

SUBMISSION TO

Ministry of Agriculture & Forestry

On the

FUTURE FUNDING OF BIOSECURITY SERVICES

By

New Zealand Forest Owners Association (Inc)

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Introduction

1. The NZ Forest Owners Association (Inc) welcomes the opportunity to provide its comments on the MAF Discussion Paper on the Future Funding of Biosecurity Services.
2. The NZ Forest Owners' Association (NZFOA) is a voluntary organisation representing the interests of commercial forest growers. The Association has 260 members whose forest holdings represent approximately 85% of New Zealand's commercial forest estate. The members include all the major forest corporates, the majority of medium sized forest companies, many forest syndicates, and a number of farm foresters.
3. The forestry sector has a very close interest in the provisions of effective and cost efficient biosecurity services. The total value of New Zealand's commercial plantation forests is approximately \$13 billion. This asset is extremely susceptible to incursion by exotic pests and diseases as demonstrated by the recent infestations of Painted Apple Moth and White Tussock Moth, and by fungal diseases such as Nectria. The introduction of an exotic disease such as Pine Pitch Canker would leave an extremely serious impact not only on the forestry sector but also on the wider community.
4. The forest industry employees approximately 21,000 persons directly and around 100,000 indirectly, earns 11% of the country's total foreign exchange, and generates around 4% of the country's GDP. Many smaller communities are highly dependent on the forest industry for their wellbeing and in some cases for their existence.
5. Consequently the introduction of an exotic pest or disease which either closed international markets for New Z forest exports, or which caused a significant reduction in forest industry production, would impact seriously on New Zealand as a whole.
6. It should be noted that the majority of exotic pests and diseases which particularly threaten New Zealand's plantation forests are also threats to all New Zealand flora – parks and reserves, conservation areas, and home gardens. In fact, the latter vegetation types are at earlier and in many cases greater risk being normally closer to the point of entry.

General Principles

7. As the paper indicates, the apportionment of benefit and responsibility in respect to the introduction, detection and eradication of exotic pests and diseases is very difficult to determine, assess or measure.
8. Three issues need to be recognised:
 - (a) While the primary producer obviously benefits from success in the interception, early detection and eradication of exotic pests and diseases, they are normally the passive victim of someone else's actions.
 - (b) Any adverse impact on primary producers' productive capacity impacts inevitably on the economic and overall well-being of their immediate and wider communities.
 - (c) It is rare that an exotic pest or disease attacks flora of concern only to exotic forests; in the majority of cases other vegetation species and forms are at greater risk – parks, reserves, and domestic gardens.
9. It is manifestly unfair, therefore, to single out forest growers for a financial contribution to surveillance and eradication programmes because of their greater visibility or their apparent ability to collect levies.
10. In many instances, the DoC estate is at greater risk than commercial forests, and also DoC land is more likely to provide a pathway for exotic pests and diseases than is an exotic forest.

Specific Proposals

In respect to the specific proposals in the Paper, the Association's responses are set out in the attached table. **Appendix 1**

Funding Assessment Template

2.4 Who are the Potential Candidates for Charging?

(3a) Who wants the service? – As the report suggests, the answer to this question provides a useful starting point but should not be the main determinant of who should pay.

Obviously a person or group which suffers from another person's actions would want that action to cease but should not necessarily be targeted as the payer.

(3b) Who can change their behaviour to reduce the costs of providing the service? – Generally those who potentially cause the introduction of an exotic pest or disease are in a position to reduce the risk by changing their behaviour. This could take a number of

forms – e.g. inspecting/spraying all vehicles at the point of origin, increasing vigilance on the loading of containers, providing increased awareness to incoming passengers etc.

Even if an importer is not able to influence the introduction of exotic pests and diseases, it does not mean that they should not contribute to the cost of biosecurity measures including surveillance and incursion programmes. There are many costs borne by businesses which are largely beyond the ability of the business to influence. However, they are accepted as the normal cost of doing business.

2.5 Which of these Groups should be charged?

(4b) Is there an efficient, cost effective and enforceable method of charging those groups, consistent with New Zealand's international obligations? – The tests for charging set out in this section are reasonable. However, the Association is strongly opposed to the notion of charging a group on the basis that there is an “efficient” way to do so.

(4c) Can those who might be charged be involved in decisions over the standards to which the service is provided and/or how it is provided? Are they best placed to be so involved? – The Association fully agrees with the concept that a group to be charged should have a large input into how a service is to be provided.

(4d) Who is best placed to ensure the service is provided in the most cost effective manner over time? How should it be provided? Does this have funding implications? – The Association agrees with the hierarchy of questions to be addressed in determining who should be charged for a particular biosecurity activity.

(4e) What would be the likely impacts on the group if it were to be so charged? Are there any significant equity implications? – The Association supports the need to assess the likely equity impacts of any change in policy.

2.6 Assess the Results

While the process outlined in the Template might appear to be robust and rational, it obviously has a large element of subjectivity. Also, in our view it relies too heavily on attempting to identify private sector exacerbators and beneficiaries and ignores the wider community good of all biosecurity activities.

As we noted earlier, the wider community has a large and direct interest in preventing exotic pests and diseases entering New Zealand and in their early detection and eradication. For this reason, the Association strongly supports the Government partly or wholly funding most biosecurity activities.

In specific regard to forestry, the Government has an additional direct interest in the health of New Zealand's commercial plantation forests because of its participation in the Kyoto Protocol. The existence of the pool of carbon sinks means that the Government has been able to commit to New Zealand's carbon reduction targets without undue

economic pressure on the wider community. For this reason, the Association considers that the Government should contribute significantly to the prevention, early detection and eradication of any exotic pest or disease which might reduce the amount of carbon sequestered in our commercial forests.

The so-called beneficiaries should only be expected to contribute financially to biosecurity activities where:

1. The benefits are very narrowly focussed.
2. They can influence the outputs.

It is not a sufficient reason to levy forest growers because of a difficulty in identifying the exacerbators. While the Template proposes a different approach than the hierarchy of funding set out on Page 3 of the document, it still appears to have an underlying principle of the Crown being the default funder. We disagree with this approach; the Crown should be viewed as one of the prime parties.

Summary

The Forest Owners Association considers that the discussions on the future funding of biosecurity services are timely.

The protection of New Zealand's commercial and native fauna and flora is critically important to all New Zealanders for economic, social and cultural reasons. As such, we strongly believe that a guiding principle of funding should be that it is a community responsibility. Only where the application of a biosecurity levy or charge is capable of, and in practice would, change behaviour should they be applied to the private sector. Similarly, primary producers (including forest owners) should only be charged where the benefits of the activity accrue virtually exclusively to them, where they are able to manage the incursion, and where they can strongly influence the nature of the programme itself.