



MINISTRY OF AGRICULTURE AND FORESTRY

BRIEFING FOR INCOMING MINISTERS

DECEMBER 2011

Growing and protecting New Zealand
Primary Industries
Food Safety



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DIRECTOR-GENERAL'S FOREWORD

Growing New Zealand's economy depends on the success of the primary sectors. The people and businesses that make up our primary sectors, from producers through to processors and exporters, are the engine-room of the economy. They produce more than two-thirds of the value of New Zealand's merchandise exports, and are the only sectors in which New Zealand possesses unique advantages in productivity, scale and innovation in the global marketplace.

The primary sectors are well positioned to capture the increasing and emerging demand from consumers seeking safe and sustainable products. We will support greater investment in innovation in the sectors so they can meet this demand to generate greater value and better returns.

At the same time, we know that sustainable environmental performance will be vital, not only because the primary sectors rely on the sustainability of the natural resources, but also because, increasingly, that is what consumers demand.

To achieve sustainable economic growth, MAF has recently adopted an organisational strategy with a vision of growing and protecting New Zealand. We will aim to make this vision a reality through maximising export opportunities, improving sector productivity, increasing sustainable resource use and protecting New Zealand from biological risk.

We are at a good starting point for putting our strategy into practice. We have just undergone significant restructuring to create a single Ministry focused on the success of all the primary sectors. We are in the process of settling down the new structure and creating a new culture for the Ministry that partners with the primary sectors and enables them to achieve success.

Key issues for the next three years for you to note include:

- › Leading the passage of the Food Bill and implementation of a new food regulatory system.
- › Supporting innovation in the primary sectors, and leading policies to improve the uptake of more productive practices by producers.
- › Bedding down the legislative reforms to help unlock the potential of the aquaculture industry.
- › Advancing Māori primary sector productivity through improving the governance and capability of Māori primary sector interests.
- › Considering legislation to allow Fonterra to change its capital structure to allow dairy farmers to trade their shares among themselves.
- › Helping develop environmentally sustainable limits to resource use, and efficient allocation approaches to better reflect the costs of using those resources.
- › Supporting irrigation to improve both environmental performance and productivity.

- › Continuing development of the Joint Border Management System to provide the information systems needed to improve trade and travel across the border while managing risk appropriately.
- › Considering settings in the Emissions Trading Scheme for the best ways to address forestry and agriculture.
- › Implementing the National Animal Identification and Traceability (NAIT) project to establish traceability of livestock and improve responsiveness to biosecurity events and provide assurances to export markets.
- › Working with industry to develop Government-Industry Agreements on how to prepare for and respond to harmful pests or diseases.

On these and other challenging issues, we look forward to working with you.



Wayne McNee
Director-General

MAF in the Primary Sectors



MAF in the Primary Sectors



Ensuring New Zealand is resilient to climate change

Funding innovative solutions for New Zealand to do its fair share to reduce emissions and to ensure sectors are future focused. Key activities: ETS implementation, research, technology transfer and international negotiations.



Increasing sustainable use of our freshwater resources

Reforming the freshwater system to operate within limits for quantity and quality and accelerating agricultural rural water infrastructure development will drive productivity gains and long-term economic benefits.



Improving productivity in the forestry sector

MAF has supported the wood processing sector to develop an industry strategy focused on increasing productivity. MAF also manages the Crown's forestry assets through its commercial operation Crown Forestry.



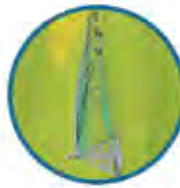
Border biosecurity

Preventing harmful pests and diseases from entering New Zealand whilst maintaining trade and travel.



Aquaculture

In partnership with stakeholders, unlocking the significant potential for growth as a sustainable export industry through increased sustainable use and improved sector productivity.



Improving primary sector productivity

Through schemes such as Primary Growth Partnership and the Irrigation Acceleration Fund, MAF is partnering with the primary sectors (and other government agencies) to seize opportunities to co-invest in industry innovation and adoption.



Domestic biosecurity

Preparing for and responding to harmful pests and diseases that are established in New Zealand.



Ensuring New Zealand food is safe and suitable

Providing an effective and flexible domestic food programme that sets minimum regulatory requirements and provides supporting information to ensure food imported, produced, processed and sold in New Zealand, and exported overseas, is safe and suitable.



Maximising export opportunities

MAF contributes to New Zealand maximising export opportunities through negotiation of free trade agreements thereby reducing barriers to trade, and oversight of the Kowhai Export Regulations and Horticulture Export Authority Act which assist sectors to co-ordinate export marketing and maximise returns.



Growing market access and providing export assurances for food

Maintaining and growing market access for food produced in New Zealand and providing assurances, including certification, that food is safe, suitable and meets importing countries requirements.



Fisheries management

To provide for the sustainable use of New Zealand's fisheries resources within environmental limits using legislative and non-legislative tools.



Improving productivity in the horticulture sectors

MAF oversees regulatory regimes such as the Commodity Lenis Act, enabling industry to collectively fund industry good activity that drives improved productivity.



Improving productivity in the pastoral sectors

MAF oversees regulatory regimes such as the Commodity Lenis Act, enabling industry to collectively fund industry good activity that drives improved productivity and the Dairy Industry Restructuring Act to promote efficient operation of dairy markets in New Zealand. MAF also supported the development of the Red Meat Strategy.

INTRODUCTION

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New Zealand is a leading producer of safe and trusted food, fibre and other biological products for markets in every corner of the globe. Our reputation for safety and trustworthiness is extremely important for the competitive advantage of our exports, and this is underpinned by policies and assurances provided by MAF.

As the OECD (OECD Economic Surveys, New Zealand, April 2011) has pointed out, improving New Zealand's prospects after decades of economic growth based on debt and consumption will require a re-balancing of the economy towards more productive sources of growth. Now more than ever, the productivity and export performance of our primary industries is paramount to New Zealand's well-being.

The agriculture, food, forestry and fishing industries are major drivers of New Zealand's employment and economy. These primary sectors generate around 70 percent of New Zealand's merchandise export earnings, accounting for \$31.5 billion in the one-year period to 30 June 2011. A healthy natural environment provides a vital resource base for these sectors and is indivisible from New Zealand's long-term economic prosperity.

MAF has an essential role to play in ensuring that the natural resources we depend upon are used productively and sustainably. New Zealand's primary sectors are highly integrated by nature and are best served by a single, integrated agency. Therefore, in late 2011 MAF (the Ministry of Agriculture and Forestry) merged with the Ministry of Fisheries, becoming a single, integrated agency. That merger had been preceded in the previous year by the amalgamation of MAF and the New Zealand Food Safety Authority. The new structure of MAF enables it to take an holistic approach to ensuring the success of New Zealand's primary industries – from management of the sustainable use of natural resources, to farms, forests and fisheries, through to food and fibre processing facilities, and into domestic and export markets.

OUR STRATEGY 2030

Our new organisational strategy looks to 2030 with a vision of “Growing and protecting New Zealand”.

MAF will do this by:

- › Maximising export opportunities
- › Improving primary sector productivity
- › Increasing sustainable resource use
- › Protecting New Zealand from biological risk

The new Ministry will need to think and operate differently from the days when our main role was as regulators and enforcers. MAF must keep a clear focus on maximising economic opportunities, promoting strong environmental performance and consumer confidence in New Zealand primary products. We will need to be business-focused and future-focused if we are to continue to evolve as a key enabler for continued sector growth.

This means partnering with New Zealand’s primary industries including Māori, enabling them to be more competitive, more productive and resilient, and more able to take advantage of opportunities in a volatile world economy. MAF works to enable industries to be more innovative, better able to adopt new methods and products quickly and bring them to market faster. All this requires a regulatory system that does not inhibit productivity, while it also adequately manages our natural resources and the environment, protects New Zealand from biosecurity risks, assures consumers about food safety, prevents monopolistic behaviour in the market, and maintains the reputation of New Zealand as a producer of safe and trusted products.

OPPORTUNITIES

The main opportunities for our primary sectors over the next three years include:

- › **Strong growth** in world demand, especially for meat, fish, aquaculture and dairy.
- › **Greater openness** to the Asia-Pacific region. For example, China is now the largest export destination for our primary industries. Primary exports to China amount to over \$4.5 billion annually and are growing.
- › **Increasing access** to foreign markets for our primary exporters through negotiations. New Zealand’s reputation for safe and trusted food, fibre and other biological products is paramount to this.
- › **Better regulation** to lower costs for businesses. MAF, as New Zealand’s largest regulator, can make a large impact on New Zealand’s productivity by making regulation less burdensome and better-targeted.
- › **Innovation and technology transfer** to boost productivity. For example, lifting the average performance of pastoral farmers to the top 25 percent of farmers would increase exports by \$3 billion annually, and this is just using existing knowledge.
- › **Leveraging off Māori values and culture.** Māori values and cultural capital may provide a competitive advantage as points of difference from other market competitors. MAF will partner with Māori to reform legislation, improve land governance, and further learn from Māori knowledge around ensuring the health of the living environment.

MAF has mitigation measures in place to manage risks to New Zealand's primary sectors. They include:

RISKS

Barriers to international trade reducing New Zealand exporters' access to foreign markets. Barriers (direct or indirect) may increase if world economic conditions deteriorate or if New Zealand's reputation for safe and sustainable primary products is notably compromised.

Pests and diseases affecting our plants and animals, reducing primary sector productivity. Pests and diseases can also threaten our natural environment and indigenous biodiversity (a taonga for Māori).

Food safety being compromised, negatively impacting on human health and food sales.

Falling behind our foreign competitors in primary sector productivity.

Natural resources such as clean water, fisheries and biodiversity coming under increasing use pressures, while consumers and the public increasingly demand environmental assurances.

Climate change will affect New Zealand's primary production. Severe weather (including droughts, fires and floods) is increasingly likely, as is acidification of our oceans, which could highly impact commercially and environmentally important fish species.

HOW MAF WILL ADDRESS THE RISKS

MAF and the Ministry of Foreign Affairs and Trade are working with exporters and pursuing agreements between governments on trade access, governance and standards. We are also working with private foreign buyers (for example, supermarket chains) to respond to privately-driven import standards.

The very trading and travelling that contribute to the success of our primary production and our standard of living also create biological risks (from pests and diseases) that require careful management. MAF is implementing an agile biosecurity system that maintains a sufficient level of protection but does not unduly impede economic growth.

Consumers expect safe and suitable food. To best serve consumers and industry, MAF needs to be an agile and responsive regulator, prepared for new challenges. The Food Bill (before the previous Parliament and awaiting second reading) will, if passed, introduce a more risk-based approach to food safety. The primary objectives of the Bill are for:

- › food business operators to take responsibility for ensuring the food they trade is safe and suitable;
- › regulatory requirements to be proportionate to the risk posed.

MAF is partnering with industries to encourage innovation and productivity growth through investment schemes (including Primary Growth Partnerships), technology transfer, scientific research and the sharing of collective experience.

MAF will partner with stakeholders in helping to manage the best value use of our natural resources within environmental limits.

MAF continues to work with the primary sectors and local government to understand the extent of the potential impacts of climate change. This includes targeted research.

MAJOR POLICY AND IMPLEMENTATION ISSUES

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OVERVIEW

MAXIMISING EXPORT OPPORTUNITIES

- › **Global demand for the kinds of products that New Zealand produces** – Demand for red meat, dairy products, seafood, and high-quality processed foods is likely to increase as developing economies shift their consumption patterns. This presents an historic opportunity that is potentially enhanced by New Zealand's relatively open links to the Asia-Pacific region. The expansion of the Chinese economy and the openness to that market for our exporters arising from our free trade agreement create significant opportunities. China is now the largest export destination for our primary sectors, with sector exports to China amounting to over \$4.5 billion annually. This proportion and value are expected to continue to grow.

Nevertheless, our industries face a complex set of challenges if they are to reap future opportunities. These challenges are exacerbated by global economic uncertainty, with its resultant shock effects on returns to our exporters.

- › **The demand for food and raw materials internationally** – is rising significantly faster than supply. Despite that, our primary sectors continue to face a number of trade problems, including protectionist tendencies on the part of trading partners. There is considerable potential for improved market access and returns for New Zealand's agricultural, seafood and forestry products from the development of multilateral and bilateral free trade agreements.
- › **Reputation crucial for our exports** – New Zealand's reputation as a producer of safe, sustainable food, fibre and other biological products is dependant on our sound food and biosecurity regulatory regimes. While we need to ensure we maintain these regimes in order to protect New Zealand's international reputation, we also need to look at how they can better support exports. Maintaining a minimum level of protection has to be balanced against the need to grow our economy.
- › **Māori cultural capital** – Māori have aspirations to become more directly involved in international trade, so there is an opportunity to explore the potential of Māori cultural capital and what it may contribute to international trade negotiations. Māori values (including kaitiakitanga, mātauranga and whanaungatanga) guide the way in which Māori enterprises are managed and their goods produced. These values may provide a competitive advantage as points of difference from other market competitors.

INTEGRATION WITH AUSTRALIA

MAXIMISING EXPORT OPPORTUNITIES

- › **Largest trading partner** – Australia is New Zealand's largest trading partner, and total exports to Australia have grown by more than 5 percent a year over the past decade to more than \$9.5 billion a year (ending June 2011). Our two economies are closely integrated through a range of agreements that have been initiated under the CER – Closer Economic Relations – free trade agreement. Both governments have agreed to create a Single Economic Market by removing regulatory barriers to trans-Tasman trade and for businesses operating on both sides of the Tasman.
- › **Joint food standards** – One of the best examples of economic integration under CER can be found in the so-called Food Treaty (*The Agreement Between the Government of Australia and the Government of New Zealand Concerning a Joint Food Standards System*). The joint food standards system provides a single set of composition and labelling standards for businesses and consumers across both countries. This system reduces the cost of doing business, increases the range of products available to consumers, and is driving a significant increase in the trans-Tasman trade of processed food.
- › **Mutual Recognition** – CER also gave rise to the *Trans Tasman Mutual Recognition Arrangement*, which offers one of the most extensive trade arrangements available to New Zealand. The principle of mutual recognition means that, with few exceptions, any goods produced in or imported into New Zealand may be sold in Australia and vice versa. This requires ongoing work by MAF to ensure that New Zealand interests are advanced.
- › **Easier and faster travel** – A major focus of increasing integration with Australia is streamlining trans-Tasman travel while managing biosecurity risk. This has resulted in the introduction of direct exit lanes for Australian and New Zealand passport holders who are profiled as low-risk. Direct exit lanes allow low-risk passengers to leave the airport more quickly. A survey earlier this year showed that 99 percent of passengers using the direct exit lane complied with biosecurity requirements. MAF is also working towards the implementation of trans-Tasman x-ray image transfer, which would involve x-ray images of baggage taken in Australia being made available to MAF so that screening for biosecurity purposes can take place before the passenger's arrival in New Zealand.
- › **WTO** – The World Trade Organisation's Doha Round remains an important potential driver for trade liberalisation, but it is currently stalled. WTO Ministers meet in Geneva in December 2011.

FREE TRADE AGREEMENTS

FREE TRADE AGREEMENTS

FACILITATING MARKET ACCESS

MAXIMISING EXPORT OPPORTUNITIES

- › **Negotiations to grow primary sector trade** – In the meantime, New Zealand and other countries are also pursuing bilateral and regional free trade agreements (FTAs). The TransPacific Partnership (TPP) – which brings together New Zealand, Australia, the US, Brunei, Singapore, Viet Nam, Malaysia and Peru – has the potential to become a real “21st Century” agreement and to pave the way for further trade liberalisation in the Asia-Pacific region. Likewise, FTAs under negotiation with Russia, India and Korea will provide significant opportunities for our primary sectors. This programme of work also includes negotiation on the sanitary and phytosanitary issues that underpin trade in biological products.
- › **Commercial opportunities** – The introduction of FTAs, which sometimes include “co-operation” agreements, is an important part of an overall package to secure the greatest benefits for New Zealand. The enhanced commercial relationships that ensue provide opportunities for our primary sectors and the broader agricultural industry – such as opportunities for agricultural services and inputs in areas such as germ plasm and agricultural machinery. At the same time, the introduction of FTAs can have resource implications for MAF.
- › **Frameworks that promote trade** – International market access for animal and plant products is critically dependent on having both objective, rules-based trade and a sound domestic regulatory regime that encompasses biosecurity, animal welfare and food safety systems. Market access often depends on our ability to provide assurance that our products are sourced from disease-free plants and animals, they meet animal welfare standards, come from legal sources, and they meet both the New Zealand domestic food safety standards and any importing country’s requirements. The integrity of these assurances is highly dependent on effective oversight and regulation of the critical components of our production and processing systems. For example, MAF, together with the Ministry of Foreign Affairs and Trade, is leading work on fisheries product certification and traceability. This includes responding to the demands of various markets (such as EU catch-certification requirements and retailer questions) as well as developing international frameworks and standards.
- › **Guarding against new trade restrictions** – On the other hand, as a trading nation, New Zealand is careful to guard against the potential for new trade restrictions to be applied to our exports. For example, New Zealand opposes suggestions that animal welfare requirements should form part of international trade agreements, as it could be used as a vehicle to protect domestic producers from competing imports.

FACILITATING MARKET ACCESS

UPDATING ANIMAL WELFARE LEGISLATION

MAXIMISING EXPORT OPPORTUNITIES

- › **Trade impacts of private standards** – Whether it is done deliberately or not, private standards, often driven by global supermarket chains, can be used to block our imports or increase exporters' costs. If standards blocking our exports are sponsored by governments we can fall back on WTO rules. But increasingly it is the buyers from major and often dominant supermarkets that hold sway. Maintaining and enhancing market access requires a co-ordinated approach, working with exporters with respective responsibilities for industry and government being defined.
- › **Promoting high-quality exports** – The primary sectors derive a critical market advantage from the wider reputation of New Zealand as a producer of quality products. Horticulture industries are able to co-ordinate export marketing and provide quality assurance for their products through industry self-regulation (under provisions of the New Zealand Horticulture Export Authority Act 1987). The Kiwifruit Industry Restructuring Act 1999 also enables the kiwifruit industry to export high-quality fruit through Zespri, while also providing for multiple exporters through collaborative marketing programmes.
- › **Meeting animal welfare expectations** – New Zealand's animal welfare standards enable exporters to demonstrate to overseas retailers and consumers that our products meet their animal welfare expectations. The welfare of animals is an issue of increasing public interest, domestically and internationally. An indicator of this is the large volume of correspondence on animal welfare matters that Ministers receive.
- › **Strategic reform** – The Animal Welfare Act has been in place for 12 years, and is now in need of review. However, without an overall strategic direction for animal welfare, any legislative review risks being piecemeal. MAF has therefore begun work to develop a national strategy for animal welfare and, in tandem, to review animal welfare legislation. In developing the strategy, MAF is working closely with key stakeholders such as vets, animal industries and animal advocacy groups.

OVERVIEW

CHANGING THE WAY MAF REGULATES

IMPROVING PRIMARY SECTOR PRODUCTIVITY

- › **Staying ahead** – New Zealand has highly competitive and efficient primary production systems that export to virtually every corner of the globe – an advantage deriving primarily from the smart use of our natural resources, generation of new ideas through research and development, rapid adoption of new technologies and methods, and the responses of businesses to changing trading environments. At the same time, however, many of our international competitors have dramatically improved their productivity and performance in some primary sectors in recent years, so retaining the competitive edge of our producers will require a step change in the productivity of our primary sectors.
- › MAF's role is to partner with the primary sectors (and other government agencies) to seize opportunities for improved productivity, and encourage and co-invest in industry innovation and adoption.
- › **Lifting regulatory performance** – Changing the way we regulate the primary sectors offers significant potential for achieving material gains in productivity. Even seemingly small gains in productivity from regulatory reform in the primary sectors can have substantial impacts on the country's overall balance sheet. This is a huge incentive for MAF to improve its regulatory performance as New Zealand's largest regulatory agency (measured by the total number of primary, secondary and tertiary regulations it administers). MAF's new structure gives it an opportunity to take a comprehensive and integrated approach to the regulation of the whole primary sector.
- › **Regulatory review** – To this end, MAF has established a senior advisory group within the Ministry to lead its programme of regulatory review and improvement. The Group's key operating principle is that we will take a risk management approach to regulation. We are also working to engage stakeholders in adopting the same approach and to participate in joint risk management initiatives such as the Government Industry Agreement on Biosecurity Readiness and Response.

CHANGING THE WAY MAF REGULATES

FOSTERING INNOVATION

IMPROVING PRIMARY SECTOR PRODUCTIVITY

- › **Single contact point to reduce food processing costs** – One example of how we are changing the way we do things to reduce costs to business is by simplifying processes and providing a single contact point for operators in the food processing industries. In particular, exporters of animal products depend on official assurances provided by MAF certifiers, even though the number and frequency of various audits can be an impediment to business in financial costs and time and resources. MAF is therefore looking at adopting a “single verifier model” for its verification of food processors, resulting in improved efficiencies for MAF, decreased costs to operators, reduced complexity for operators by making the different requirements for registration and meeting standards easier to understand, and improved communication with operators.
- › **Food Act reform** – The reform of the current Food Act 1981 (proposed in the Food Bill, which was before Parliament when it rose for the General Election) will usher in new rules for the New Zealand food sector. The current highly prescriptive and inflexible regulatory regime will be replaced by one that is strongly based on the idea that risk management should be the responsibility of those producing and selling food, and that the applicable regulatory requirements should be proportionate to the risk posed. These changes will provide certainty and predictability for business, with the proposed legislation clearly stating which businesses are included in each food sector and what level of regulatory requirement will apply to each.
- › **Improved biosecurity regulation** – Maintaining the integrity of the biosecurity system enables all our primary industries to flourish. Key principles that are driving changes to the regulatory approach in the biosecurity context include:
 - making better use of risk profiles, so that there is less regulatory intervention for low-risk activities;
 - improving the targeting of compliance resources, so that compliant passengers and traders are rewarded with faster processing and clearance;
 - increasing involvement by industry in risk management, so that lower-cost methods of risk management can be identified.
- › **Retaining our comparative advantages** – New Zealand’s crucial advantage in the primary sectors lies in the skill of its workforce and its efficient systems of production. To retain these comparative advantages, without undermining the natural resources on which our primary sectors are based, requires ongoing innovation.

**FOSTERING
INNOVATION****IMPROVING PRIMARY SECTOR PRODUCTIVITY**

- › **Greater value and returns** – The bulk of New Zealand exports are in raw biological products or ingredients. Innovation creates opportunities for New Zealand businesses to add value to the production of food and fibre and to receive a greater return for their investment. Innovation builds on New Zealand's strengths of having a science-based approach to production and the technical sophistication of that approach.
- › **New products** – Innovation unlocks opportunities to use animal and plant-based products in new ways and to reduce negative environmental impacts. Examples of recent developments of this kind can be found in the fields of pharmaceuticals, cosmeceuticals, nutraceuticals, nanotechnology, novel foods, new food production and processing, and manufacturing and harvesting technologies. Precision seafood harvesting innovations will support more precise landing of fish in better condition for sale.
- › **More examples of raised productivity through innovation** – New Zealand has a comparative advantage in the productivity of many breeds of livestock, the productivity of pastures and the high value of some horticultural varieties. The genetic potential is huge. There have been considerable gains from innovation in the dairy sector and with golden kiwifruit, as well as in new varieties of apples. New Zealand producers are only starting to leverage that strength in other areas. Recent gains in areas such as single nucleotide polymorphisms (SNPs, pronounced “snips”) allows rapid breeding gains for specific multiple traits (such as for footrot and worm resistance and superior meat production) and data management (moving away from individual flocks to much larger populations to speed up genetic gains) are revolutionising sheep breeding. We are only just starting to develop the potential through selective breeding of Greenshell mussels.
- › **Processing innovations** – Potential gains from improving processing and adding value are also exciting. New Zealand is leading the world in whey proteins, and recent work under way to better understand the physical and chemical properties of proteins (through the Primary Growth Partnership programme) is highly likely to pay dividends for New Zealand.

BOOSTING GROWTH THROUGH PRIMARY GROWTH PARTNERSHIPS

PARTNERING WITH INDUSTRY TO IMPROVE TECHNOLOGICAL TRANSFER

IMPROVING PRIMARY SECTOR PRODUCTIVITY

- › **Primary Growth Partnership** – PGP is a government – industry initiative that invests in significant programmes of research and innovation to boost the economic growth and sustainability of New Zealand’s primary, forestry and food sectors. The scheme focuses on increasing productivity through ongoing investment in innovation from producer to consumer, including education and skills development, research and development, product development, commercialisation, commercial development and technology transfer.
- › **Programmes** – At present, seven PGP programmes are under contract, with industry committing \$266 million in total and government committing another \$226 million. Five more programmes are in the business case development or contracting stages.
- › **Need for wider application of R&D gains** – The success of our primary industries, both in being more productive and in ensuring sustainability, depends on the application and uptake of new technologies and practices. Over the last twenty years, government investment in supporting the primary industries has focused heavily on science to support research and development. But responsibility for the uptake and extension of the products of research and development has been left to industry. Evidence suggests that while highly competent industry participants have made good use of these outputs from the science system in increased productivity, there is a relatively long tail of industry participants that have not applied the range of tools available to them. There are huge gains in productivity from better management. We know there is a large variation in performance across farms. Lifting the average performance of pastoral farmers to what the top 25 percent of farmers are doing would increase exports by \$3 billion annually, and this is just using existing knowledge.
- › **Meeting the challenges** – As a result, New Zealand is missing considerable opportunities to capture greater value from our resource base and is struggling to manage some environmental effects. The problem arises from a complex mix of capabilities, infrastructure, investment, incentives and social factors across a broad range of industry participants. The PGP initiative is dealing with some of these challenges but the issues are far greater than the PGP fund and involve multiple government and industry institutions. MAF has the opportunity to partner with industry and other government agencies to deal with these challenges in a co-ordinated fashion that targets areas of greatest gain.

INCREASING THE PRODUCTIVITY OF WILD FISHERIES

INCREASING THE PRODUCTIVITY OF AQUACULTURE

IMPROVING PRIMARY SECTOR PRODUCTIVITY

- › **Partnering with the Fishing Industry to increase productivity** – MAF will partner with industry to increase productivity from existing wild fish catch quantities. We will do this through supporting research into developing and marketing fish products of higher monetary value, promoting use of fish parts previously discarded as waste (such as fish skin products) and reducing unintended bycatch and discards. The development of precision seafood harvesting and other selective fishing techniques will support more precise landing of fish in better condition for sale. Collaborative approaches are also being used in fisheries to increase productivity through reducing fishing costs (including compliance costs). This is being achieved through alternatives to regulation and is most advanced in deepwater fisheries, where examples include:
 - informal agreements by fishers not to fish for their full catch entitlements of orange roughy on the Chatham Rise to support regulatory measures to rebuild that stock;
 - the use of industry agreements to reduce the unintended bycatch of sea lions in the squid fishery;
 - introducing voluntary Vessel Management Plans to reduce the unintended bycatch of seabirds (in addition to existing regulatory measures).
- › Other incentives include allowing increased access to the fishery for compliant fishers and the threat of additional regulation for non-adherence. The new fisheries planning framework provides more opportunities to develop partnerships and better reduce costs across the wider fisheries sector.
- › **Significant growth potential** – MAF has recently completed substantive reforms of legislation governing marine aquaculture, the world's fastest-growing animal food sector. The reforms will help industry unlock significant opportunities for private investment and economic growth, while protecting the environment and protecting Māori interests. MAF is the lead agency to support the industry's aspirations to grow exports to \$1 billion by 2025.
- › Land-based aquaculture has potential to grow and to support the growth of the marine-based aquaculture industry. Main species farmed include salmon, paua, mussel and oyster spat and freshwater crayfish. Major problems the land-based aquaculture sector faces include:
 - lack of access to stock for breeding and on-growing species;
 - an outdated and constraining regulatory regime, including legal barriers to transferring stock between farms and other locations;
 - limited awareness of biosecurity, environmental and compliance procedures and effects of climate change on aquaculture.

INCREASING THE PRODUCTIVITY OF AQUACULTURE

ADVANCING MĀORI PRIMARY SECTOR PRODUCTIVITY

SUPPORTING CHANGE IN THE AGRICULTURE AND FORESTRY SECTORS

IMPROVING PRIMARY SECTOR PRODUCTIVITY

- › **Review of land-based aquaculture** – MAF plans to review the regulatory regime for land-based aquaculture in 2012 and report back on the problems and opportunities for reform, and recommendations for a programme of work. The review will focus on reducing the costs, delays and uncertainty associated with the regulatory process.
- › **A significant role for Māori across the primary sectors** – Māori organisations (such as iwi, Ahuwhenua Trusts and incorporations) have wide-ranging rights and interests across forestry, pastoral agriculture, aquaculture and fisheries. A recent BERL report commissioned by Te Puni Kōkiri and the Māori Economic Taskforce estimated the value of the Māori asset base at \$36.9 billion. Of this, \$10.6 billion is invested in agriculture, forestry and fishing. There is significant potential for future growth.
- › **Realising the productivity potential of Māori organisations** – The productivity potential of these organisations is yet to be fully realised. Improving the governance of Māori land (such as through capability programmes for improving the leadership of Māori organisations) could increase the productivity of Māori primary sector interests. Review of legislation – especially the Te Ture Whenua Maori Act 1993 – could also improve the sometimes archaic systems affecting Maori organisations, leading to greater productivity. When devising policies and programmes to enable the primary sector to grow, MAF needs to promote Māori interests and be mindful of Treaty principles and statutory obligations to Māori.
- › **Higher productivity when selling to a small number of buyers** – A critical driver of productivity is ensuring that industries are organised to be flexible, enterprising and competitive. This is particularly important for New Zealand, where many primary industries are based on a large number of producers selling to a much smaller number of buyers. MAF oversees a regulatory regime that allows for the agriculture sectors to undertake collective action for the benefit of the industry and New Zealand as a whole, and MAF works to support industries work for themselves to reach collective solutions.
- › **Commodity Levies Act** – The Commodity Levies Act, administered by MAF, allows industries to form industry-good bodies. The industries are able to use their funds to fund activities that drive industry productivity through smarter use of natural resources, generate new ideas through research and development, adopt new technologies and methods, and respond to changing trading environments.

SUPPORTING CHANGE IN THE AGRICULTURE AND FORESTRY SECTORS

KEEPING DAIRY INDUSTRY LEGISLATION UP-TO-DATE AND RELEVANT

IMPROVING PRIMARY SECTOR PRODUCTIVITY

- › **Industry-led strategies** – MAF also supports industries to work together to devise strategies for their mutual benefit and for New Zealand as a whole. Some sectors, such as the forestry sector and the beef and sheep meat sector, face a volatile environment, with industry structures that have led to a shortage of investment and low profitability. MAF supports the sectors to come together and devise strategies for the sectors to improve their profitability. Two recent examples have been the Red Meat Strategy (led by Beef+Lamb New Zealand and the Meat Industry Association), which was launched earlier this year with MAF support, and the Wood Council of New Zealand, which is currently developing a strategy for the forest industry for release in March 2012.
- › **Dairy market productivity** – Achieving productivity improvements in the dairy industry is crucial for the New Zealand economy, as this industry is New Zealand's highest earner of export revenue. The industry is dominated by the Fonterra co-operative (which collects just under 90 percent of farm-gate milk). Although Fonterra's size and scale help the industry compete in international markets, the company's dominance in New Zealand creates an effective domestic monopoly. It is therefore especially important that dairy markets in New Zealand are operating efficiently and the markets for dairy goods and services are contestable. This efficiency and contestability are promoted by regulating the activities of Fonterra by the provisions contained in the Dairy Industry Restructuring Act 2001 and the Dairy Industry Restructuring (Raw Milk) Regulations 2001.
- › **Regular reviews of dairy legislation** – With a rapidly evolving dairy industry, both sets of legislative provisions require regular reviews to ensure that they not only remain fit for purpose but also provide a regulatory environment that promotes a dynamically efficient New Zealand dairy industry. One example where legislative change needs to be considered is Fonterra's proposed changes to its capital structure, from one where farmers buy and sell their cooperative shares from and to Fonterra to a system where farmers trade their cooperative shares among themselves. A legislative amendment to accompany Fonterra's capital restructure is being considered.

OVERVIEW

INCREASING SUSTAINABLE RESOURCE USE

- › **Importance of natural resources and environmental performance** – The agricultural, fishing and forestry sectors are reliant on natural resources to provide significant economic benefits to New Zealand. How we all use and manage our natural resources affects our future prosperity and the natural capital that underpins our production systems. Short-term increases in economic performance need to be consistent with sustaining natural capital over the long term, to achieve lasting economic prosperity.
- › In some markets, export goods are increasingly being judged by the quality of the product and the integrity of its production process. This means that the entry bar for our producers is rising in many markets as regulators, retailers and consumers demand higher standards of environmental performance and verification.
- › Managing natural resources effectively requires a mix of economic instruments, regulation and non-regulatory approaches. Increasingly, society is demanding that polluters and resource users pay the full costs of their actions. Regulation can offer predictability and certainty but can be economically inefficient and costly to implement.
- › **Flexible and responsive management** – MAF increasingly uses non-regulatory approaches such as conducting research, providing information and advice, audited self-management programmes and voluntary industry arrangements, which are likely to play an increasingly important role.
- › A single approach is unlikely to work – the systems we need to ensure sustainable use of resources will have to:
 - Set resource limits (taking into account Māori interests, social preferences, and scientific and other evidence) then allocate the remaining resources among competing uses and users. Decision-makers need to monitor and be ready to adjust limits as values and circumstances require.
 - Move to more efficient resource allocation approaches that better reflect the costs and values of our natural resources and enable resources to move to higher value uses.
 - Support innovation to improve the long-term performance of the economy by the way we use natural resources. Innovation is as much about finding new and better ways of doing things as it is about developing new technologies and ensuring technology transfer. This will involve primary sectors better leveraging off our science and innovation systems (such as the Sustainable Farming Fund, the Primary Growth Partnership programme and the Global Research Alliance).

OVERVIEW

BETTER MANAGEMENT OF FRESHWATER RESOURCES

INCREASING SUSTAINABLE RESOURCE USE

- Build institutional arrangements that are transparent and informed, thus inspiring confidence and investment certainty. This requires investment and new policy and practices in research, information, capability and capacity building, and institutions.
- › The challenges posed by New Zealand’s natural resource concerns are bigger than any one agency can tackle on its own. Many are long-term in nature and involve interactions between natural, economic and social systems that are difficult to account for and require smart policy responses that draw from the most robust and complete evidence available.
- › To this end, MAF is an active participant in the Natural Resources Sector (NRS), comprising seven core NRS agencies working together to ensure a collaborative approach to providing policy advice on natural resource issues. The core agencies are supported by the three central agencies. All agencies have a different yet important lens to bring to the advice we collectively provide.
- › A separate NRS Briefing for Incoming Ministers has been provided to all Ministers with responsibility for NRS-related portfolios. This MAF briefing is consistent with the NRS briefing and the two should be read together.
- › **Water a key strategic asset for New Zealand** – Managing water well is integral to achieving our economic, social, environmental and cultural goals.
- › Our water availability is the third highest in the OECD. Relatively consistent rainfall and a temperate climate have given New Zealand a major competitive advantage in agriculture. This advantage is likely to grow as other countries face increasing water constraints. Better management of existing water resources and providing water for agriculture through water infrastructure can yield significant productivity gains and major long-term economic benefits for New Zealand. Managing water more efficiently through irrigation infrastructure, for example, has potential to increase agricultural exports by over \$4 billion a year by 2026. Despite this, many areas face shortages or restrictions on use, and there is evidence that water quality is deteriorating in some catchments.
- › **Risks of lower water quality** – Agricultural intensification is leading to significant increases in demand for water and, if poorly managed, will adversely affect water quality. Improvements to the current regime are required to reduce lost productivity and the escalating costs of clean-ups while optimising water’s

BETTER MANAGEMENT OF FRESHWATER RESOURCES

INCREASING SUSTAINABLE RESOURCE USE

economic value. That will provide more certainty to investment and help to meet New Zealanders' values and expectations.

- › **A decline in water quality** – would risk damaging the “clean green” reputation of New Zealand and its exports. Fresh water management faces significant policy challenges over the next few years, and the water “footprint” of our exports can be expected to come under increasing consumer scrutiny.
- › **Productivity gains and innovative uses** – More active and flexible management of the resource, based on operating within set limits for allocation and contamination, will drive efficiency and productivity gains, and create incentives for more valuable, resilient and innovative uses of the water available. There are also opportunities to drive innovation and productivity gains by making the costs of water use more transparent.
- › **Change already begun** – The National Policy Statement for Freshwater Management 2011 requires limits to be set on water use. Increased harvesting and storage of water driven by the Irrigation Acceleration Fund will be a key part of staying within limits by increasing the supply of available water. MAF is working closely with the Ministry for the Environment to ensure the Land and Water Forum (LaWF) process continues to be a successful exercise in collaborative policy development that involves the various stakeholders who use and rely on water, and that it achieves consensus and sets direction in the Fresh Start for Fresh Water (FSFW) programme. LaWF has achieved consensus on a limits-based approach to water management and implementation of this approach is occurring through FSFW. LaWF will also need to consider more effective tools for managing the allocation, transfer and efficient use of water, ensuring that users face more of the real costs of using water and by managing the effects of land use on water quality.
- › **Involving Māori in water management** – Improving water management will not be achievable without Māori buy-in. To meet Treaty obligations and unlock the potential of alternative allocation regimes, iwi rights and interests need to be resolved. The Iwi Leaders Group has been an important partner in the policy process to date, although its mandate for cooperative engagement with the Crown may be challenged unless there is meaningful discussion. This will require conversation between iwi leaders and Ministers working in parallel to improve iwi involvement in regional council decision-making processes.

BETTER MANAGEMENT OF FRESHWATER RESOURCES

INCREASING SUSTAINABLE RESOURCE USE

- › **Improving the process for setting limits** – The process of setting limits and bottom lines is difficult for decision-makers as it requires accommodating multiple and often competing values. We must aim to ensure that decisions achieve the best possible consideration of community, regional and national values while being timely, cost-effective and less adversarial. While this is possible under the current legislative framework, it is not occurring widely, especially for water quality limits. Decision-making processes (including iwi involvement) should be the first priority for reform. To make that happen, we are likely to need changes to the rules on who participates and the roles of national versus local limit-setting processes.
- › **Managing to limits and allocating water more efficiently** – There is also a need for more effective tools for managing the allocation, transfer and efficient use of water, ensuring that users face more of the real costs of using water and by better managing the effects of land use on water quality. There are risks to the sectors in managing to limits. MAF will have a role to play in establishing the appropriate incentives and policy framework. Communities and users will need to implement changes to existing practices in order to achieve limits and to mitigate the risks to the sector and maximise opportunities. We need to move beyond the default allocation approach of first-in-first-served to assist water in moving to its best value use.
- › **Managing irrigation for sustainable economic growth** – The recently established Irrigation Acceleration Fund, which is administered by MAF, is intended to support the potential for irrigated agriculture to contribute to sustainable economic growth. In 2002/03, irrigation was estimated to contribute around \$920 million net GDP at the farm gate, over and above that which would have been produced from the same land without irrigation. Since then, the area of irrigated agriculture and horticulture has increased by about 25 percent, from 480 000 hectares to around 600 000 hectares.
- › Storage infrastructure provides the scope to better allocate water among competing uses since water can be held and released at optimum times to ensure desired outcomes, including maintaining ecological flows and ensuring more reliable availability. However, the intensive agriculture that will result from more irrigation can also have high impacts on water quality. Infrastructure has the potential to be a key lever to require good irrigation and land management practice on farms.

LEADING POLICY DEVELOPMENT ON CLIMATE CHANGE

INCREASING SUSTAINABLE RESOURCE USE

- › **Climate Change** – MAF leads policy development on New Zealand's agriculture and forestry sectors in the climate change area. New Zealand has a unique greenhouse gas profile, with agriculture-based food production contributing 47 percent of New Zealand's total greenhouse gas emissions. The forestry sector is one of the major contributors to New Zealand's net greenhouse gas emission position. It is currently a sink, but will become a significant source of emissions for a period of time from around 2020 onwards. A changing climate will affect how and what we grow and farm in the future. Climate change is also affecting our oceans, and increasing CO₂ levels are leading to acidification of the ocean. The knock-on effects to commercially and environmentally important species are potentially high.
- › **Working towards an international solution** – Countries are currently negotiating the post-2012 international climate change regime. At this stage, a number of outcomes are possible: an agreement to a new treaty under the UNFCCC, an agreement to amend the Kyoto Protocol for a second commitment period, or a political agreement, either individually or in combination. Under all outcomes, we expect global mitigation efforts to continue after 2012; the key question is the rate and magnitude of these mitigation efforts. However, we face an uncertain international environment where there is a real risk of an extended delay in realising a comprehensive agreement after 2013. As a step toward the post-2012 outcome, New Zealand has tabled a conditional pledge to reduce its emissions to between 10 and 20 percent below 1990 levels by 2020.
- › We are currently considering the implications and issues associated either with a gap in international commitments or the effect of a set of negotiating decisions that would see a "transition" towards a new international framework in 2020. These include the implications for the international carbon market, for the workings and settings of the domestic Emissions Trading Scheme (ETS), and how New Zealand's obligations are framed. It is probable that significant uncertainties will persist and therefore difficult judgements on climate change policy will be required from ministers over the next couple of years, including in the Primary Industries portfolio.
- › **Reducing greenhouse gases in the agriculture sector** – Farmers are increasingly adopting nutrient budgeting and seeking to reduce fuel use, although the principal source of greenhouse gas emissions from agriculture is methane from ruminant livestock. At present, no methods of significantly mitigating methane emissions from livestock farms are available, other than reducing

LEADING POLICY DEVELOPMENT ON CLIMATE CHANGE

INCREASING SUSTAINABLE RESOURCE USE

stock numbers. The second most significant greenhouse gas from agriculture is nitrous oxide, which can be reduced through management practices and technology that produce co-benefits for water quality. The price signals arising from the ETS are expected and intended to encourage responses, both on farm and off farm, including incentivising greater research and development efforts.

- › **Global Research Alliance on Agricultural Greenhouse Gases** – The Alliance is an international forum for countries and other partners to collaborate on agricultural greenhouse gas mitigation research. New Zealand launched the initiative in December 2009 and hosted a Ministerial Summit in June 2011. The Alliance now has over 30 member countries. MAF leads New Zealand's involvement in the Alliance, including administering the government's \$45 million budget – most of which is used to invest in research in New Zealand and overseas into reducing emissions from pastoral livestock systems.
- › **Staged introduction of the Emissions Trading Scheme** – The ETS is the government's key economic instrument for meeting international obligations and reducing greenhouse gas emissions. The ETS is designed to cover all gases and all sectors, and is being implemented in stages. MAF plays the lead operational role in forestry, including accepting applications, exemptions, reporting and compliance.
- › Forestry has been covered by the ETS since 1 January 2008. Agricultural processors are required to report their emissions from 1 January 2012 and are scheduled to face emission obligations from 2015, under current legislative settings. Farmers do not face any reporting or emission obligations, although this requirement can be changed under the Climate Change Response Act 2002.
- › The Agriculture ETS Advisory Committee was set up in 2010 to provide the Government with advice on implementing agriculture within the ETS. A final report is due at the end of 2012 and will deal with a number of matters, including where the point of obligation should lie, whether with the farmer or the processor.
- › The ETS was recently reviewed by an independent panel, which reported to government on 30 June 2011. The panel has made a number of recommendations relevant to agriculture and forestry, and, in particular, that we should adopt international forestry rules domestically and support

LEADING POLICY DEVELOPMENT ON CLIMATE CHANGE

SUSTAINABLE USE AND PROTECTION OF MARINE RESOURCES

INCREASING SUSTAINABLE RESOURCE USE

the inclusion of agriculture at a farmer point of obligation. To date there is no government response, although a Cabinet paper is scheduled from the Minister for Climate Change Issues in February 2012.

- › **Responding to climate change through research, innovation and technology transfer**
MAF has a strong research and technology transfer programme covering climate change and land-based sectors. Priority research areas are mitigating agricultural greenhouse gases, enhancing forestry sinks, understanding the impacts of climate change (social, economic and systems aspects) and adaptation.
- › The focus of the recently established New Zealand Agricultural Greenhouse Gas Research Centre is on methane, nitrous oxide, soil carbon and integrated farming systems. The Centre aims to build science capability to support New Zealand climate change research needs and contribute to the Global Research Alliance.
- › To reduce emissions on farm and manage the effects of climate change, effective technology transfer is needed to translate the results of this research. To this end, the MAF programme has established forestry ventures and established demonstration programmes for beef and lamb, arable crops, vegetables, kiwifruit and deer. MAF has also funded “train the trainers” events to improve capability.
- › **Adapting to climate change** – Primary production in New Zealand will be affected by climate change, which is expected to bring, in particular, drier conditions in the east, and a greater frequency of droughts. More frequent and severe extreme weather events are also likely, resulting in costly flooding and erosion. These changes will require New Zealand agriculture and forestry to adapt and build greater resilience. MAF continues to work with the primary sectors and local government to understand the extent of the potential impacts.
- › **Worldwide and domestic demand for fish products** (including recreational and customary demand) is growing rapidly, increasing incentives to over-exploit limited marine resources for short-term gain if not appropriately managed. The Minister for Primary Industries is responsible, under the Fisheries Act 1996, for providing for the utilisation of fisheries resources while ensuring sustainability. This entails mitigating any adverse impacts of fishing on the marine environment. Aquaculture is primarily managed within the Resource Management Act framework.

SUSTAINABLE USE AND PROTECTION OF MARINE RESOURCES

INCREASING SUSTAINABLE RESOURCE USE

- › MAF partners with tangata whenua and aquaculture and fisheries stakeholders to optimise long-term economic, cultural and social benefits of fisheries and to promote a healthy aquatic environment. The Fisheries 2030 Strategy and National Fisheries Plan framework guide MAF's management approach.
- › **Important fisheries obligations** – The Fisheries Act 1996 requires the Minister to specifically provide for recreational and customary use of our fisheries resources. MAF also has a range of commercial and customary fisheries obligations to Māori. These obligations are established by the principles of the Treaty of Waitangi, the Treaty of Waitangi (Fisheries Claims) Settlement Act 1992 and by the historic settlements with individual iwi. The Maori Commercial Aquaculture Claims Settlement Act 2004 sets out aquaculture settlement obligations. The Marine and Coastal Area (Takutai Moana) Act 2011 and river settlements also strengthen the rights of Māori and may affect future areas of aquaculture development.
- › **Maintaining the capacity and integrity of the aquatic environment** – MAF's role requires us to consider interdependencies between habitats, species and ecosystems, which involves developing research programmes and fisheries management strategies. It also involves working with other government agencies, regional councils and stakeholders to actively manage adverse effects of fishing on our wider marine environment. MAF also works with the Department of Conservation to provide marine protection and maintain marine biodiversity.
- › **Managing fish stocks under the flagship Quota Management System** – While there is no room for complacency, New Zealand is an acknowledged world leader in managing fish stocks. Our flagship Quota Management System (QMS) involves setting sustainable catch limits for our Exclusive Economic Zone (EEZ). The QMS is used to manage almost all significant commercial species and allocates access rights to extract fish in the form of tradable quota shares. The QMS manages approximately 100 species (or species groupings). These species make up 636 management stocks over distinct geographical areas.

SUSTAINABLE USE AND PROTECTION OF MARINE RESOURCES

INCREASING SUSTAINABLE RESOURCE USE

- › **Total Allowable Catch** – For each stock, a total allowable catch (TAC) limit is set to restrict the total amount of fishing to a maximum sustainable level. This is guided by best available information, including scientific research. Factors that can result in a catch limit being altered include:
 - concerns that the stock biomass has declined below a crucial threshold;
 - the risk that the fishery could be overfished; or
 - additional use opportunities are available because the biomass has increased.

- › **Role of education and enforcement** – It is crucial that fishers comply with Fisheries Management rules in order to protect the integrity of the primary sector base. MAF's fisheries compliance model considers the knowledge and intent of participants and the risk to the fishery. Collaborative management of risk with industry is a key component of the fisheries compliance model, along with education, to help fishers voluntarily comply, and penalties when fishers deliberately undertake illegal activity. The following industry groups are working collaboratively with MAF to address current and emerging compliance risks:
 - Deepwater Compliance Working Group;
 - Paua Industry Council;
 - NZ Rock Lobster Industry Council.

- › **Integrating with other management frameworks** – The marine area is a productive resource. Fisheries and aquaculture interests interact with a wide range of users. A challenge facing MAF is to integrate fisheries and aquaculture management frameworks with those that cover other marine users (for example, transport or minerals extraction that impact on fisheries). The recent EEZ Bill and the new Environmental Protection Authority should help resolve conflicts between users in the EEZ (defined as 12 to 200 nautical miles offshore) and improve use and environmental outcomes. In the near-shore, inclusive and integrated decision-making processes will be needed to resolve conflicting demands for marine space, particularly near urban and popular recreational areas.

SUSTAINABLE USE AND PROTECTION OF MARINE RESOURCES

INCREASING SUSTAINABLE RESOURCE USE

- › **MAF's fisheries activities for beyond New Zealand waters** – MAF participates in UN initiatives and international and regional forums to:
 - provide and maintain access for New Zealanders to fisheries outside our waters;
 - ensure that global aquatic environments are adequately protected;
 - develop regional fisheries management rules and co-operate in their enforcement.
- › New Zealand has particular interests in the Pacific. MAF therefore actively partners with Pacific Island Countries on fisheries issues for mutual benefits.
- › **Regional Fisheries Management Organisations (RFMOs)** – are pivotal players in ensuring sustainability of specific areas or fisheries in the world's oceans. Each RFMO is comprised of member states and is established through a legally binding convention. New Zealand (represented by MAF and MFAT) is a member of four RFMOs:
 - Commission for the Conservation of Southern Bluefin Tuna;
 - Commission for the Conservation of Antarctic Marine Living Resources;
 - South Pacific Regional Fisheries Management Organisation;
 - Western and Central Pacific Fisheries Commission.
- › The above geographical areas are important to New Zealand as our vessels fish in those areas.
- › The management of fisheries outside of New Zealand waters also significantly contributes to the productivity and health of our aquatic environment, given that some fish migrate over large distances (for example, tuna).

UNDERSTANDING MĀORI VALUES TO ENHANCE USE OF NATURAL RESOURCES

PROTECTING OUR BIODIVERSITY AND FOOD SAFETY

INCREASING SUSTAINABLE RESOURCE USE

- › **Māori bring to the discussion values including kaitiakitanga** – the practice of ensuring the health of the living environment, including people, is protected and maintained for current and future generations. This can be translated as practising sustainability, or guardianship, of the natural environment and its resources. Iwi Fisheries Plans and Forum Fisheries Plans provide for Māori input and participation into the decisions on the sustainable utilisation of fisheries. Iwi Fisheries Plans operate as a mechanism for tangata whenua to express their kaitiakitanga as it relates to fisheries. In developing these plans, iwi seek to balance their competing commercial and non-commercial interests and aspirations to ensure the sustainable use of their fisheries. Kaitiaki values are also evident in the active participation of Māori in the development of major policies on climate change and freshwater management and the impacts on agriculture and forestry.

PROTECTING NEW ZEALAND FROM BIOLOGICAL RISK

- › **Economic, social and cultural well-being** – The integrity of our environment and natural resources (including food production) is fundamental to New Zealand's productive economy. The production of, and access to, safe food has been integral to New Zealand's history and continues to be an essential part of our social, cultural and economic development. Protecting the health of all consumers, whether the food is consumed domestically or internationally, is also critical to ensuring New Zealand's reputation as a supplier of safe and suitable food is maintained. This reputation is critical to our success as exporters. For Māori, who have a whakapapa (familial or genealogical) connection to the environment, indigenous biodiversity is a taonga (culturally important treasure). We all have an obligation to maintain our unique and globally important genetic and environmental resource. Food is also considered a taonga by Māori, and there is a wide range of tikanga protocols relating to food.
- › **Mitigating damage costs and retaining New Zealand's competitive advantage** – Because exotic pests and diseases pose a significant threat to indigenous and productive systems and to people, biosecurity and food safety are issues of high importance. If pests and diseases are not stopped at the border and threats are not dealt with as soon as they become apparent, damage and costs quickly escalate. We then risk losing the advantageous market access that has been negotiated for New Zealand exports on the basis of our animal and plant health status, and as a producer of safe food. That advantageous position

PROTECTING OUR BIODIVERSITY AND FOOD SAFETY

TREATY CLAIMS AND BIOSECURITY MANAGEMENT

MORE EFFECTIVE FOOD SAFETY REGULATION

PROTECTING NEW ZEALAND FROM BIOLOGICAL RISK

includes the fact that New Zealand businesses often face lower compliance costs than their competitors in other countries do in demonstrating that they are meeting destination market requirements.

- › **Effective and efficient risk management** – It is impossible for any country, even a geographically remote island nation like New Zealand, to isolate itself from all risks of imported pests and diseases. Furthermore, the production, processing and distribution of food is an ongoing activity with associated risks. Recognising that zero risk is unattainable, and that we do not have unlimited resources to spend on biosecurity or food safety, MAF's approach is based on the concept of risk management rather than risk prevention. Risks are managed down as effectively and cost-efficiently as possible to levels that are considered acceptable. These levels of protection take into account the costs and benefits of managing risks. Some residual risk will always be present while goods and people are moving in and out of New Zealand or during the production and processing of food. Our appetite for risk has changed over the last few decades and needs to continually be reviewed to ensure we have the optimum balance between protection and business growth.
- › **Treaty claims relating to natural resources** – such as harbours, waterways and mountains, as well as the findings of the Waitangi Tribunal's recent report on the Wai 262 Indigenous Flora and Fauna and Cultural Intellectual Property claim, could have implications for biosecurity management. This is particularly true in relation to how the kaitiaki values of Māori may inform the way MAF seeks to protect New Zealand's natural resources for current and future generations.
- › **Food safety challenges** – Consumers expect safe and suitable food, and meeting this expectation is good business practice on the part of New Zealand industries. To best serve consumers and industry stakeholders, MAF needs to be an agile and responsive regulator, prepared for the new challenges created by changing societal and industry needs. As well, it is important that we are accessible and transparent in dealing with New Zealand food producing industries and businesses, be they large or small, or whether they produce for the export or domestic market.
- › New Zealand exports foods to some of the world's most demanding markets, and governments in these markets require assurances from New Zealand that their requirements relating to the safety and suitability of products are being met. New Zealand consumers have similar expectations. A sound domestic

MORE EFFECTIVE FOOD SAFETY REGULATION

MANAGING BORDER BIOSECURITY MORE EFFECTIVELY

PROTECTING NEW ZEALAND FROM BIOLOGICAL RISK

regulatory regime is critical to protecting consumers and building the credibility needed to assist New Zealand's market access activities.

- › **The Food Bill** – (before the previous Parliament and awaiting second reading) will, if passed, introduce a more risk-based approach to food safety. The primary objective of the Bill is for food business operators to take responsibility for ensuring the food they trade is safe and suitable. The level of regulatory control that will be applied to food businesses or food sectors will be commensurate with the level of risk that needs to be managed to ensure safe and suitable food. The Food Bill builds on the co-regulator role with Territorial Authorities, to establish a food safety regime that is more consistent across New Zealand. Legislation proposed in the Food Bill, along with the Animal Products Act 1999 and Wine Act 2003, will establish the platform for domestic food safety standards, which are in turn used as the basis for exports.
- › **An increasingly complex risk-management environment** – Trade and travel volumes are expected to grow, the ways that goods and people are transported are changing and speeding up, and New Zealanders are demanding more goods from a greater range of countries.
- › In light of these complexities and demands, MAF has recognised the need to fundamentally change the way we manage the border, and a substantial programme of change is now under way.
- › The key principle of our approach is that “the border” is not a single point of intervention, but a complex system, across which we can manage risk at different points. These points include offshore, en route, at the border itself, and through biosecurity activities within New Zealand, including transitional facilities.
- › **The four “cornerstones” of our approach to managing border biosecurity:**
 - making increasing use of risk profiles to identify and assess levels of biosecurity risk, and target our resources accordingly;
 - recognising compliant traders by making it easier for them to trade, and coming down hard on those who deliberately or repeatedly fail to comply with biosecurity requirements;
 - ensuring that biosecurity risk is managed by those best placed to do so and supporting them in their efforts, which may mean that stakeholders are often best placed to identify how biosecurity risks can be effectively managed with least impact on supply chain efficiency and costs;
 - using technology and information to improve the quality and timeliness of biosecurity decisions at the border.

MANAGING BORDER BIOSECURITY MORE EFFECTIVELY

A CO-ORDINATED APPROACH TO DOMESTIC BIOSECURITY

PROTECTING NEW ZEALAND FROM BIOLOGICAL RISK

- › **Greater efficiency through joint border management** – Working in partnership, MAF and New Zealand Customs are developing a joint border management system to provide the information systems that are needed to increase border sector productivity and improve trade and travel. It will enable better use of information to improve risk-profiling, and will introduce the “Trade Single Window”, under which traders will need to provide only a single set of information to border agencies.
- › **The main focus of our Border Change Programme** – is to prepare MAF for the introduction of the new joint border management system, including improvements to our biosecurity intelligence and risk management capability. A key part of the programme is ensuring that MAF has the necessary skills among its staff to implement the business changes that the system will enable.
- › **Border Sector Governance Group** – brings together officials from the key border agencies, with the overall purpose of increasing efficiency through better collaboration and closer co-ordination. An example of the Group’s work is a project to improve the efficiency of processes at the International Mail Centre.
- › **MAF’s role** – Domestic biosecurity covers all the domestic activities that are required to manage biosecurity risks within New Zealand, and includes investigation, diagnostics, surveillance, readiness, response, long-term pest management and pathway management. MAF has both leadership and co-ordination roles in this area.
- › **Effective changes and partnerships** – As at the border, we are making major changes in the way we manage domestic biosecurity risks, changes that involve a systems approach to ensure that the most effective intervention points are identified. We are also seeking opportunities to develop partnerships and share responsibility for achieving common biosecurity goals.
- › **The four cornerstones of our domestic biosecurity change programme:**
 - ensuring that interventions occur at the best place in the biosecurity system to manage risk and provide greatest value;
 - enabling partners to obtain better outcomes through working together;
 - enabling people to maximise their contribution to the performance of the system;
 - better management of biosecurity risk through demonstrable improvements in the system.

A CO-ORDINATED APPROACH TO DOMESTIC BIOSECURITY

PROTECTING NEW ZEALAND FROM BIOLOGICAL RISK

- › **Responding to incursions of pests and diseases** – MAF receives hundreds of reports of suspected new pests and diseases each month. Most of these reports are investigated and found to pose negligible risk, but some will be subject to an incursion response. The highest profile incursion response in recent times was for the kiwifruit disease Psa. Examples of other responses currently under way include measures to respond to termites, an invasive weed and marine organisms. Other organisms, such as *Didymo*, are now the subject of long-term management programmes.
- › **Working with industry to bolster biosecurity response** – The Government Industry Agreement for Biosecurity Readiness and Response is a key initiative under which the government and primary industries make joint decisions about harmful organisms that are of concern to an industry. The joint decisions are to cover how best to prepare for the possible arrival of a harmful organism, and how best to respond if the organism does appear in New Zealand. The parties will also agree on how to share the costs of their jointly agreed activities. MAF is working with industry organisations on the drafting of the overarching deed that will set the framework for more detailed operational agreements.
- › **A livestock traceability system to improve responsiveness** – The National Animal Identification and Traceability project will establish a lifetime traceability system for livestock, thereby improving our responsiveness during biosecurity events and providing improved export assurances to foreign markets. The necessary legislation has been considered by Parliament's Primary Production Committee and has had its second reading. An industry-owned company, NAIT Limited, is responsible for implementing the scheme, which is scheduled to begin for the cattle sector on 1 July 2012.
- › **Improved management of established pests** – The Pest Management Plan of Action 2010-2035 emerged from a major project that MAF worked on with other key players involved in the management of pests that have become established in New Zealand. The plan of action includes establishing agreed outcomes and principles, improving the measurement of system performance, and making improvements to the Biosecurity Act 1993. Work is also under way to develop a National Policy Direction that will ensure pest management activities under the Biosecurity Act provide the best use of available resources and align with one another, where necessary.
- › **Whole-of-government Foot and Mouth disease response exercise** – MAF will exercise a whole-of-government biosecurity response to a simulated outbreak

A CO-ORDINATED APPROACH TO DOMESTIC BIOSECURITY

PROTECTING NEW ZEALAND FROM BIOLOGICAL RISK

of Foot and Mouth (FMD) disease in March 2012. Without immediate and effective management, an outbreak of FMD could have a catastrophic impact on the New Zealand economy. The exercise will enable MAF and government agencies to practise their roles during an outbreak such as FMD.

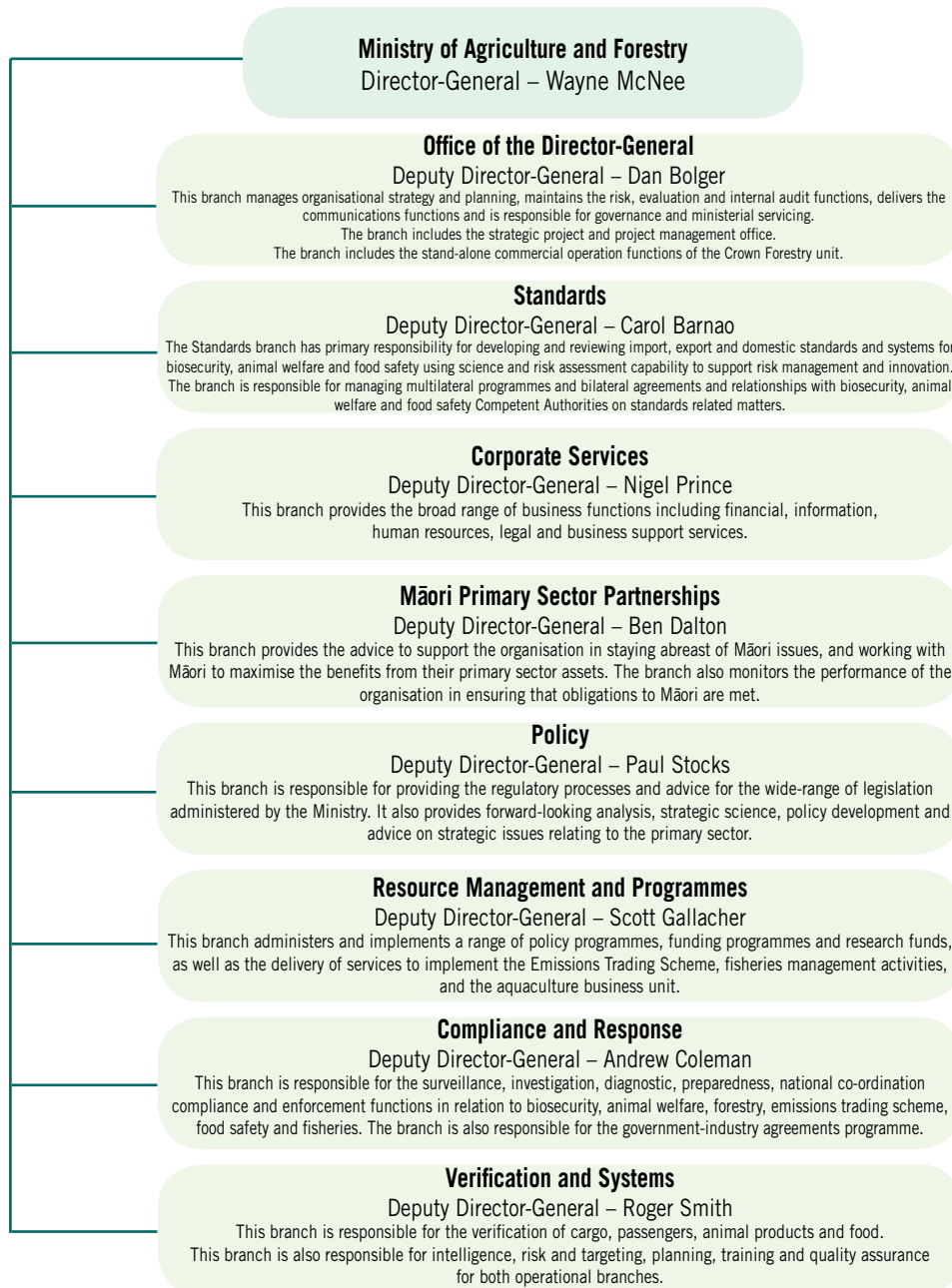
- › This will be the first substantive biosecurity response exercise since Exercise Taurus and Operation Waiheke (the FMD hoax on Waiheke Island) in 2005, and will provide an opportunity to practise and evaluate changes in response-oriented structures, processes and tools within a whole-of-government environment. Key changes since 2005 include: a newly amalgamated MAF; changes at Chief Executive and senior official levels in MAF and supporting agencies; and the recently published Whole of Government Biosecurity Response Guide.
- › The exercise is focused upon whole-of-government leadership and co-ordination and will exercise the Domestic and External Security Co-ordination System, MAF's response management and planning and intelligence functions, communications, and interdepartmental liaison. Field activities and the activities of supporting agencies will be simulated. The Minister for Primary Industries will be invited to participate in the Domestic and External Security Co-ordination System during the exercise.

ORGANISATION AND RESPONSIBILITY OF THE MINISTRY

ORGANISATIONAL STRUCTURE

MAF is the government agency responsible for enabling and partnering New Zealand's primary sectors, with 1973 (FTE) permanent staff and 106 (FTE) temporary staff, and an annual budget of \$729 million.

MAF is in the process of completing a major restructuring arising from its merger with the Ministry of Fisheries (1 July 2011) and the implementation of its new organisational strategy. This restructuring will help us to take an integrated view of stakeholder issues from paddock or ocean to plate, and reduce costs to stakeholders and taxpayers, while improving the delivery of services.



TOTAL EXPENDITURE APPROPRIATIONS FOR 2011/12 (AS AT OBU)

	DEPARTMENTAL	NON-DEPARTMENTAL	DEPARTMENTAL CAPITAL
	\$M	\$M	\$M
Vote Agriculture & Forestry	74.0	242.3	27.8
Vote Biosecurity	153.0	43.2	–
Vote Fisheries	108.8	12.0	–
Vote Food Safety	93.5	2.1	–
Total	429.3*	299.6	27.8

* The total departmental expenditure appropriations of \$429.3 m include \$98.7 m of third party funded activity (23 percent of the appropriation).

TOTAL NON-DEPARTMENTAL REVENUE FOR 2011/12
(AS AT OBU)

	NON- DEPARTMENTAL
	\$M
Vote Agriculture & Forestry	119.7
Vote Biosecurity	1.0
Vote Fisheries	33.4
Vote Food Safety	0
Total	154.1

COST SAVINGS FROM THE MERGER

A significant restructuring is under way within the Ministry following the merger of MAF and the Ministry of Fisheries. When the merger was announced, we estimated we could achieve savings of \$10 million a year. It is now estimated that the merger proposals will achieve savings of Crown costs of over \$19 million, and third party costs of \$2 million, through reducing and removing duplication that existed across the two agencies, as well as aligning to our new strategy. Work is continuing to find further efficiencies in the business that will realise further savings in future to fund the efficiency dividend and allow for cost growth and investment in the strategy.

The cost of the merger will be met from within baselines and from savings achieved in the 2011/12 financial year.

MAF currently recovers approximately \$129 million a year, mostly from industry. The recent merger of MAF and the Ministry of Fisheries, and the earlier amalgamation with NZFSA, create opportunities for merger savings, and better align cost recovered activities in support of the Government objectives of better and less regulation and economic growth.

FUNDING PRESSURES

2011/12

For the current financial year there are a number of funding pressures primarily related to the merger process. These pressures include absorbing the merger costs within the baseline funding, and the costs of changing systems and processes (costs will be incurred in 2011/12 as well as 2012/13).

Additional costs are being managed through an expense transfer from 2010/11 as well as savings from Full Time Equivalents (FTE) reductions as part of the merger.

2012/13

For the 2012/13 financial year funding pressures are likely to include:

- › remuneration and other inflationary cost pressures;
- › ability to fund future strategic initiatives from within baselines;
- › reviewing our programmes in line with the new strategic direction.

These funding pressures will likely result in stopping lower priority work programmes.

KEY LEGISLATION

We administer 50 Acts of Parliament as well as associated regulations and tertiary instruments. The major Acts administered by MAF are:

- › Agricultural Compounds and Veterinary Medicines Act 1997
- › Animal Products Act 1999
- › Animal Welfare Act 1999
- › Aquaculture Reform (Repeals and Transitional Provisions) Act 2004
- › Aquaculture Legislation Amendment Act 2011
- › Biosecurity Act 1993
- › Commodity Levies Act 1990
- › Dairy Industry Restructuring Act 2001
- › Driftnet Prohibition Act 1991
- › Fisheries (Quota Operations Validation) Act 1997
- › Fisheries Act 1996
- › Food Act 1981
- › Forests Act 1949
- › Maori Commercial Aquaculture Claims Settlement Act 2004
- › Maori Fisheries Act 2004
- › New Zealand Horticulture Export Authority Act 1987
- › Treaty of Waitangi (Fisheries Claims) Settlement Act 1992
- › Wine Act 2003

In addition, MAF has responsibilities under other legislation which it does not administer, such as:

- › Climate Change Response Act 2002 (forestry and agriculture sectors);
- › Hazardous Substances and New Organisms Act 1996 (MAF is the enforcement agency for new organisms).

There were also a number of Government Bills before the previous parliament:

- › The Biosecurity Law Reform Bill brings together the legislative changes necessary to fully implement a number of important biosecurity change projects. The Bill has had its second reading, and is awaiting the Committee of Whole House debate.
- › The National Animal Identification and Tracing Bill sets in place the framework for lifetime traceability of livestock, starting with cattle and deer. The Bill has had its second reading, and is awaiting the Committee of Whole House debate.
- › The Food Bill introduces a comprehensive reform of the food safety regulatory regime. The Bill has been considered by the Primary Production Committee, and is awaiting its second reading.
- › The Airports (Cost Recovery for Processing of International Travellers) Bill allows MAF, the Aviation Security Service, and the New Zealand Customs Service to recover the costs of providing international traveller processing services at new and restarting airports for an initial period. The Bill has had its second reading, and is awaiting the Committee of Whole House debate.

All four of these Bills remain important, and we recommend that they be reinstated by the new Parliament.

SIGNIFICANT RISKS FOR MAF

MAF is undergoing a period of significant change that is taking place against the backdrop of a challenging economic climate and considerable change in the public sector and brings with it both opportunities and risks.

We are at a good starting point, but there is much to be done to make our new organisational strategy work in practice, which will require an incremental, phased approach. Initially, this means identifying the most important actions that need to be taken over the next three to five years and agreeing on the order in which these are taken.

In addition to a large merger-related change programme, work continues on major industry-related programmes such as the Joint Border Management System, the National Animal Identification and Traceability project, Government Industry Agreements, and Primary Growth Partnerships. These programmes are innovative and complex, and have a high return but are also subject to high levels of risk. Understanding and effectively managing these risks is integral to delivering Our Strategy 2030 and will be an area of focus for the organisation.

COLLABORATION WITH OTHER AGENCIES

MAF works in collaboration with several departments across a range of issues such as:

- › economic growth and trade with a range of agencies including the Ministry of Economic Development, Ministry of Foreign Affairs and Trade, Ministry of Science and Innovation, and New Zealand Trade and Enterprise;
- › natural resources as part of the Natural Resources Sector (page 21);
- › border management as a member of the Border Sector Governance Group (page 33).

PENDING DECISIONS OR ACTIONS

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Pages 42 to 47 (inclusive) withheld under section 9(2)(f)(iv) of the Official Information Act.

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TERMS OF REFERENCE, MEMBERSHIP

5

MINISTER FOR PRIMARY INDUSTRIES

NEW ZEALAND WALKING ACCESS COMMISSION

The Walking Access Commission is a small Crown agency responsible for leading and supporting the negotiation, establishment, maintenance and improvement of walking access over public and private land. The Commission's Board currently has six members, with members appointed by the Minister, with an annual appointment process of one to three members.

BOARDS AND ENTITIES

The Minister for Primary Industries is responsible for appointing directors to the statutory boards and entities listed below:

1. Agricultural and Marketing Research and Development Trust (AGMARDT)
2. Representatives' Committee of the Animal Health Board
3. National Animal Ethics Advisory Committee
4. National Animal Welfare Advisory Committee
5. New Zealand Dairy Core Database Access Panel
6. New Zealand Horticulture Export Authority
7. New Zealand Meat Board
8. New Zealand Pork Industry Board
9. Taratahi Agricultural Training Centre (Wairarapa) Trust Board
10. Telford Farm Training Institute
11. Veterinary Council of New Zealand
12. New Zealand Walking Access Commission

For some boards the Minister appoints some of the directors, while for other boards the Minister appoints all of the directors. Of the ministerial appointees on the boards, for some the Minister appoints on his or her own nomination, while for others the Minister appoints on the recommendation of one or more industry organisations.

For positions where the Minister appoints on his or her own nomination, MAF prepares a list of potential candidates for the Minister after consultation with the relevant statutory board. The Minister may choose to appoint a person from outside the list provided by MAF. Once the Minister has decided on the candidate, the Minister must then seek support of Cabinet colleagues through a paper to the Cabinet Appointments and Honours Committee.

NAEAC AND NAWAC

MAF administers the Animal Welfare Act 1999, which sets out the framework for the treatment of animals. The Act sets out the core obligations and processes for the treatment of animals, although it does not expand on them, to avoid lengthy and unwieldy legislation. The detailed minimum standards of care are found in codes of welfare. The Animal Welfare Act establishes two expert ministerial advisory committees:

- › The National Animal Ethics Advisory Committee (NAEAC) provides advice on ethical and welfare issues arising from the use of animals in research, testing and teaching. It also advises on the issue, review and amendment of codes of ethical conduct.
- › The National Animal Welfare Advisory Committee (NAWAC) advises the Minister on codes of welfare issued under the Act, Orders in Council related to the prohibition or restriction of traps and devices and issues relating to the welfare of animals generally (including legislative proposals).

FOREIGN CHARTER VESSELS MINISTERIAL INQUIRY

A Ministerial inquiry has been set up to inquire into the use and operation of foreign charter vessels in New Zealand's exclusive economic zone waters. This has been initiated jointly by the Minister of Fisheries and Aquaculture and the Minister of Labour. The inquiry is supported by a Secretariat resourced from within MAF and the Department of Labour.

AMATEUR FISHING MINISTERIAL ADVISORY COMMITTEE

This was originally established in July 2005. This Committee's purpose is to provide advice directly to the Minister for Primary Industries on strategic matters facing the amateur fishing sector. Committee discussions deal with matters such as allocation, examining options to improve information generation and management, and capacity building.

CATCH HISTORY REVIEW COMMITTEE

The Catch History Review Committee was established under the Fisheries Act 1996 to hear and determine appeals against decisions by the Chief Executive of the Ministry in relation to:

- › allocations of provisional catch history (which are a factor in determining how much quota an individual/company can fish) ; or
- › eligibility to receive provisional catch history.

The Chief Executive's decisions are a precursor to allocations of quota when species are introduced into the Quota Management System (QMS). At present, the Committee is not operating and the terms of all its members have expired. However, the operations and member terms will be renewed should a species be added to the QMS for which a catch history review is necessary.

TAIAPURE-LOCAL FISHERY MANAGEMENT COMMITTEES

A taiapure is a local management tool established in an area that has customarily been of special significance to an iwi or hapū as a source of food or for spiritual or cultural reasons. Once a taiapure-local fishery is in place, the Minister appoints a committee of management. The Committee has the power to recommend the Minister make regulations to conserve and manage fisheries resources in the taiapure-local fishery. The terms of appointment of a committee are set out in section 184 of the Fisheries Act 1996. At present, there are eight taiapure: Waikare Inlet, Maketu, Porangahau, Palliser Bay, Whakapuaka, East Otago, Akaroa Harbour and Kawhia Aotea. A committee is yet to be appointed for Kawhia Aotea.

BOVINE TUBERCULOSIS NATIONAL PEST MANAGEMENT STRATEGY

MAF administers the Crown's interest in the Bovine tuberculosis (TB) national pest management strategy. TB is a disease that can infect humans and a wide range of domestic and wild animals. The disease is managed by a national pest management strategy issued under the Biosecurity Act. A revised strategy began on 1 July 2011. The objectives of this strategy are to establish the feasibility of eradicating TB from wildlife populations across a representative range of New Zealand terrains, reduce the area in which TB is present in cattle or wildlife, and maintain the level of infected cattle herds at the lowest possible level.

The Animal Health Board Incorporated is responsible for implementing the TB Strategy. The Board's members represent the major funders of the TB Strategy. The costs of implementing the strategy are about \$80 million a year, of which about

\$30 million comes from Crown funding through a non-departmental output expense.

The Biosecurity Act requires that a national pest management strategy be reviewed by the Minister once every five years. The next review of the TB Strategy must begin by June 2016.

BIOSECURITY MINISTERIAL ADVISORY COMMITTEE

The Biosecurity Ministerial Advisory Committee's role is to provide the Minister for Primary Industries with high-quality independent advice on the performance of the overall biosecurity system. The Committee has 13 members who were appointed because they are able to apply their knowledge to New Zealand's biosecurity system and how it affects New Zealand's overall interests. The Committee reports to the Minister after each of its four scheduled meetings during a year. It also provides advice on specific topics, at the request of the Minister.

MINISTER FOR FOOD SAFETY

THE AUSTRALIA AND NEW ZEALAND FOOD REGULATION MINISTERIAL COUNCIL

The Australia and New Zealand Food Regulation Ministerial Council (the Ministerial Council) operates under the (Australian) Food Regulation Agreement and the Agreement Between the Government of Australia and the Government of New Zealand Concerning a Joint Food Standards System (the Food Treaty). The Ministerial Council has ten members, representing the Australian State and Territory and the Australian Commonwealth and New Zealand governments. The Minister for Food Safety is the New Zealand member. Although decisions are predominantly made by consensus, for matters where consensus cannot be reached, each member has one vote. The Commonwealth Minister responsible for food regulation is the Chair, and the Ministerial Council usually meets twice a year (May and October).

BOARD OF FOOD STANDARDS AUSTRALIA NEW ZEALAND

Food Standards Australia New Zealand is the trans-Tasman food standards setting agency, which develops food standards for consideration by the Australia and New Zealand Food Regulation Ministerial Council. Under the Food Treaty and FSANZ Act 1991 the New Zealand Minister for Food Safety may nominate New Zealand's three members on the Board. Members are appointed through the Australian appointments and honours system, but any nominations the New Zealand Minister intends to make are cleared through the equivalent New Zealand system.