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Committee Catchment Management
Author Wayne O'Donnell, Manager, Biosecurity

Future Funding of the Regional Bovine Tb Vector Control Programme

1. Purpose

To update the Committee on proposed changes to management of the regional Bovine Tb vector control programme, and to seek the Committee's feedback on future funding options for the regional share currently paid by Greater Wellington.

2. Significance of the decision

The matters for decision in this report do not trigger the significance policy of the Council or otherwise trigger section 76(3) (b) of the Local Government Act 2002.

3. Background

Greater Wellington (GW) is currently contracted to provide the regional share portion of costs associated with implementation of the regional Tb vector control programme. For the 2008/09 year, this share amounts to approximately \$645,000. From 1 July 2009, GW will no longer be obligated to fund the regional share. GW now needs to consider its position on future funding of the Tb strategy. Any changes will need to be communicated to and discussed with the Animal Health Board (AHB).

In November 2007, the AHB announced that it had decided to centralise the provision of vector management services throughout most of New Zealand as from 1 July 2008. The AHB argued that this change would save approximately \$2M and enable more efficient management of vector control as Tb infection rates declined.

Prior to this decision, vector management was undertaken by 10 regional councils and one independent company operating in Nelson / Tasman and Otago. Northland and Gisborne were not involved as these were Tb free regions. Otago Regional Council chose not to provide vector management services but did tender for vector control work.

Regional councils in all affected regions have contributed funding (the regional share) since local government amalgamation in 1989. However, the amounts paid by each region varied depending on the size and cost of the regional programmes.

4. Historical Funding

From 1978 to 1991, less than 50,000ha per year of possum control had been undertaken for Bovine Tb management purposes. The rate of Tb infected herds had steadily increased. In June 1994 the total number of infected herds in the region had reached 331, placing the Wellington region as one of the worst infected in NZ.

In the early 1990's GW was asked by the AHB to increase the amount of regional funding to enable expansion of the vector control programme. GW was a willing supporter of the programme, providing up to 42% of the total vector control costs, developing the programme in conjunction with AgriQuality staff, and undertaking all of the field work using the Bovine Works Unit (now known as BioWorks).

In the period 1993 to 1995 the total hectares under annual control increased from approximately 75,000 to 220,000. The annual programme continued to grow to over 300,000ha in 2000/01. GW was contributing up to \$1.55M annually towards the regional costs during this period.

In 1994, GW reviewed the funding system and introduced a new rating structure for funding the Tb programme. The review concluded that 60% of the regional share should be funded out of general rate with the remaining 40% paid for by a new targeted rate (the Bovine Tb rate) based on land area. The Bovine Tb rate was initially split between operational and non-operational areas, with the former paying over \$1.30 per ha and non-operational areas paying as much as \$0.40 per ha. As the programme grew, it was decided to cancel the non-operational portion, as collection costs were close to the total collected. The Bovine Tb rate is levied on all rateable properties equal to or above 10 ha.

During the mid 1990's Biosecurity staff introduced pre and trend monitoring using traps to determine if work needed to proceed. This simple procedure led to significant savings for both GW and the AHB. A reserve was initiated to capture the Bovine Tb rate share.

In 2001/02, the Tb NPMS was reviewed and regions advised that funding arrangements had changed under the new NPMS. Collectively regions were to pay only 10% of the vector control costs. It could be argued that in the period 1989 to 2001, regional councils, on behalf of their ratepayers, have paid far more than their fair share towards the strategy.

Under the new funding arrangements, GW has been paying approximately \$600-650K annually towards the NPMS. Over the past five years, the Bovine Tb rate has been fixed at \$0.30 per hectare and funds from the reserve utilised

to pay the balance. The aim was to steadily reduce the reserve which had grown to exceed \$1M. The reserve currently totals over \$600K.

5. Partnership

GW has always considered that implementation of the Tb NPMS was a partnership between Crown, industry (AHB) and regional councils. As noted above, regional councils were providing most of the planning and implementation services for regional vector control. Council readily committed to additional funding when requested during the 1990's as they considered the impacts on the regional economy and environment were significant.

Two events have changed the partnership relationship. Firstly, the reduction of the regional share to 10% has resulted in the Council influence on programme design and prioritisation to be eroded. Secondly, the move to full contestability of vector control services caused most regional councils considerable angst. Regional council works units were not organised to operate in a contestable environment. Hence many have failed at significant cost to ratepayers. Unfortunately, this has also led to a large loss of expertise in the pest management industry, becoming more noticeable as regional councils initiate their own pest control programmes in 'Tb free' areas.

6. Biodiversity Benefits

In recent years, GW has monitored a number of species (flora and fauna) within our Key Native Ecosystems (KNE) to determine changes following sustained pest control. It is clear from our observations, and work completed by DoC, that maintaining possums at low levels makes a significant contribution towards biodiversity gains. Control methods and control frequency have a significant bearing on the level of benefit.

Within the Tb vector control areas, monitoring of biodiversity gain has not been undertaken. This simply reflects the AHB focus on disease elimination. However, the Tb control programme (i.e. the widespread removal of possums and other predators) has likely caused large, general biodiversity benefits across the landscape. Anecdotal reports from farmers, lifestylers and the general public strongly support this observation. Such benefits will include:

- Increased foliage, flowering and seeding, leading to an increase in insect and bird life,
- Increased bird breeding and survival (there is significant anecdotal evidence to support this);
- improvements in cropping, horticultural and forestry production;
- greater survival of soil conservation plantings with subsequent benefits to soil retention and water quality.

Biodiversity benefits have probably been highest in sites of ecological significance on both private land (potential KNE sites) and Crown land. Scarce

habitats, poorly represented in public conservation lands, such as lowland and coastal forest remnants, lowland grasslands, wetlands and dunelands have benefited to varying degrees by the Tb control programme. As these sites rely on the conservation practices of private landowners, there will need to be ongoing support by regional councils and other agencies if these biodiversity gains are not to be lost due to resource limitations.

A number of attempts have been made by various agencies to quantify the benefits of Tb control on biodiversity. Unfortunately, the task has proven extremely difficult. In most cases a control cost proxy has been used i.e. if the community are prepared to spend X dollars on control then this must at least be the minimum benefit received. A review of the biodiversity benefits of the implementing the Tb programme is currently underway as part of the NPMS review.

7. Future Funding Options

The current funding arrangement with the AHB expires on the 30 June 2009. Under this arrangement, GW pays around 12% of the regional vector control and monitoring costs, and for vector management services. GW also pays a share (approximately \$70,000 in 2008/09) of the AHB's 'national costs'. These costs cover non-operational costs, including AHB administration, research, investigations and support costs. In total the GW share amounts to \$645,000 in 2008/09.

There are three main future funding options for the Tb NPMS that GW will need to consider before embarking on public consultation through the proposed LTCCP. They include:

- the status quo,
- a reducing funding level, and
- cessation of funding.

A) Status Quo

Under this option, GW will essentially be providing a grant to the AHB. GW will no longer be providing VM services but could be involved in delivering vector control field work through BioWorks.

From 1 July 2009, GW will not be able to exert influence on development or implementation of the regional vector control programme. Our management techniques, including intense stratification and monitoring, may not necessarily be supported by the new AHB management. However, GW could attach tags to the funding that could influence inputs and outcomes.

GW, DoC and AHB staff are likely to have regular joint meetings to discuss aligning the respective programmes to maximise pest control benefits. We should also be able to maintain access to the AHB monitoring information for programming purposes.

A major advantage of continued funding is the return on GW investment. For every GW \$1 supplied a further \$9 of AHB funding will be invested in the region. Over 70% of this investment should be allocated to field control activities.

Continuing to fund the Tb NPMS will ensure that general biodiversity benefits will continue at similar levels to the current programme.

B) Reduced Funding Levels

This option enables GW to send an early signal to the AHB that we intend withdrawing our funding support at a future date. GW would be indicating that it considered that the partnership had expired but was willing to give the AHB time to develop and implement its own regional land area levy system available to it under the Biosecurity Act 1993.

This option would also allow time for the outcomes of the forthcoming Tb NPMS review to be known.

This option has been taken by the Horizons Regional Council. They have signalled that all funding will cease in two years time. In the interim, funding reduces approximately 33% each year, commencing in 2008/09.

It is important to note that the Crown has confirmed that any reduction in the regional contribution will result in less Crown funding i.e. the Crown will only fund 50% of the stakeholder agreed vector control fund.

C) Cease Funding

Under this option, funding of the Tb NPMS would cease at the end of the 2008/09 financial year. GW would be indicating that the partnership was concluded and that implementation of the Tb NPMS was now an industry matter.

This option would enable the current general rate contribution (over \$400,000) to be reinvested in other GW programmes. A recent legal opinion has confirmed that GW can utilise the Bovine Tb Reserve fund (over \$600,000) for whatever purposes the Council thinks appropriate, having taken account of both the principles of financial management in s101 of the Local Government Act 2002 and the purposes for which the reserve was accumulated.

AHB should be advised promptly to ensure they have time to consider the development of a land levy for the region. However, GW may decide to undertake wider community consultation through the proposed LTCCP before determining whether this was the best option.

This option has been taken by Environment Waikato for the 2008/09 year. The result is that over \$1M has been withdrawn from the vector control programme (i.e. regional and Crown shares). This has created considerable concern at the AHB as Tb infection rates are again climbing in the Waikato. Arguably this is a result of the AHB reducing funding in the Waikato in recent years to invest more money into South Island vector control.

8. Tb NPMS Review

Informal discussions have commenced towards a review of the current NPMS. The AHB are required to have a proposal before the Minister in September 2009.

The AHB prepared a discussion document in late 2007. The document considered a number of options for future management of Tb. However, it is clear that the AHB favour a Tb eradication option. However, this option requires vector control expenditure to increase to approximately \$80M from the current \$56M. This would suggest that the regional share would have to increase significantly in the future.

In response to the AHB proposals, funding stakeholders have organised a Steering Group to consider all possible options. This group is being led by MAF and Dairy NZ. All other stakeholders, including regional councils, are represented. The Steering Group has identified a number of future options for managing Tb. These options are being analysed by expert working parties to determine a preferred option for all stakeholders to consider. The Steering Group aims to have one option agreed by all stakeholders before submitting to the Minister for approval. It is likely that this option, inclusive of funding requirements, will be known before production of the proposed 2009-19 LTCCP.

9. Communication

Consultation with the regional community is envisaged through the proposed LTCCP. Communication with the Animal Health Board is also appropriate before GW finalises its position on future funding of the regional Bovine Tb vector control programme.

10. Recommendations

That the Committee:

1. **Receives** the report.
2. **Notes** the content of the report.
3. **Adopts** a preferred funding option for consultation with the Animal Health Board prior to Council considering the matter as part of preparing the draft 2009-19 LTCCP.

Report prepared by:

Report approved by:

Wayne O'Donnell
Manager, Biosecurity

Geoff Dick
Divisional Manager, Catchment Management