, then administration costs will increase and existing efficiencies substantially reduced.

Further discussions with the AHB will need to occur to clarify how a fully contestable service will be implemented in the Wellington

Region. Committee members will be aware that, historically, the Council has struggled to attract new contractors into the Region. The Bovine Unit has been, and remains, the key to a quality completion of the annual vector control programme.

The above AHB resolution signals that the Council will need to change the existing Bovine Unit if it wishes to remain in the vector control business. Management have given some consideration to this matter and favour the establishment of a formal business unit. It is considered that the Council needs to remain a player in the meantime because of the rather limited market situation. A report on this aspect of the vector contestability issue will be prepared for a later meeting.

Contestable Disease Control

- (4) Currently, all disease management issues are managed by Agri-Quality NZ in the Wellington Region. As direct neighbours, we have established a very close working relationship. As partners in the NPMS, we have give particular emphasis to the free and open exchange of information and ideas. There is strong evidence to suggest that this relationship alone has lead to a greater than predicted decrease in Tb infected cattle and deer herds in this Region.

There is a possibility that Agri-Quality NZ may not secure the future contracts for disease management in this Region. If this occurred, there is no doubt that disruption to the regional programme would be significant. A new contractor will require some time to familiarise themselves with procedures and responsibilities. The loss of local knowledge would be difficult to replace, at least in the short term.

Feral Deer Financial Contribution

- (5) There may be implications for the Council if those parties involved in the capture and sale of feral deer were required to contribute funds to the NPMS. However, this would depend on whether the AHB were suggesting that regional council should collect these funds.

Currently all owners of properties exceeding 10 hectares, who reside in operational area, are required to pay a Bovine Tb rate. This would capture a number of properties where feral deer are hunted for local consumption. It is difficult to identify how the AHB aims to collect funds off third parties who hunt deer on private land.

It is suggested that the AHB would be better to focus on enforcement action against those parties who illegally liberate feral deer. This action poses a significant risk to achieving the NPMS objectives within the specified 'eradication' timeframe.

4. Where to from here?

The BOI report will be presented to the Minister of Agriculture for consideration. The Minister shall ensure that a copy of the BOI report is forwarded to every person who made a submission and to anyone else that the Minister considers appropriate. The BOI report must be published and notice given where copies can be obtained. The Biosecurity Act 1993 does not make any provision for further submissions on the BOI report.

The Minister cannot recommend to the Governor General that an Order in Council be made until considering a report from the chief executive of MAF. This report is currently being completed.

The main issue for the Minister to consider appears to relate to adequate funding. Not only have the BOI recommended that funding organisations be legally committed for the term of the NPMS, they have also suggested that the current contribution by the dairy industry does not reflect the benefits provided by the NPMS.

The AHB have stated publicly that they believe the NPMS could be approved by Order in Council this calendar year. However, the funding issue may be a major impediment to the process.

5. Communications

Any agreed Council views on the above issues should be communicated to the appropriate agency.

6. Recommendation

That the Committee consider its position on the five issues identified in the report.

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