

KVH Information Sheet



Government Industry Agreement (GIA)

Background

In September 2009, the Ministry for Primary Industries (MPI) announced a new approach to managing biosecurity readiness and response that will create a partnership between industry and government. This partnership approach is formalised in the Government Industry Agreement (GIA); a legal document with the following key components.

- Closer engagement between partners on achieving better biosecurity systems
- Shared decision-making on readiness and response activities
- Shared costs for readiness and response activities.

Why have the GIA?

Under the current biosecurity system, the government funds and makes most of the decisions on biosecurity activities. This can result in a disjointed approach between government and primary industries, with government not getting a realistic picture of industries' biosecurity priorities and therefore may allocate resources in a manner that is not aligned with industries' best interests.

The partnership approach of GIA would enable MPI to put joint-decision-making arrangements in place and apply cost-sharing fairly and consistently across all industries, rather than the current case-by-case approach. There will be more certainty that high priority risks are being addressed and that all parties will have incentives to invest in preparedness. Improving preparedness will result in faster and less costly responses, which are more likely to eradicate or control pests and disease.

The GIA is about improving biosecurity readiness and response by working together. It is not about reducing government spending or pulling back from supporting primary industries in favour of environmental or social outcomes. The GIA is intended to see New Zealand better prepared for the pests and disease threats that really matter to participating industries, with government and industry investment being made accordingly. Signatory industries will be able to have an equal say in their biosecurity priorities and greater certainty around when and how biosecurity readiness and response actions will be taken.

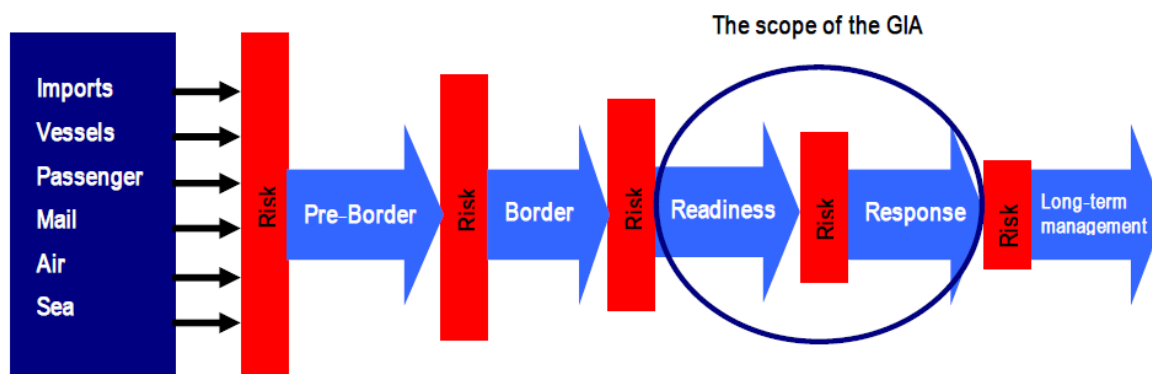


Figure 1. The layers of New Zealand's biosecurity system and the scope of the GIA

How does the GIA work?

The GIA framework includes:

(see Appendix 1 for a diagram of how KVH sees this framework could work)

- A generic legal Deed developed by the joint MPI-industry working group containing high-level principles and baseline commitments to which all primary industry signatories and MPI agree (available from KVH on request).
- Detailed Operational Agreements which individual signatories develop and agree with MPI, and where industry / MPI commit to undertaking certain activities and cost-shares in a readiness programme or response.

Under the GIA, industries are to identify the biosecurity risks of greatest concern to them, and jointly invest with government to better manage those risks, across the biosecurity system. The GIA will apply to biosecurity readiness and response activities that provide industry benefits but will not apply to activities that provide public benefit only.

Cost Sharing

Once an industry organisation has signed the Deed, the cost share proportions can then be determined for the pests and diseases that they identify as a priority. These cost shares are determined using the proportion of public benefit relative to industry benefit. However the Government has committed to funding a minimum of 50% of the cost of prioritised readiness and response activities. Where two or more industries benefit from a readiness activity or response, the industry portion of the costs will be shared between them.

As an incentive for early signatories who sign within three years of the Deed being authorised, MPI will cover 100% of response costs and a high proportion of readiness costs within this three year period.

Who is representing the kiwifruit industry for the GIA?

In November 2012, the kiwifruit industry gave Kiwifruit Vine Health (KVH) the mandate to lead the industry's preparedness and response for wider biosecurity issues including the proposal to enter the GIA. KVH has been working with the New Zealand Kiwifruit Growers Incorporated (NZKGI) to represent our industry in the preparation of the GIA Deed and the development of our first Operational Agreement for the high priority pest, Fruit Fly.

How will KVH communicate to the industry?

KVH has used a number of communication channels for consultation and communication regarding the Psa-V National Pest Management Plan (NPMP) and the GIA for wider biosecurity issues. KVH will continue to use these communication channels in the future to keep growers and the wider industry informed and to ensure that the views of the industry are being represented. These communication channels include:

- KVH website
- KVH Bulletin – weekly publication with over 2,200 subscribers
- Zespri Grower Roadshows
- Industry Advisory Council Meetings
- New Zealand Kiwifruit Growers Incorporated Meetings

Frequently Asked Questions

Below are some FAQs and responses that MPI has put together regarding the GIA

Why not have joint decision-making without cost sharing?

MPI have decided not to take this approach on the basis that, while this would have partially helped with planning and prioritising, without cost sharing it would be difficult to get accurate signals on industries' priorities and whether addressing those priorities would actually be worthwhile. Sharing costs will give industry strong incentives to identify readiness activities that will best protect them and to decide what risk organisms should be a priority for a response. There is also the need to recognise that, where significant beneficiaries from biosecurity activities can be clearly identified, it is fair to expect those beneficiaries to contribute directly towards them. With this expectation, comes the right to make decisions about when and how those activities are undertaken.

Are GIAs in place anywhere else?

Australia has led the way in implementing this collaborative approach between industry and government. The European Union is also looking at developing efficient cost and responsibility sharing schemes as a key part of establishing a modern animal health framework, as set out in the EUs Animal Health Strategy (2007). The UK Government is also looking at setting up a similar arrangement.

In New Zealand, some industries already make significant contributions to readiness and response. For example, the deer, forestry, poultry and avocado industries invest in surveillance programmes to protect their industries and maintain market access. The bee industry made significant in-kind contributions during the varroa response.

Why should industry pay when pests get through the border?

Ensuring we have an effective biosecurity system is a joint effort. It is critical that all New Zealanders – industries, individuals, government and other organisations – participate and take responsibility for risks they create, or are best placed to manage.

Zero risk at the border is unattainable. Trade is a two-way street, and to gain access to export markets we need to give access to our market. The aim is to allow safe trade to continue by putting measures in place that manage the risk to acceptable levels. As with every other country, it is inevitable that some incursions of risk organisms will occur.

The government believes it reasonable that industries should contribute to mitigating the biosecurity risks they face, as they would other business risks. If industries share costs and decisions, then this will lead to better priority setting and more efficient and effective responses.

Shouldn't importers contribute to the cost of readiness and response?

Importers contribute between \$80 and \$125 million annually to the cost of biosecurity management in New Zealand through levies and compliance and clearance costs. The Sanitary & Phytosanitary (SPS) Agreement sets restrictions on import levies that are no higher than the actual cost of the inspection and clearance services provided by MPI, and that they are equitable in relation to like domestic goods.

MPI believes that importers' financial contribution is fair and reasonable, and considers importers to be best placed to further improve border biosecurity by taking more responsibility to reduce biosecurity risk. Amendments to the Biosecurity Act 1993 clarify the role of importers in reducing biosecurity risks and put in place measures to further reduce residual risk from the border. In particular, those who deliberately and/or repeatedly import non-compliant goods will face additional compliance costs due to more severe audit schedules and increased use of prosecutions.

How can industry contribute to MPI's border management decisions?

Industry contributes to MPI's border management decisions through participation in public consultation. They are also invited to make submissions on the Risk Analyses and Import Health Standards produced by MPI.

MPI is working to improve and streamline the way they work with stakeholders, particularly during the development phase of Import Health Standards. Instead of being consulted when a standard has been drafted, in future, stakeholders will be engaged earlier in the process, and will continue to be engaged throughout the development of the draft standard. This will allow MPI to address stakeholder concerns earlier in the import health standard development process. This will limit the number of new stakeholder issues that surface during formal consultation processes. It is also hoped that this new approach will reduce the number of challenges and litigation regarding import health standard decisions. These changes will mean importers and domestic producers have greater input, will be more likely to understand, accept and comply with the standards, and see the decision-making process and its outcomes as fair.

If an industry does not sign GIA, and government decides to invoke mandatory cost recovery, who will costs be recovered from?

A non-signatory industry may receive a significant benefit from a response and in this case MPI believes it is appropriate to recover a share of the response costs from those industry members.

Costs would be recovered from individual growers and producers by means of a biosecurity levy. However, cost recovery will only be undertaken where it is efficient and economical to do so.

Is industry being asked to “write a blank cheque”?

No. Signing up to GIA does not commit industry to funding readiness programmes or response actions; and numerous decision points are in place to ensure that all parties agree to costs incurred under the response plan.

1. Readiness programmes are jointly agreed between MPI and industry. Funding must be agreed and signed off by both parties before these programmes begin.
2. For response activities, a decision to initiate the response will be made by consensus. This will ensure industry have the ability to say “no” to a response if they do not feel this is worth pursuing. Decision points throughout the response programme will ensure that all parties agree to costs incurred under the response plan.
3. Industry can set a “fiscal cap” for a response. Fiscal caps are set as the maximum amount the industry has indicated they wish to spend on responding to the organism in question which will ensure that industry do not invest more than they wish or can afford. A fiscal cap will act as trigger point – once a fiscal cap is reached, the industry will decide whether they wish to continue to share funding and decision making for the response, or whether they wish to withdraw.

Industry may not be able to meet the costs of the response initially. Will government provide support?

It is proposed that when a response begins, each party would be required to meet its own costs arising from the Response plan. Affected industries are being asked by MPI to meet cost sharing obligations up front. However, where this is not possible, it is proposed that Government would assist with these upfront costs, but then recover costs over a period of up to 10 years.

How binding is GIA on government?

This is a legally binding agreement and as such the government will meet all its obligations under the agreement as will industry signatories.

Will MPI have a fiscal cap?

MPI will not set a fiscal cap for responses. For responses over a certain size, MPI will obtain approval for funding from cabinet on a case by case basis, based on a business case.

How do you see levies working and can MPI collect these on behalf of industry?

Industry can fund their share of costs through levy orders or through other funding mechanisms. If industry chooses to fund through a levy, they may use either the provisions of the Commodity Levies Act or the Biosecurity Act.

Have your say

MPI and KVH strongly encourage growers to participate in the GIA process and there are still plenty of opportunities for further input. A draft Operational Agreement for fruit fly has been produced and will be communicated with industry through the communication channels listed earlier in this document. MPI has indicated it will begin the assessment of the draft operational agreement in October, at which stage we will be able to update growers on its development. In the meantime, if you have any queries or comments please contact KVH by email info@kvh.org.nz or phone 0800 665 825.

Appendix 1 – GIA Framework

Legal Basis

Biosecurity Act

Policy

GIA and Deed

Industry Approved Organisations
(examples)

KVH

**Pipfruit
NZ**

**Avocado
NZ**

**Stonefruit
NZ**

Etc

Pest specific arrangements

Operational Agreement for fruit fly

MPI

Kiwifruit capability
(in kiwifruit growing regions)

**Capability network
(resource/training/simulations)**

Kiwifruit specific activity for fruit fly

**Monitoring program in New Zealand kiwifruit
growing areas**

**Responses (enhanced monitoring/movement
restrictions/spraying)**