

Seed + Grain Readiness & Response

Seed and Grain Readiness and Response: A Government Industry Agreement for the Cropping Industry

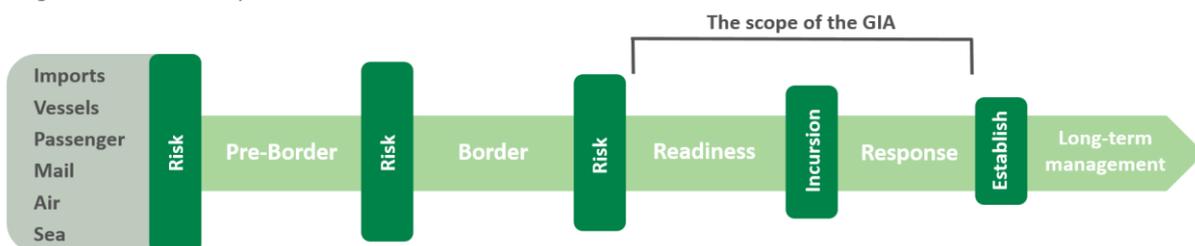
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Background

The New Zealand arable industry has had a number of biosecurity incursions (pea weevil, velvet leaf, black grass and Red clover case bearer moth) in the last few years and is aware that import and multiplication of seeds is a high biosecurity risk activity.

Government has reviewed the New Zealand Biosecurity system and, with industry, has developed the Government Industry Agreement for Biosecurity Readiness and Response (GIA) which is used to manage biosecurity readiness and response in New Zealand.

Diagram 1: The Biosecurity Continuum and GIA



GIA means that industry has greater involvement in the entire biosecurity system and shares decision making in relation to any response that impacts that industry. However, there is also an agreement to share both readiness and response costs to pre-agreed fiscal caps.

Currently there are 21 GIA signatories including both Dairy NZ and Beef + Lamb. Of the plant based industries that have signed, most, except the vegetable groups, are only concerned with a few species and are represented by a single industry entity e.g. Potatoes New Zealand.

The arable industry is complex to manage from a biosecurity perspective because of the large number of crop species grown, the fact that seed is imported for sowing across New Zealand and a number of common species, e.g. peas, brassicas that are also grown for human consumption are represented by other sector groups. The arable industry also has a number of industry organisations.

The industry is committed to working with government and other sector groups to manage biosecurity and has formed Seed and Grain Readiness and Response (SGRR), an Incorporated Society with representation from Federated Farmers Arable, Flour Millers Association, Foundation for Arable Research, New Zealand Grain and Seed Trade Association and United Wheat Growers, to fulfil this role. Each organisation will have one director on SGRR.

SGRR GIA proposal

- We propose that SGRR will engage with government (MPI) to become a GIA signatory and share in readiness and response activities. The industry involvement will mean participation in prioritisation of biosecurity risks, improving readiness to reduce the impacts and costs of responses, involvement in strategic approaches to responses and ensuring a fair and consistent cost sharing across all sectors and with government.
- The readiness costs are expected to be around \$40,000 cash per annum of which SGRR will contribute 50%. The proposed share rate for this readiness cost is: 45% for farmer organisations, 35% for the NZGSTA and 20% for the Flour Millers. There will be some additional in-kind contributions from each organisation.
- Any response costs to our industry will be recovered using a Biosecurity Levy and shared between members of SGRR. Under GIA the industry can repay its share of costs over time (up to 10 years) by putting in place a Biosecurity Levy on the affected crop group. The response costs will be managed within four crop cost groups based on crop species (small grain cereals, seeds, maize, forage and forage seed crops).
- The readiness and response costs are shared between SGRR and government. Industry will pay 50% of the readiness costs. Industry will pay a maximum of 50% of the response costs depending on the incursion, the parties affected and the impact on the general public.
- An agreed fiscal cap for industry contribution will be put in place at the start of a response. The SGRR group has developed a method for determining fiscal caps which relates to industry levy intake and harvest volume. The fiscal caps will result in a Biosecurity Levy being put in place at relevant points of the value chain **at no more than 1% of the value of the affected crop group at the point of transaction**. This levy may be recovered from transactions by growers, NZGSTA, NZ Flour Millers Association members and other grain or seed importers.
- This proposal has been presented to and has the support in principle of the boards of Federated Farmers Arable, United Wheat Growers, FAR, NZGSTA and NZ Flour Millers Association.
- To become a GIA Deed signatory the industry needs to consult with its members, hence this correspondence and proposed regional meetings.

For more information on the SGRR GIA

Please read the Frequently Asked Questions section below.

For further information on the Ministry for Primary Industries GIA process, visit:

www.mpi.govt.nz/protection-and-response/biosecurity/government-industry-agreement

Your feedback is welcome on the following points

- Are you supportive of the concept of GIA?
- Is Seed and Grain Readiness and Response a good entity as the GIA Deed Signatory for the Arable Industry?
- Are you supportive of using a Biosecurity Levy to fund readiness and response activities?

Email: info@sgrr.org.nz

Frequently asked questions

What happens if we don't sign up to the GIA?

If the industry doesn't become a GIA Deed signatory, the industry will have no formal say in any readiness or response activities undertaken on behalf of our industry. Government would have no obligation to consult with or work with industry and could respond in two ways in the case of an incursion affecting our industry. It could either do nothing and let the industry manage the problem once it has established or it could respond with no input from industry with regard to either activities or costs and then recover the costs from industry. Equally importantly, other industry groups that have joined the GIA will be making decisions that impact on the businesses of the arable community. The Government is less likely to utilise our expertise and knowledge in a response and we are not able to exert as much influence around the decision table.

How do the different crop groups work?

The different crop groups have been selected to make management of response easier and fairer. For example, if a response occurred in wheat all parties to SGRR would engage in the response and the Biosecurity levy would apply across all small grains. If a response occurred in Seeds the Flour Millers Association and United Wheat Growers would not be involved and the other members of SGRR would decide the relevant species to apply the Biosecurity Levy to. For example, if the incursion was a disease of ryegrass the levy would apply to all grasses.

What funding obligations arise from signing the GIA?

Meeting our minimum commitments requires funding, but we are performing many of them already (to a greater or lesser extent). No obligations to fund incursion responses, or readiness activities in the absence of an Operational Agreement (see section below), stem from signing the GIA Deed alone. The decision to invest in a response will be made in the early stages of an actual incursion. GIA Signatories whose constituents are affected by an incursion will be expected to share decision making responsibility and accountability for deciding whether to commence a response.

How is GIA managed?

Managing how GIA works generally involves all Signatories meeting from time to time and associated activities. Coordination of these activities is by a GIA Secretariat currently funded by government.

What are Operational Agreements under the GIA?

Operational Agreements most commonly deal with specific exotic pests and diseases and are where the detail of agreed readiness or response activities is specified, and where the real financial commitments will occur. An Operational Agreement will clearly identify the activity, what it will achieve by when and who will contribute what to meet the cost of the activities. Operational Agreements will specify cost sharing rules and identify non-Signatory beneficiaries. For responses, Operational Agreements could require the development of pre-agreed plans on how aspects of a response will be run and agreed fiscal caps. No cost sharing would apply to a Signatory unless it agrees that a response is necessary. The arable industry is likely to be a participant in Operational Agreements such as for Brown Marmorated Stink Bug.

What rights would our industry have under the GIA?

As a Signatory to the GIA we will have the right to participate in:

- Prioritising and planning with government and other Operational Agreement Parties on joint readiness activities.
- Joint-decision making for biosecurity incursion responses.

- Development of Operational Agreements to commit Parties to activities, working arrangements, accountability arrangements and cost shares.
- Administration of the GIA and engagement across the wider biosecurity system through the GIA partnership.

What is a likely fiscal cap and how will it be decided?

The fiscal cap will vary by crop group. The formula applied is that the Fiscal Cap should equate to no more than 1% of the crop value at the point of trade (import or national). The Biosecurity Levy is repaid over ten years, which means the fiscal cap for wheat could be \$50 million, maize \$33 million and peas \$4.93 million. For example, if we were a GIA signatory when the pea weevil incursion commenced, the industry cost share would be no more than \$2.5 million. If this were repaid over ten years, the share of the contribution would initially be negotiated with HortNZ, who represent the process pea industry, and the remainder would be split between growers and merchants.

What activities are covered by readiness?

Readiness covers the basic costs of running SGRR but also includes costs associated with monitoring international risk and developing Operational Agreements. SGRR has agreed that investment in readiness could result in huge savings by precluding a response. Readiness costs could include ongoing education, training of industry participants, research and development, awareness campaigns, surveillance and monitoring the border for risk.

Will imported grain be covered by SGRR?

Imported grain that is brought in by members of the Flour Millers Association and NZGSTA members will be part of the grain that the Biosecurity Levy is paid on. Government will be responsible for recovery from non-signatory beneficiaries.

How is the government share of response costs determined?

Government will pay at least 50% of the costs of a response. The Government: industry cost share is determined in a negotiation between the parties where the relative impact on the public and different sector groups is assessed based on available scientific information. If the response is a risk to non-agricultural areas or businesses in New Zealand then government will pay a greater proportion. For example; a pest that also attacks native trees may receive more than 50% contribution from government. If SGRR is not part of GIA, Government and other sectors will make that decision without us.

How are other GIA signatory sectors shares of costs determined?

Pea weevil is a good example of an incursion that would be shared with four parties, government, HortNZ, Vegetables New Zealand and SGRR. In this case HortNZ and SGRR would agree on the fiscal cap and their relative shares in finalising the extent of a response.

What commitments must MPI honour under the GIA?

As well as the minimum GIA commitments, MPI must also honour other GIA commitments across the biosecurity system. The GIA requires MPI to manage the biosecurity risk created by the movement of goods, people and vessels across the border and to maintain or establish mechanisms for GIA Signatories to become actively involved in the management of biosecurity risk across the biosecurity system.

What can be done if a response is not proceeding as expected?

If we decide that a response is proceeding in a way that isn't in our best interests, we can withdraw from the response, after giving reasonable notice, but we would still be liable to share the costs of any decisions taken up to the time of our withdrawal.