

GOVERNMENT INDUSTRY AGREEMENTS ON BIOSECURITY READINESS AND RESPONSE A TRANSFORMATION IN THE MAKING

Overview

In 2013, Parliament amended the Biosecurity Act. One of the key changes was establishing the legal basis for government and industry to work together on biosecurity readiness and response. This tool is called the Government Industry Agreements on Biosecurity Readiness and Response, or GIA for short.

GIA is designed to strengthen New Zealand's biosecurity protection. It gives industries such as ours a direct say in managing biosecurity risks to our industry. It is about reducing impacts on primary sectors by being better prepared, and improving New Zealand's ability to respond to new pest or disease threats.

GIA facilitates a **partnership** between MPI and industries that involves:

- Closer engagement between partners to achieve better biosecurity systems;
- **Shared decision-making** on readiness and response activities; and
- **Shared costs** for readiness and response activities.

GIA is not about reducing government spending (in reality the opposite is more likely) or pulling back from supporting primary industries in favour of environmental or social outcomes.

While GIA is primarily focused on biosecurity readiness and response, it also provides for **partnership in the wider biosecurity system**. This is critical for our industry given our interests extend much wider than 'readiness' and 'response' to include imports (including access to germplasm), exports, access to chemical control tools, managing risks associated with others releasing new organisms, and managing established pests.

Industry is asked to consider only those pests and their impacts that affect your particular industry, with cost

shares relating to the benefit industry accrues. The **Government guarantees a minimum contribution of 50%** toward the cost of readiness and response. **Transitional discounts** have been established to encourage early adoption and help industries adjust to the new partnership arrangements; early signatories won't pay their full share of readiness costs until 2020 and won't pay their full share of response costs until 2023. Costs will start being shared for readiness from July 2014 and for responses from July 2017.

The Biosecurity Act amendments mean that **MPI is able to use the Biosecurity Act to recover costs from industries that do not participate in GIA**, but do benefit from a response. MPI has indicated it will recover costs from non-signatories where it is equitable and efficient to do so. So effectively **GIA has already changed the rules**. It has also already lifted industry focus and attention on biosecurity and associated expectations. There are going to be implications for the nursery and garden industry and its growers irrespective of whether our industry becomes a signatory to GIA, or not.

GIA and the Nursery & Garden Industry

NGINZ has been closely involved with the development of GIA over a number of years. Now that GIA has a legal basis, following its formal launch by the Minister for Primary Industries in late 2013, the time has come to consider our formal role in GIA.

This is not a minor consideration: GIA will impact on the nursery & garden industry both directly and indirectly. We are not compelled to join; that's our decision based upon the benefits GIA may or may not bring, the risks which we will need to carefully manage, and implications for our relationships with MPI and other primary sector industries.

NGINZ is presently assessing the exotic pest risks for nursery production. Work to date indicates there are few that provide a significant and broad industry threat. A possible exception is sudden oak death. We also need to consider cumulative impacts of multiple incursions to avoid a future where our ability to trade suffers "death by 1000 paper-cuts".

In addition to mitigating the risks associated directly with a pest threat to nursery production, GIA presents a significant opportunity for our industry to work with regulators, the horticulture sector and others.

Collaboration would:

- Ensure preparations and responses to pest incursions do not create unnecessary impacts on the nursery and garden industry (for example, unnecessary plant movement controls).
- Improve access to pest and disease control tools.
- Engender confidence in nursery practice and thus increase ease of business.
- Protect market access for our exports.
- Position NGINZ as a responsible industry body, proactively playing its part to ensure New Zealand's biosecurity is effective.
- Ensure more rapid reaction and/or adaption (at least cost and/or impact) when a new pest establishes – assuming eradication was not possible, desirable or failed.
- Help ensure a unified approach, strengthening coordination in the management of biosecurity across the horticulture sectors.
- Strengthen our engagement with MPI in relation to wider biosecurity matters.

Under GIA, there are a number of practical areas where our industry can strengthen New Zealand's biosecurity readiness and response:

- Through pathway management & hygiene – reducing the risk of pests and diseases through movement of plants, soil products, seeds and equipment around New Zealand.
- By utilising our nationwide network of nurseries and retail stores and their skilled professionals to strengthen surveillance programmes.
- By building public awareness to encourage surveillance and early reporting, and to promote adoption of better biosecurity behaviours.
- Through effective use of our nursery and retail network and technical expertise to manage pathway risk using established communication channels.
- By working to introduce and manage high health standards, practices and plant certification schemes.

On the other hand, **if we opt to do nothing, it will inevitably lead to gradual "fade"** in terms of our relationships with MPI and other horticulture sectors, and our industry voice will be side-lined and our relevance diminished. We will have decreasing influence over regulatory measures, some of which will reduce our freedom to move plants.

We are sometimes seen as risk creators by others, and that view is likely to intensify and see our industry increasingly targeted by other industries.

Some parts of horticulture have already applied to the Minister to join GIA, many others are actively preparing for this. **In 2014, the kiwifruit, pipfruit and pork industries joined GIA by signing the Deed** – so, GIA is happening. The combined horticulture sector already has a programme underway to develop a GIA arrangement for fruit flies.

Weighing up our options, the NGINZ Board believes there is a compelling case for our industry to join GIA so that we are well positioned to:

- Determine and react appropriately to potential nursery and garden industry pest threats
- Manage risks that could impact our ability to move plants and, thereby, reduce the “ease of doing business”
- Play an influential role as a responsible industry sector in wider horticulture

Industry Safeguards

While GIA is a reality and the NGINZ Board believes we need to be part of it, industry interests are safeguarded in a number of ways.

- Firstly, an industry decides whether to join GIA by signing the GIA Deed, a legally binding agreement approved by Cabinet late in 2013. There is a detailed process to go through before an industry can sign the Deed - including extensive consultation and establishing mandate to act on behalf of industry members (for us that would mean all those in the industry, not just NGINZ members). The industry body must have a funding mechanism in place to meet the cost of any GIA action.
- Each industry determines what pests are important to it. It determines what operational agreements (the nuts and bolts of specific pest plans) it wishes to develop, or enter in to, with MPI and other industries. Each industry has a right to nominate a fiscal cap - to set limits on what it is prepared to fund.
- Should a pest arrive, each industry can elect to enter the response, or not.
- An industry’s share of costs is based upon the share of benefits it derives, the total cost being shared among all beneficiaries. The government meets the cost share attributed to public benefit.

Show me the money

Engagement with GIA will impact financially upon the nursery and garden industry. If we join GIA, preparedness activities will need to be funded and we need a contingency for incursion responses.

If we do not join, and the nursery and garden industry is seen as a beneficiary of a response by MPI and others, **MPI can impose a levy on all growers** (individual growers that is, not NGINZ) to recover their share of the response cost.

However, primary industries are paying now; just add up the cost of recent pest incursions – Psa, tomato and potato psyllid, giant white cabbage butterfly, varroa, didymo... Some sectors believe GIA will save them money in the long run.

If our industry is to join GIA there are a number of funding options, but the most suitable is likely to involve a levy mechanism.

Funding GIA engagement

The costs of being an active member of GIA and these costs fall into three groups: minimum commitments, preparedness and response.

1. **Minimum commitments** comprise things like maintaining capability to understand our biosecurity risks and how these change over time, communicate effectively on GIA matters within our industry and with partners, and engage in GIA processes.
2. **Preparedness** comprises things like implementing surveillance programmes, contingency planning, and negotiating phytosanitary measures to minimise restrictions on plant or product movements, and nursery training. We estimate the minimum commitments and readiness costs will be \$150-\$200,000 per annum. This fits within an overall budget for biosecurity activities (ie. also covering things like input to the NPPA, GERMAC, EPA ...), excluding any response costs, of \$300,000 per annum.

3. **Response costs** are harder to predict, will vary pest by pest, and will relate to our share of the benefits compared with others and the magnitude of the incursion. Our assessment to date is the extent to which our industry will benefit from responses will be very limited, and our exposure to response costs minimal.

It's our intention that minimum commitment and preparedness work be funded from the Commodity Levy, while a Biosecurity Act Levy is used to fund responses costs, if and when these are incurred.

Our next steps

NGINZ is preparing to consult with industry members on its Towards 2025 proposal and in particular GIA as well as Greenlife Double and Levy proposals.

GIA will also be an important part of the discussion during industry consultation meetings in March 2015. With industry support, we will develop a formal application for consideration by the Minister for Primary Industries

You can keep in touch with our progress through updates to our website - www.nginz.co.nz/towards2025, and you can find out more about GIA by viewing "NGINZ's Approach to GIA: Proposal for discussion" on the NGINZ website, or visiting www.gia.org.nz.

If you've questions or comments, please feel welcome to approach NGINZ Board members or CEO, John Liddle