

Biosecurity Levy Consultation

April 2019

B+LNZ is seeking farmer feedback on a proposal to:

1. Raise the maximum biosecurity levy rate for cattle from \$0.45 to \$2 per head to pay our share of the costs of the *M. bovis* response;
2. Introduce the ability to levy different classes of livestock at different rates; and
3. Raise the maximum amount payable by sheep and beef farmers under GIA to \$5 million per year.

There will be no biosecurity levy on dairy cull cows for the *M. bovis* response.

In 2017, sheep and beef farmers supported Beef + Lamb New Zealand (B+LNZ) joining the Government Industry Agreement on Biosecurity Readiness and Response (GIA). Part of the proposal supported was the creation of a Biosecurity Act levy on sheepmeat and beef producers to pay for readiness and response costs. For cattle, the proposal was to set a maximum rate of \$0.45/head.

B+LNZ is now a partner with the Ministry for Primary Industries (MPI) and DairyNZ in the *Mycoplasma bovis* (*M. bovis*) response.

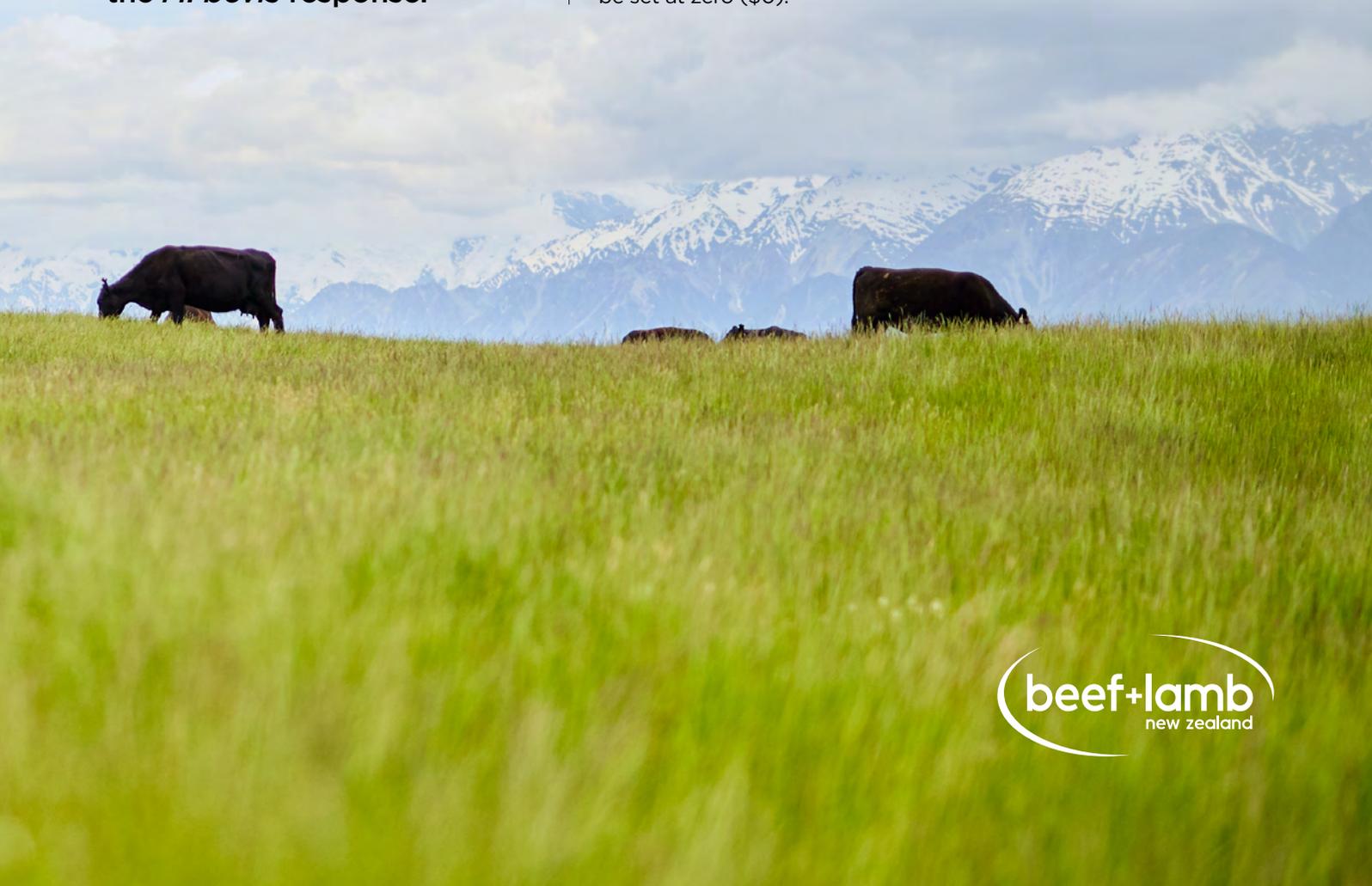
To repay the beef sector's share of the *M. bovis* eradication programme at \$0.45/head would take over 25 years.

B+LNZ is therefore seeking feedback from farmers on raising the maximum Biosecurity Act levy rate for cattle from \$0.45 to \$2.00 per head.

This would also mean increasing the maximum amount of levy that could be paid annually by sheep and beef producers under GIA, because that was set on the basis of a \$0.45 per head levy for cattle.

B+LNZ also needs feedback from farmers on allowing the Board of B+LNZ to set different levy rates for different classes of cattle. This will enable B+LNZ to not levy dairy cull cows for the *M. bovis* response.

If B+LNZ's proposals were accepted, levy rates to cover the *M. bovis* response for dairy cull stock and bobby calves would be set at zero (\$0).



What you need to know?

Key dates

7 June: Consultation closes

July: Board notifies decision

Late 2019: New beef biosecurity levy likely to be applied

We need your views

How can I have my say?

Just complete and post or fax the enclosed submission form to the address or fax number shown on the form.

You can also respond online by following the link at: beeflambnz.com/mbovis2019

If you have any questions, phone 0800 233 352 or email enquiries@beeflambnz.com

We will also be holding a teleconference for farmers that want to hear more about the proposals. This will be advised via the e-diary.

Joining GIA

From October to December 2017, B+LNZ – alongside Deer Industry New Zealand and DairyNZ – consulted farmers on a proposal to join GIA.

Under GIA, industry organisations can participate directly in decision-making on biosecurity responses and preparedness, in exchange for sharing the costs of the activities they agree to participate in. Over 80 percent of farmers that took part in the consultation process supported B+LNZ joining GIA, and B+LNZ officially became a GIA Member on 5 December 2018.

An important part of B+LNZ's GIA consultation proposal was the creation of a new levy on beef cattle and sheepmeat producers under the Biosecurity Act to be spent on:

- meeting the sheepmeat and beef sector's pre-agreed contributions to biosecurity responses; and/or
- contributing to significant, targeted and time-bound biosecurity readiness projects.

Over 75 percent of farmers that took part in the consultation process in 2017 supported a Biosecurity Act levy capped at \$2.5 million in any 12-month period, with maximum levy rates of:

- \$0.05 per head of sheep slaughtered; and
- \$0.45 per head for cattle slaughtered

These levy rates were calculated based on what was predicted to be needed to meet B+LNZ's obligations under a medium-scale foot and mouth disease (FMD) response.

The eradication of *Mycoplasma bovis*

The programme to eradicate *M. bovis* is of a greater scale than we expected when consulting with farmers on joining GIA.

Progress to date has been mostly encouraging:

- Bulk milk surveillance has not uncovered any evidence that a large number of previously unknown infected properties exist within the dairy industry
- Genetic evidence from infected farms is strongly supportive that *M. bovis* is a recent incursion into New Zealand, consistent with evidence available from tracing
- The time taken for compensation claims to be assessed and settled has decreased significantly

Many individual affected farmers still need help, though, and B+LNZ, DairyNZ and MPI are working hard to improve processes and the level of support available to farmers.



Beef cattle sector costs for the *M. bovis* response

When the phased *M. bovis* eradication response was announced, the government estimated the total direct cost of the response at up to around \$900 million over 10 years, with 32 percent of that (\$289 million) needing to be funded by the dairy and beef sectors.

Following an independent panel process, it was determined the beef cattle sector's share of the eradication costs would be up to \$17 million and the dairy sector's contribution \$272 million. This was based on an assessment of the impact of the disease on production and the relative size of the sectors.

Using the current maximum Biosecurity Act levy rate of \$0.45 that farmers supported in the 2017 GIA consultation, it would take nearly 25 years to repay the beef cattle sector's liability for the response.

The Crown will not wait 25 years to be repaid for the response, and is expecting that over the 10 year programme, costs will be repaid within 5 years of the date the actual money was spent.

If we can't do this, we will lose influence in the response and will also be passing on a cost to the next generation.

There is also a risk that MPI's investment in biosecurity activities and infrastructure of critical importance to our sector may be deprioritised in favour of those from other primary industries who are willing to pay on time.

Proposed increase to the Biosecurity levy

B+LNZ is proposing to increase the **maximum** levy payable under a Biosecurity Act levy for cattle from the \$0.45 per head consulted upon in 2017, to **\$2.00 per head**.

We need this increase to cover the cost of the *M. bovis* eradication programme. The new maximum levy rate will apply to any responses and readiness activities that we need to contribute to in the future.

It is expected that the costs of the *M. bovis* response will decrease over time, with higher costs incurred in the initial stages of the response and then reducing over subsequent years. The table at the bottom of this page is how B+LNZ would likely set levy rates within the \$2/head maximum rate.

Collection from Dairy Cattle

In the case of *M. bovis* we have agreed to not levy cull dairy cows (DairyNZ are collecting the dairy cow share through their *M. bovis* levy).

However to do this, B+LNZ needs to be able to set different levy rates for different classes of cattle. In the case of collecting monies to pay for *M. bovis*, this would be based upon the classes of cattle used for the operation of the differential slaughter levy for the Bovine TB National Pest Management Strategy.

While cull dairy cows will not be levied for *M. bovis*, they could face a beef biosecurity levy in the future for other incursions. For example, a disease that restricted trade in beef – such as BSE – would affect dairy farmers in their capacity as beef farmers, and justify collection of a beef levy on cull dairy cattle in the future.

The table below shows how B+LNZ is likely to set levy rates for cattle for *M. bovis* within the \$2/head maximum rate

Season	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Rate/head	\$1.80	\$1.80	\$1.80	\$1.80	\$0.7	\$0.7	\$0.7	\$0.7	\$0.2	\$0.2	\$0.2	\$0.2



FAQs?

How will the levy be set and collected?

As consulted with you in 2017, the applied levy rate will be set each year (where necessary) and set at a level appropriate to meet GIA funding commitments.

It will be a 'per head' levy collected at slaughter in the same manner as levies under the Commodity Levies Act.

For *M. bovis*, NO levy will be collected on dairy cull cattle.

Will a sheep biosecurity levy be applied to pay for the *M. bovis* response?

No. There will be NO biosecurity levy collected on sheep to pay for the *M. bovis* response. There are a limited number of reports in the scientific literature where *M. bovis* has been isolated from sheep but it is not generally regarded as a pathogen of sheep, nor do sheep play any direct role in the transmission of infection.

Are you raising the maximum biosecurity levy rate on sheep?

No. As there will be no levy collected on sheep to pay for the *M. bovis* response, there is no need to increase the current maximum biosecurity levy on sheep at this stage.



More information

For further information and resources relating to *M. bovis* visit www.beeflambnz.com/mycoplasma-bovis or request a hard copy of the booklet "*Mycoplasma bovis* - Guidance for beef cattle farmers"



Visit www.beeflambnz.com. If you have any questions, please call 0800 BEEFLAMB (0800 233 352) or email us at enquiries@beeflambnz.com