

GIA Industry Workshop

27 - 28 February 2013

Report

A. Industry GIA status update

Summary

A majority of industries have signed the GIA MoU and a range of value proposition work is underway. There was general agreement that the new Deed is an improvement on the first draft but that operational detail and commitments would need to be captured in operational agreements (OAs) that were yet to be developed. OAs could take some time to negotiation and would need to show value. The biosecurity benefits and alternatives to the Deed and OAs need to be made clear.

An assessment of progress of OAs on a scale of 0 (nothing) to 10 (signed) indicated that progress was being made with many industries having signed an MOU and begun the job of identifying pests (scale 4-5) with two developing their Operational Agreements (scale 6 or 7). The issue of exacerbators was of almost unanimous concern. A number of industries have identified priority pests and are working with others on pests of common concern, such as fruit fly and FMD. The need for cross industry collaboration was noted eg. Pastures and pasture-based industries.

Industry updates are in <u>Attachment 1</u>.

B. Introduction by Dr William Rolleston

Dr Rolleston presented a fresh look at the Deed and its provisions, based on an analysis of a number of key documents including the revised Biosecurity Act (Part 5A), the 2012 Cabinet paper, the MoU and draft Deed. His presentation is at <u>Attachment 2</u>.

The Biosecurity Act creates obligations, enables, directs and restricts actions to affect biosecurity outcomes. Part 5A was added in 2012 to enable the GIA. It allows the Deed to be signed with or without an operational agreement. It also assumes the possibility of joint decision making on some statutory powers – allowing for partnership in delivering biosecurity.

The Act does not require a vote from members for an industry organisation to sign the Deed, unlike the commodity levy legislation. Rather, the Minister must be satisfied that the industry organisation, in consulting with its members on its proposal to enter into the agreement and represent the interests of members, has had due regard to the views expressed during the consultation.

The draft Deed has become, in effect, a memorandum of understanding, with no financial obligations beyond a commitment to fund the GIA Secretariat and implement the Deed Governance Group. Government has agreed to fund the costs of the Secretariat until 2019

so there are no funding obligations on industry until that time other than the commitment to provide someone to sit at the governance table. Obligations and financial commitments will be made in OAs.

The Deed gives direction to the partnership in good faith. It is a high level document. The Deed's exit clause means an industry could join and if dissatisfied could then withdraw at a later time.

This creates an opportunity for industries to sign the Deed with no cost sharing obligations or future liabilities, while jointly developing OAs that capture sufficient value for them to secure agreement of their members.

The value of the Deed and OAs is coloured by the current system. The big issues, like FMD and fruit fly, are covered, but there is less confidence that other pests will be effectively addressed. The system is perceived to be reactionary and not prepared. The Deed creates an opportunity to change the status quo and generate a greater level of confidence from a better biosecurity system

Operational Agreements provide an opportunity for a different approach to identifying and managing biosecurity risks.

Key concerns with the draft Deed including exacerbators, commitments, engagement, risk management and surveillance were explored integrated with discussion in section D. Discussion from the introduction raised a number of further questions from participants.

Questions and issues arising

- 1. Consistency of operational agreements
- 2. Cross sector issues such as pastures impacting plant and animal
- 3. Engagement with MPI given the time lines in the MoU
- 4. Complexity of negotiation industry to industry, with membership
- 5. Who will non-signatory costs be recovered from growers or industry organisations?
- 6. Will government accommodate in kind contributions where it pays up front to get paid back over 10 years?
- 7. Why pay money to get government to do preparedness activities, when cooperation has worked?
- 8. Has this worked reference FMD preparedness? Biosecurity consultative committee worked well
- 9. Level of resourcing in MPI
- 10. Minimum commitments in MPI what commitments, looking for government to continue to meet these, what guarantee is made?
- What is the legal basis and relationship of the Deed and Operational Agreements need clarity around binding status, OA status in relation to Deed (addendum, annex, appendix). Needs to accommodate ongoing development of OAs
- The concept of 'mandate' (vote) vs 'due regard to views' (consultation) in the Biosecurity Act for securing agreement of members for an industry organisation to sign the Deed
- 13. Why sign up at all? Re cost sharing Government is able to do this already

- 14. What happens to priority and decision making if outside the Deed after some industries have signed
- 15. Remove liabilities in Deed and put them in OAs

C. MPI Views on the GIA

Mr Andrew Coleman presented an overview of potential benefits for the biosecurity system from the implementation of the GIA Deed in a future state with reference to 'yesterday'. He also presented MPI views on a number of the key issues raised by industry in relation to the draft Deed. His presentation is at <u>Attachment 3</u>.

The MPI 'tomorrow' vision for biosecurity that will be facilitated by the GIA includes:

- Implementing a high level Deed to direct the partnership and provide both moral and legal gateways for development of operational agreements that will hold both parties to task
- Developing a culture of true partnership that is reflected in the way we work, and not what is written down or about who has more money or power. This is also reflected in the MPI strategy 2030 as an underlying commitment to 'enable and partner'
- Knowing what government and each industry will do in readiness and response and how they will achieve this
- Making decisions as partners but with the acknowledged constraints of legal requirements and national and international obligations
- · Planning to be ready, and exercising to be fit for response
- Undertaking readiness actions that span the biosecurity system from off-shore, through border, to on-shore to reduce the risk and both public and private impacts of biosecurity threats
- Contributing to improve readiness as an in-kind contribution to reduce the cost of response – this is open for debate

The outcome is a biosecurity system that is greater than the sum of the parts as a result of the partnership and better decisions.

MPI views on key issues in the draft Deed

Legally binding status of GIA

The Deed confers both legal and moral obligations to signatories. The framework for the GIA is in the Biosecurity Act. Obligations will be captured in the OAs and will be binding.

Cost sharing - exacerbator

MPI will recover costs from exacerbators where practical and reasonable, and consistent with evidential standards. This means that action will be taken where rules are breached. However, compliance and enforcement will to achieved by a range of approaches that will be applied as appropriate – including education, enforcement and prosecution.

Decisions on import levies are a matter for government.

The government invests in biosecurity activities across the biosecurity continuum including pre-border, at-border and post border. Border services are cost recovered.

Cost sharing - beneficiary

MPI recognised that biosecurity has both public and private benefit. These will be worked out and captured in cost shares in OAs.

Non-signatories

MPI will recover 100% of attributed benefit from readiness and response activities from non-signatories. Part 5A of the Act allows this to happen.

Cost sharing for regaining market access

MPI has not yet landed on a position. The MPI executive have commissioned further analysis of the issues to achieve clarity on when a response stops, when markets are regained, how any policy will be applied given the likely case by case differences and difficulties. Mr Coleman noted that a focus on transition from readiness to response might be more appropriate than consideration of stop-start criteria.

Consensus and Joint Decision Making

MPI agreed that consensus is the desired approach for decision making but noted that some decisions needed to be made quickly to meet both statutory obligations and effect biosecurity outcomes. Mr Coleman suggested that there be discussion about the boundaries of decision making with specific reference to the regulatory interface and encouraged that this be clearly articulated in OAs.

Discussion

Discussion arising from Mr Coleman's presentation:

- Congratulated MPI on making clear its views of the GIA and on specific issues.
 While the vision for the future state was compelling and reflected a sea change in the organisation, questioned the need for cost sharing to achieve this and challenged the Ministry to communicate this vision more broadly
- Noted that these views did not yet appear to permeate through MPI and acknowledged the need for culture change within the Ministry
- · Noted that trust was integral to the GIA and to delivering its outcomes
- Queried whether the change in the readiness and response culture extend to other areas of the business. Mr Coleman responded that while the focus would be primarily on imports it would also include exports. Industry interests could be included in OAs
- Noted that industry has practical knowledge of pests and pest groups that would add significant value to import risk analysis and development of import health standards
- Considered that the Deed provides a common gateway to conversation on and development of OAs, and was required by the Biosecurity Act.
- Recognised opportunities for achieving better outcomes from initiatives like the National Biosecurity Capability Network that could also be considered an in-kind contribution towards readiness and a vehicle for more effective response
- Reinforced the need for greater confidence in border operations and outcomes to reduce the risks and liabilities faced by industry

D. Summary outcomes of discussions on specific issues

Exacerbators

Underlying Issues	What do you want to see in the deed?	MPI view and residual issues
 Risk There is inherent risk associated with movements of goods, people and vessels into NZ, but benefits (public + private benefit) of this activity will ensure they continue. Participants agreed that: Biosecurity risks are identified and subject to management Risks are public & private They are managed to an internationally acceptable level There will always be a level of residual risk Risk management using the legislation is the obligation of Government - the intent is to maintain residual to at least the current level Risk occurs through a range of regulated import pathways There should be a link between public and private risk and cost shares? 	 Commitments section Clear government responsibility to prosecute illegal behaviour using the law Government is responsible for checking that measures are correct both onshore and offshore Using tools like inspection verification enforcement There could be greater dialogue on compliance mechanisms There could be oversight of border risk oversight and management (dialogue, audit, performance management) The independent investigation of biosecurity incident post border to identify the cause of the incursion of an unwanted organism Deed alludes to withdrawing – doesn't include re-negotiating clauses – needs to be addressed 	 Issues If risk changes as a result of border policy and actions, how is it reflected in cost shares? Looking for transparency in accounting for exacerbator contribution Such as, 3 parts to calculation (actual cost – industry vs public benefit), Non-financial components, + weighting of the public benefit representing exacerbator contribution (have free flow of trade/people) <u>Tension</u>: Free trade and favourable health status are a benefit to NZ <u>Considerations</u>: International obligations Scope of readiness Investment in the 'system' Incentives to protect by beneficiaries – how is government incentivised to manage risk Compliance where rules are breached Contingency fund Exacerbators occur across the system Government 50% was not for the purpose of offsetting exacerbators

Border	Commitments section	
 Wider biosecurity system dialogue Might include onshore biosecurity risk management (e.g. swill feeding) 	Intelligence (information gathering)– a minimum requirement Collection, sharing and action on new and emerging threats – risk identification For industry and government – not an eligible cost for cost sharing unless an agreed additional activity in an OA	
Cost Recovery	Cost sharing – integrate as a principle	
 Principles: 1. Whoever creates the risk bears some of the cost 2. Beneficiary pays a portion 3. Exacerbators share is paid by government, which may then seek to cost recover Negligence arising from failures to implement to prove the protocology.	Step 1 - Determine the exacerbator share Step 2 - Split out the public/private benefit	
or enforce the system – does not include situations where risk management systems are not in place, or do not fully address the risk		

Market Access

Underlying Issues	What do you want to see in the deed?	MPI view and residual issues
 Cost Share for market access Keep response open until all markets 		Not specifically discussed. Refer to MPI presentation in Section C

are returned End response with eradication – includes actions to contain, eradicate and prove freedom	 is in scope for cost sharing a response 2. Pest or disease specific 3. MPI negotiations to the point where product can get back into existing markets – time limit applied 	
Core government activity – government to government negotiations	 Exclude FTA/MFAT Refer to cost recovery legislation to confirm scope 	

Commitments

William Rolleston to circulate his Deed notes

Underlying issues	What do you want to see in the deed?	MPI view and residual issues
 <u>All parties</u> Commitments in the Deed apply to the Deed Good faith Commitment/obligation to secretariat and the governance group Work to achieve better biosecurity 	Review minimum commitments (add 'where necessary') Review commitments from the perspective of ensuring commitments and obligations beyond the partnership and secretariat/governance are in operational agreements	 Minimum Commitments for Government Are they clear enough? Review those in the wider biosecurity system (readiness and response generally OK) What assurances that there will be a level of readiness/capacity and capability that will be maintained and measured? Scope – lab,
 Border risk management (post and pre border) Active management of emerging risks 	Tighten language and reflect actual expectations in Deed eg. securing capability or ability to access (flexibility rather than obligatory)	border risk management, onshore risks, competent authority (MPI/overseas NPPOs), wider biosecurity system · What are the things we can bind the
 Industry Raising awareness with industry Border risk management (as per exacerbators) Refer to Operational Agreements where 	Make practical	 crown to? Material change in Government policy should trigger review of the agreement What is a general commitment? What is specific and should be in an OA?

there are obligations	
	Performance Requirements
	 How well are activities being done?
	More transparency and review

Decision making

Underlying Issues	What do you want to see in the deed?	MPI view and residual issues
Underlying IssuesConsensus for Deed – governance (good faith)Consensus or agreed alternative for – readiness(needs to be in OA) - response (It can be agreed in an OA but what happens when no OA agreed?)Default response (where there is no OA in place) How to decide in response – consensus (plan A). What is plan B if consensus is not reached? Cannot hold up response decisionsQuestions What is the liability for non-signatories vs signatories where there is no operational agreement?	 What do you want to see in the deed? 5.3 - none of this should impede response Criteria for response decision making: Is it an EPP? Is it technically feasible to eradicate? Is it cost beneficial? Obligation of Deed parties to decision making in response – pre-agreed in OA IBD scenario work to inform in default response arrangements (where no OA is in place) Clarify obligations consistent with Deed purpose – need some commitment? 	 MPI view and residual issues The differential between a signatory without an OA and a non-signatory needs to be explored. Minimum is a seat at the decision table in response A non-signatory would get no say and would be held to account as well Commitments section should set the scene for detail that follows in an OA Transition for cost sharing post 2016 needs to be developed
In the early stages of response – what is cost shared and what is the minimum commitment (not eligible)?		
Define the obligation of the deed parties to decision making in a response – in relation to		

the start of the cost sharing – what should be in the Deed?	
When does a response begin? Investigation Response 	
When does cost sharing of emergency response start – as soon as containment measures are put in place? When decision makers meet and decide response action? Secretariat (?)	

Signatories who choose not to participate (in a response)

Underlying Issues	What do you want to see in the deed?	MPI view and residual issues
Signatories abstaining or withdrawing from a response – managing free loaders	Justification for withdrawal 1. Technical analysis based on impact (or	Not specifically discussed. Refer to MPI
response – managing nee loaders	lack thereof)	presentation in Section C
Operational agreements can cover a range	2. Cost:benefit	
of activities – not just response	3. Fiscal cap is met (where fiscal cap is	
	considered to be fair and reasonable)	
Commitments entered for activities outside		
response should be met – how are	Who pays if a signatory withdraws?	
consequences identified and managed – in	Government? .	
the OA?		
	Who decides that withdrawal is justified?	
Is there a principle here for the Deed? More		
clarity needed around withdrawal?	How are residual costs recovered – by biosecurity levy (s137)	

Non Signatories

Underlying Issues	What do you want to see in the deed?	MPI view and residual issues
What is the alternative to the Deed?		Not specifically discussed. Refer to MPI
What if we don't sign?		presentation in Section C
What happens to a non-signatory in response?		
How will costs be recovered?		

Scope

Underlying Issues	What do you want to see in the deed?	MPI view and residual issues
Mitigate impacts Pre border/border - risk management (not observing but involvement)		Not specifically discussed. Refer to MPI presentation in Section C

Wider biosecurity system

Underlying Issues	What do you want to see in the deed?	MPI view and residual issues
Wider Biosecurity System - considerations·Can't separate readiness and response	Commitments – wider biosecurity system	Not specifically discussed. Refer to MPI presentation in Section C
from influence at the border	Verification and audit of competent	
 How are Deed signatories treated any differently from general public re wider 	authorities – off shore	
biosecurity system, risk management, policy	Monitor and report on resourcing and performance at the border and pre-border	
Post border /post clearance biosecurity regulation and enforcement	Focus on risk and changes to risk – ensure	
 Import Health Standard HIS – process- proactive vs. reactive management 	action is taken to effect mitigation of risks and changed risks	

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Surveillance

Underlying Issues	What do you want to see in the deed?	MPI view and residual issues
 Types of surveillance: Early detection – readiness activity Baseline Additional and cost shared Market assurance – with public and/or private benefit Eg BSE established diseases (public /private) International reporting obligations for government OIE TSE BCP FMD Rinderpest Benchmark country status Generic, passive, active OA Deed more guidance on what is not cost shared (other than readiness and response) 	Should surveillance for readiness and response be included in the Deed? Should other types of surveillance be included in wider biosecurity system?	 This is a topic that needs to be further explored throughout the Deed. Readiness: What? Where? Why? To operationalise early detection and reduce size, impact, cost of unwanted organism and incursion response Is this an eligible cost for sharing? Where are the public and private benefits? It is exempted in the Deed schedule

Industry updates

<u>Pipfruit</u>

- Strong interest in biosecurity, good understanding of unwanted organisms and the risks associated with them and potential impact
- · Signed the MoU
- Fruit fly a priority. Working with like industries to minimise the cost of readiness to protect the sector
- OAs will take a long time to develop
- Concerns over development of a standard, single Deed and the legal status of the OA in relation to the Deed
- Concerns about protection provided to the industry by MPI

OA = 5

Grains and Seeds/Arable

- · Arable Food Industry Council (AFIC) signed the MoU recently full agreement
- Deed concerns exacerbators a risk to the sector
- · Commitments vague
- Making progress from where it was too many pests and crops, using a pathways approach

OA = 2 to 3

Wine grapes

- · Similar views to pipfruit
- MoU signed, yet to meet with MPI on value proposition work
- Many unknowns in the Deed, lack of clarity of commitments in OAs and linkages between the Deed and OAs not clear
- Looking to develop detail in the OA and that to sign the Deed

OA = 4.2

<u>Equine</u>

- The second version of the Deed much better
- · Not much in the Deed, exacerbator a concern
- MoU signed and value proposition work underway with MPI input
- Started on the OA
- 50% minimum share from government a major incentive for the industry
- Identified 20 or so diseases of concern, top 4 being used as a focus for readiness
- Readiness work stalled, but 2.5 weeks resources allocated from MPI to assist

OA = 5 to 6

Deer

- MoU signed
- · Views on the Deed not well developed. Concerns over exacerbators
- · Details unclear and unknown, will be in OAs
- · Priority biosecurity threats known with cost shares for CWD set
- Involvement in value proposition for FMD
- · Pastoral sector issues,
- Priority of small sectors and their pests/diseases against large industries

OA = 0

<u>Bees</u>

- · MOU signed
- Some engagement with pollination stakeholders overlap similar to pastures
- · OAs need to be teased out
- · Exotic bee pests unlikely to be eradicated so a strong border focus from the sector

OA = 4

<u>Pigs</u>

- · MOU signed
- Biosecurity outcomes will be better with government and industry working together
- A smaller industry, MPI do not have experts, use the industry expertise
- Priority pig-specific diseases identified, working with others on FMD
- · Deed is necessarily general with detail in the OA
- · Working with MPI
- NZPork has identified areas for priority readiness work and is waiting for response from MPI

OA = 3

Poultry meat and eggs

- · MoU signed early
- More positive view of GIA, better than current
- · Smaller industry
- Three poultry specific diseases identified, started discussion with MPI
- Long had mandate on GIA from respective Board, considering funding options
- 50% contribution from government an incentive
- Deed should be standard with detail in OAs the latter a key issue

OA = 6 or 7

<u>Horticulture</u>

- Horticulture NZ has 22 product groups
- Groups are at different places, a number have signed the MoU. Affiliates will sign OAs
- Alternatives to GIA need to be clear including the landscape around the Deed for non-signatories
- Minimum commitments need clarity
- Fruit fly workshop was important for development of the value proposition for horticulture industries. Fruit fly is the priority pest

OA = 0 to 6

Red meat

- Have a clear view on exacerbators
- · Kicked off a program of work to understand costs and benefits
- Involved in FMD work

OA = 2

Vegetables

- · Representing 6 Boards
- Some have signed the MoU
- · Different views
- Deed will need significant guidance on how it will work, detail will be in OAs
- Significant pest identified, discussions on value proposition work underway
- Some industries involved in fruit fly work, but only a couple affected

OA = 4 to 5

Beef and Lamb

- Question the need for cost sharing for collaboration and cooperation when this is of advantage to all, with substantial returns to NZ
- · Working through Deed and issues
- Commodity levy organisation tension between advocating GIA when costs will increase from additional levy
- Securing mandate and retaining members support an issue
- Members have a view that it is government's role to manage biosecurity
- Working on FMD readiness activity with other livestock industries as part of value proposition
- · Operational agreements a long way off

OA = 3 to 4

<u>Dairy</u>

- Dairy NZ taking the lead by agreement of others single industry
- · Cost sharing has been the norm, sharing in place now
- · Exacerbators an issue
- · Cross sector engagement free riders
- Need to ensure comfort with farmers
- · Industry views on draft being collated
- · OAs and rules developed later, other guidelines are needed as well to ensure equity
- · Deed is only a part of the process
- · MoU signed and preliminary discussions with MPI help
- Value proposition comparing the current state with the future state requires feedback from MPI
- Involved with other sectors on FMD preparedness work

OA = 3

<u>Avocado</u>

- Signed MoU
- · Deed readable
- · Concerns over exacerbators, OA's
- · OAs will contain the detail, not clear what this is, OAs have no form
- Industry to industry cost and obligation sharing within an operational agreement an issue that hasn't yet been contemplated let alone assessed
- Won't commit to biosecurity costs arising from the Deed/OAs without consulting members
- Not yet in a position to commit to a deed–growers will need to understand the numbers, funding, risks
- · Value proposition needed
- · The avocado biosecurity plan has identified its top 10 pests
- · Value proposition may involve a cost benefit analysis to determine areas for priority funding

OA = 4

Federated Farmers

- · Deed a vast improvement
- · Better biosecurity the desired outcome
- · Concerns over exacerbators
- · In kind resources vs cash a significant issue

<u>Onions</u>

· Signed MoU

• Key pests identified OA = 2

Buttercup Squash

- · Signed MoU
- MPI resourcing an issue to progress value proposition work •
- · Key pests identified
- Exacerbators an issue, withdrawal, commitments and equity (as a small industry)
- Readiness a key focus •

OA = 3

Attachment 2

Presentation by Dr William Rolleston (Chair)



GIA

Problems

- Lack of planning
- Lack of priority setting
- Quality, effective, efficient
- Influence Industry-centric

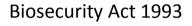


- Biosecurity Act 1993
- Cabinet Paper April 2012
- MOU
- Deed
- Operational Agreements

Biosecurity Act 1993



- Creates obligations
- Enables and empowers
- Restricts
- Provides Direction





- Party can:-
 - Sign Deed and Operational Agreement(s)
 - Sign Deed only

Section100Z

(3) The agreement consists of,—
(a) for a party to the deed that makes an operational agreement with the Director-General, the deed and the operational agreement:
(b) for a party to the deed that does not make an operational agreement with the Director-General, the deed.



Influence – jt decisions/stat powers (s100Z(6))

Biosecurity Act 1993

- Before entering an Agreement Organisation must:
 - "have consulted with the sector" and
 - "have due regard to the views expressed" on
 - The proposal to enter Agreement
 - The way it will represent its views
 - Funding arrangements for commitments

Cabinet Paper



- Govt to fund the secretariat for 6 years
- Intention that cost sharing begins when an activity is agreed (para 25) (i.e. Op Agreements)
- Industry will fund their share of readiness activities as they are implemented (para 38e)
- MPI pay full response and signatories have 10 years to pay back
- Recover costs from non-signatories (if it choses to)

MOU



- Develop value propositions
 Draft Op Agreements
- Seek mandate (Cab Paper says mandate Act says "regard to views")



Issues



- Exacerbators
- Market Access
- Commitments
 - Industry
 - Govt policy change
 - Withdrawal
- Decision making
- Degree of influence in wider system
- Surveillance

Attachment 3

Presentation by Andrew Coleman, MPI



'The GIA in Action'

TOMORROW

- The Biosecurity Act
- 'Pre' and 'At' Border Activity -Import Health Standards - Border transaction and risk management

YESTERDAY

- The Whole of Government Biosecurity Response Guide
- Biosecurity Knowledge Base
- Response Systems
- 'Post' Border Activity governance and operational decisions

- The Biosecurity Act signatories and non-signatories - the legal and 'moral' obligations
- The Biosecurity (end-to-end) System
- Readiness AND Response
- Consensus Building through communication and information sharing - based on shared risk understanding
- Cost sharing 'in kind' acknowledged
- Decision Making influence and delegated authorities
- **GIA and Operational Agreement(s)**

The MPI Position

- Legally binding status of GIA
- Cost sharing exacerbator
- Cost sharing beneficiary
- Non-signatories
- Cost sharing for regaining market access
- Consensus and Joint Decision Making
- We want to work for 'Tomorrow'

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