



Money matters:

Guidance on cost sharing and fiscal caps

September 2014

Biosecurity through Partnership

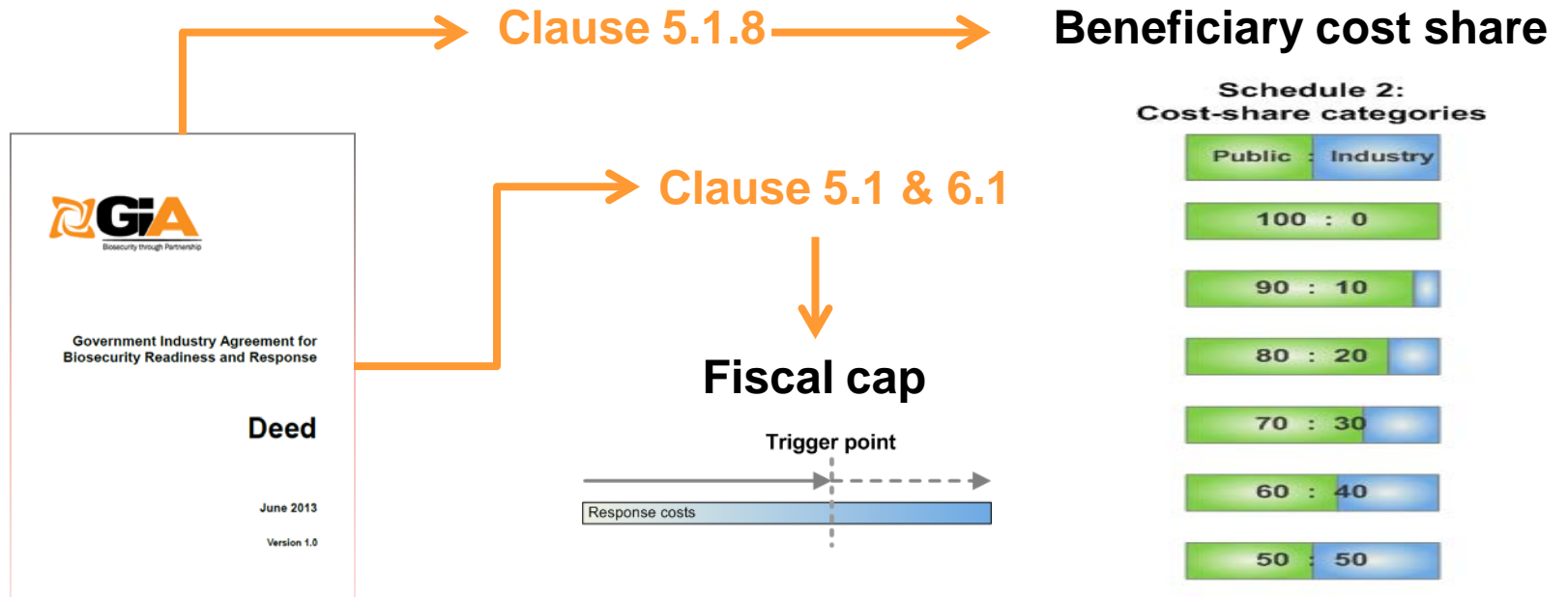
Achieving better biosecurity outcomes – **COST SHARING**

- ❖ Setting... Agreeing... Recording...
 - Impact assessment
 - Impact scenario
- ❖ Caps... Fiscal... 50% max
- ❖ In-kind
- ❖ Cost recovery
- ❖ Good faith
- ❖ Accounting processes



What do we need?

- ❖ Guidance to apply the Deed – *consistent, equitable, transparent, predictable, justifiable ...*



Finance joint working group (JWG)

- ❖ Formed after GIA Biosecurity Forum 2014/I
- ❖ Recommend how Deed Signatories can agree cost-shares and fiscal caps consistent with their Deed rights and obligations
- ❖ Forum discussion paper summary of guidance
- ❖ Thinking tested with the Interim Fruit Fly Council (IFFC)



JWG outputs

Output	Status	Comment
Purpose of guidance	⊘	Some want prescriptive guidance and others see principles as enough
Cost share preamble & reference to Deed through principles	✓	As per the discussion paper <ul style="list-style-type: none"> • <i>is this acceptable, what else is needed?</i>
Guidance on fiscal caps	✓	As per discussion paper, includes principles, less debate than cost shares <ul style="list-style-type: none"> • <i>see issues around reaching fiscal cap</i>
Standard criteria to assess impacts	✗	JWG tested in workshop to place impacts into broad buckets, guided discussion but did not agree <ul style="list-style-type: none"> • <i>is standard criteria needed?</i>
Collation and analysis of issues	✓	As per the discussion paper <ul style="list-style-type: none"> • <i>what is most important to resolve?</i>
A decision tree to assist establishment of cost shares	✗	Introduced early to JWG, discarded as focus shifted to principles <ul style="list-style-type: none"> • <i>is a decision tree needed?</i>

Questions on guidance

What questions do you have for the finance JWG?

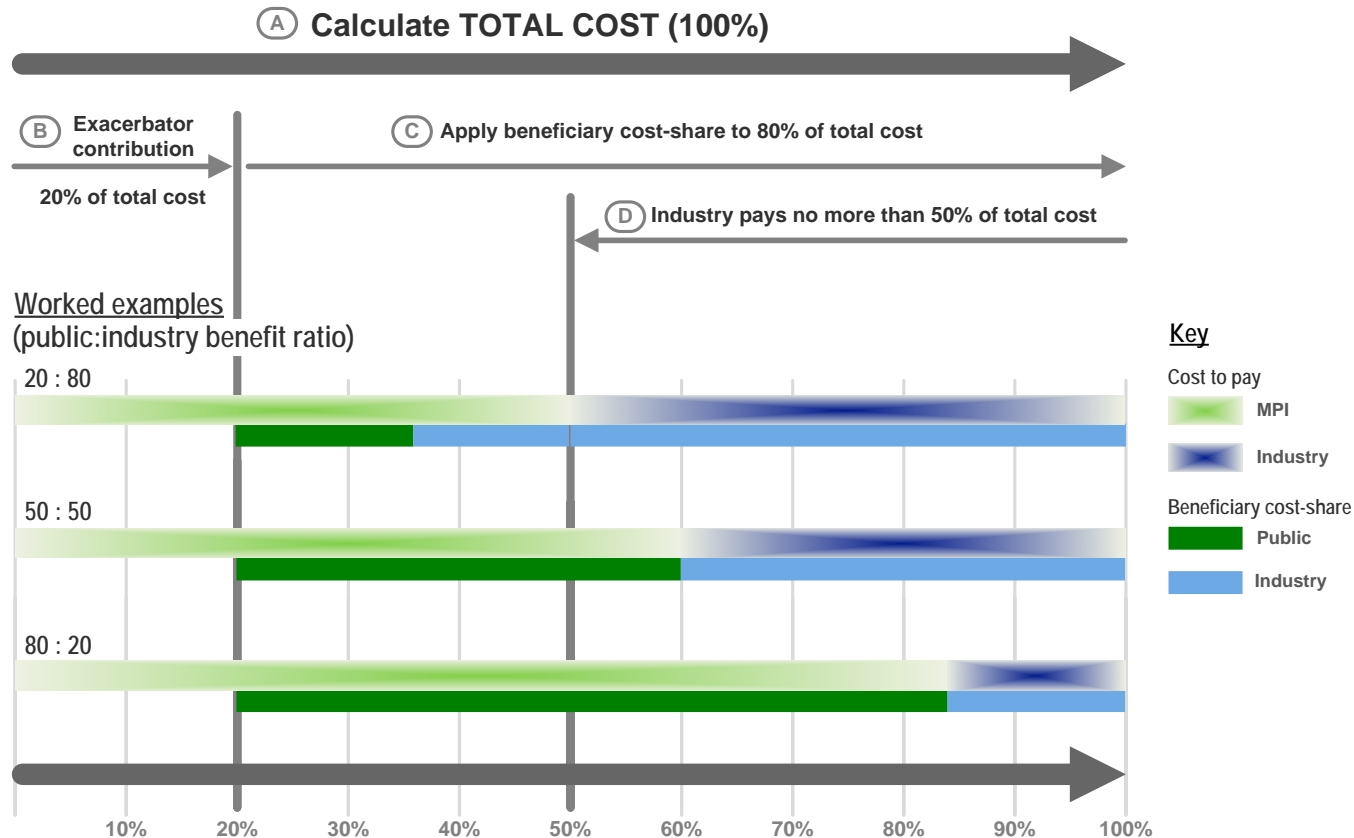
- ❖ Why does the guidance look like this...
- ❖ What processes were used...
- ❖ What was wanted...
- ❖ What wasn't wanted...
- ❖ Lessons learned...
- ❖ Their views now...



Applying Deed to activity costs



Applying Deed to activity costs



Cost sharing example

Scenario	Cost of agreed response activities:	\$ 1 Million	\$ 1 Million	\$ 1 Million
	Agreed beneficiary cost share:	20% public, 80% industry	50% public, 50% industry	80% public, 20% industry
(A) Calculate total response costs		\$1,000,000	\$1,000,000	\$1,000,000
(B) Apply 20% exacerbator	Exacerbator costs	20% \$200,000	20% \$200,000	20% \$200,000
	Sharable costs	<u>80% \$800,000</u>	<u>80% \$800,000</u>	<u>80% \$800,000</u>
	Total	100% \$1,000,000	100% \$1,000,000	100% \$1,000,000
(C) Apply beneficiary cost share to sharable costs	Public share	16% (20% X 80%)	40% (50% X 80%)	64% (80% X 80%)
	Industry share	64% (80% X 80%)	40% (50% X 80%)	16% (20% X 80%)
(D) Apply 50% cap to industry share	Industry's share adjusted to a maximum of 50%	50% (reduced from 64%)	40% (not adjusted)	16% (not adjusted)
Final allocation of total costs	MPI pays:			
	Exacerbator share	20% \$200,000	20% \$200,000	20% \$200,000
	Public share	16% \$160,000	40% \$400,000	64% \$640,000
	50% cap make up	<u>14% \$140,000</u>	0% —	0% —
	MPI total	50% \$500,000	60% \$600,000	84% \$840,000
	Industry pays:			
	Industry share	50% \$500,000	40% \$400,000	16% \$160,000
	Total	<u>100% \$1,000,000</u>	<u>100% \$1,000,000</u>	<u>100% \$1,000,000</u>