

Key terms of the foot and mouth disease (FMD) Operational Agreement

The parties signing this Operational Agreement	<p>The parties to the Operational Agreement are:</p> <ul style="list-style-type: none"> • Ministry for Primary Industries • Beef + Lamb New Zealand Limited • Deer Industry New Zealand • Dairy Companies Association of New Zealand Incorporated • Dairy New Zealand Incorporated • Meat Industry Association of New Zealand Incorporated • New Zealand Pork Industry Board
Term	<p>Commencement date of 1 July 2025. Term of five years, with three renewals of two years each.</p>
Agreed outcomes	<p>Focused on better biosecurity outcomes, the parties will work together to reduce impacts from FMD by:</p> <ol style="list-style-type: none"> a. taking the steps available to them to prevent an FMD incursion through the border and into New Zealand b. ensuring the capability to detect an FMD incursion as rapidly as possible c. maintaining readiness policies, plans, and the operational capabilities to rapidly and efficiently eradicate any incursion; and d. minimising economic and social impacts on Industry of the incursion and response, and minimising disruptions to trade.
Readiness cost-shares	<p>MPI: 60% Industry: 40%</p>
Response cost-shares	<p>MPI: 85% Industry: 15%</p>
Industry cost-shares	<p>Costs between industry sectors will be based on sector value, and reviewed annually.</p> <p>Where there is a formal agreement with a particular export market to accept a particular product despite NZ's FMDF status, the value of the trade in that product to that country will be excluded from the sector's value for cost-sharing calculations. However, any adjustment made under this provision cannot cause any other Party's cost-share liability to increase by more than 7.5%.</p> <p>Within 12 months of a response starting a review will take place to assess whether the trade in product to that market has in fact continued. If it has not, the cost-shares between industries will be readjusted to remove the benefit of trade continuing, with the liability arising from the readjustment being backdated to the start of the response.</p> <p>B+LNZ's initial cost-share would be around 20% of the total industry liability, but could shift over time due to changes in sector values.</p>
Fiscal Caps	<p>Each sector's Fiscal Cap – i.e. the maximum amount payable in a response – is calculated by reference to its share of an</p>

	<p>overall industry combined Fiscal Cap of \$450,000,000 (excl. GST).</p> <p>For B+LNZ, based on sector values at time of writing, this would mean a fiscal cap of \$90 million.</p>
Decision making	<p>An FMD Council (FMDC) will be established made up of one designated representative for each Party, and the FMDC will make all decisions about readiness for, and response to, FMD.</p>
Cost-shareable activities	<p>Where industry or government incurs a cost over and above its own staffing levels as part of readiness or response, the cost of this is shareable across all parties.</p> <p>Cost-shareable readiness activities will also include:</p> <ol style="list-style-type: none"> i. FMD laboratory supplies for the initial response phase; ii. FMD stores; and iii. the FMD vaccine antigen bank.
Sector payment obligations	<p>No sector is required to commence payment for their share of response costs until at the earliest 12 months has passed after New Zealand's World Organisation for Animal Health (WOAH) freedom status has been restored to the equivalent level it was the day before the response commencement date.</p> <p>Each Industry Party will have up to 10 years from the date their payment obligations commence to pay their full share of the costs. No interest or capital charge will apply to industry debts.</p>