

Foot and mouth disease readiness – B+LNZ levypayers’ vote

B+LNZ is seeking farmer approval to join an Operational Agreement between the agricultural sector and the Government on foot and mouth disease readiness and response.

Have your say by Friday 16 May. Vote online using the unique PIN and password in your voting letter.

Foot and mouth disease is the number one biosecurity concern for our sector.

The Operational Agreement for foot and mouth disease seeks to ensure we’re as prepared as possible for a potential outbreak and sets out how a response effort would be funded.



B+LNZ’s view

Voting YES shows you agree with how readiness activities will be funded (with no additional levy costs now - there would only be a biosecurity levy increase in the event of a foot and mouth disease response) and with how any response activities would be funded. There’s more information on this later in this document.

We recommend voting YES because:

- we want to be part of coordinated planning – being better prepared should mean a more effective response if foot and mouth disease reaches New Zealand
- dealing with any outbreak of foot and mouth disease would cost billions of dollars and we want to be involved in deciding how those costs would be met and the money spent - staying out of the Operational Agreement wouldn’t mean we could avoid costs, it would mean we’d have no say in how our sector contributes to those and how money is spent in a response
- this agreement has support across the agricultural sector (DINZ, DCANZ, DairyNZ, MIA, NZ Pork Industry) and we risk sheep and beef farmers not being represented.

Key information

Dates

Voting closes at 2pm on Friday 16 May.
If approved, B+LNZ will take part in a formal signing of the Operational Agreement in June, which would take effect from 1 July 2025.

How to have your say

Voting is online only through electionz.com.
Go to www.electionz.com/BLNZ2025fmd and enter the unique PIN and password.

Support

- If you have any questions about the voting process, please contact the election helpline on **0800 666 032**.
- If you have other questions you can call **0800 BEEFLAMB (0800 233 352)** or email enquiries@beeflambnz.com
- There is more information on the key terms of the agreement, along with FAQs, on the B+LNZ website at: www.beeflambnz.com/fmd-vote
- There will be webinars where you can ask further questions – keep an eye on B+LNZ e-diaries for information on these, along with other stories and updates.





Foot and mouth disease

➔ **Foot and mouth disease is the number one biosecurity concern for the pastoral sector.**

Foot and mouth disease causes painful lesions on cloven-hoofed animals including sheep, cattle, pigs and goats. Sheep and beef cattle will stop eating and dairy cattle will stop producing milk. The animals become very sick.

Foot and mouth disease is fast-spreading and infected animals are destroyed to halt the spread of infection.

Our trading partners will immediately stop importing our products if foot and mouth disease is found in New Zealand.

An April 2024 report from the New Zealand Institute of Economic Research found that a large scale foot and mouth disease response could cost the country between \$8.4 billion and \$15.4 billion.



Image credit: EUFMD

Government-industry agreement

➔ **The Operational Agreement for foot and mouth disease falls under the GIA our farmers voted to join in 2017.**

The Government Industry Agreement for Biosecurity Readiness and Response (GIA) is a partnership between government and industry for improving New Zealand's biosecurity.

Under the GIA, industry and the Ministry for Primary Industries (as the Government's representative) develop agreements covering readiness and response for specific pests (Operational Agreements). Operational Agreements set out the commitments of the Government and each industry party, including funding shares for readiness and response activity.

In late 2017, B+LNZ held a farmer vote on joining GIA with 89 percent of votes supporting joining.

On 5 December 2018 B+LNZ officially joined GIA. Since then the *Mycoplasma bovis* response has operated under an Operational Agreement.

The foot and mouth disease Operational Agreement

➔ **The agreement formalises a long-standing process.**

The Government and affected industries have worked on foot and mouth disease readiness for decades. Since the livestock sectors joined the GIA this has taken place through negotiation of an Operational Agreement for foot and mouth disease.

All parties have now agreed in-principle the terms of the Operational Agreement.

Why we need to hold a vote

➔ **B+LNZ cannot sign the Operational Agreement without farmer support.**

Due to the potential size of B+LNZ's liability in a large-scale response, signing the Operational Agreement is a 'major transaction' under the Companies Act 1993.

This means B+LNZ cannot sign the agreement unless there is a levypayer vote in support.

(Note: the voting form asks levypayers to indicate their support for Meat & Wool Trust Ltd as sole shareholder to support the transaction - this is the technical question that is legally required).



Proposed terms of the agreement

→ The agreement sets out obligations to undertake readiness activities and share of response costs.

Under the Operational Agreement, B+LNZ must continue to undertake existing work on response planning, including things such as staff training, business continuity planning, and participation in foot and mouth disease exercises and simulations.

Importantly, the agreement would give B+LNZ – alongside other affected livestock sectors – a direct, legally-binding say in decision-making for foot and mouth disease readiness and response.

- Readiness costs = costs incurred by the sector to ensure we’re prepared with appropriate systems and resources to deal with the response to an outbreak.
- Response costs = costs directly related to an outbreak of disease (costs would be met by the Government and then they recover the costs, which are capped).

See the ‘Funding commitments’ section for an estimate of these costs for the sheep and beef sector.

As with the *M. bovis* response, the right to be a decision-maker would come with an obligation to contribute to costs and the level of that contribution is calculated differently for readiness and response.

	Government share	Total agriculture industry share
Readiness activities	60%	40%
Response activities	85%	15%

Industry share by sector

→ The agreement sets out what each part of the sector contributes to the ‘industry share’ of costs above.

Industry shares would be split between different sectors based on the relative size of the sectors in value terms.

Value is calculated on what different sectors add to the value of a product. In simple terms, this means the value of the farming sector is calculated based on the value of farm gate sales, and the value of processors is the difference between farm gate value and export value.

Values are calculated using a five-year rolling average. As an indication, sectors’ cost shares based on the data available as at December 2024 is set out in the table below:

Dairy farming	Sheep and beef farming	Dairy processing	Sheep and beef processing	Deer industry	Pig farming	Other (goat, wool – Government holds liability)
41.94%	19.93%	18.8%	15.72%	0.7%	0.35%	2.56%

Other sector groups are consulting with their farmers and members, although not all need to have a formal farmer vote on it.

Funding commitments for sheep and beef farmers

➔ **Voting YES shows you agree with using GIA levy funds then NZMB reserves to fund readiness activities, and with how any response activities would be funded.**

The Operational Agreement sets out what each part of the sector contributes to the 'industry share' of costs above.

The following table sets out these costs and how they'll be funded, and the impact on farmers' bottom lines, for the sheep and beef farmer.

	Expected costs	How funded	Impact on sheep and beef farmers
Readiness costs	\$100-150,000 per year (B+LNZ)	1. GIA levy funds collected for <i>M. bovis</i> that are not needed for historic compensation claims, then 2. New Zealand Meat Board reserves earmarked for 'industry good' activities.	No direct impact.
Response costs	Capped at \$90 million (based on current sector value)	The Government would fund the response and recover costs through a GIA levy, where the sheepmeat GIA levy would be raised from \$0.05 per head to a maximum of \$0.30 to enable the response costs recovery, from one year after trade had resumed post-response. Voting YES will also be taken as support for this adjustment in the event of a response. At present it is unlikely the beef GIA levy would need to be raised.	Increased GIA levies from one year after freedom to trade is re-established, for a period of ten years. Note: <ul style="list-style-type: none"> • this is likely to happen whether B+LNZ signs the Operational Agreement or not – the agreement gives us certainty and a say in the decision-making • some farmers may face more than one levy where they have multiple affected businesses – this is because costs have been divided on sector size and a farm may contribute to multiple sectors.

What will happen if sheep and beef farmers vote NO

➔ **A NO vote will mean sheep and beef farmers will not have a say in how our sector contributes to costs, but will still be required to contribute.**

B+LNZ cannot sign the Operational Agreement in the event of a NO vote.

A NO vote doesn't mean we can say no to contributing to the costs of any foot and mouth disease outbreak. In the event of an outbreak, the Government would still look to recoup response costs from the sector.

Signing the Operational Agreement, along with all other relevant industry groups, is therefore B+LNZ's preferred option.

Please vote online by 2pm, Friday 16 May.

