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Report 01.293

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Report to the Rural Services and Wairarapa Committee
from Wayne O'Donnell, Manager, Biosecurity

Bovine Tb Funding – 2001/02

1. Purpose

To advise of anticipated changes to regional funding requirements for the Bovine Tb vector control programme, commencing from the 2001/02 financial year.

2. Background

The Committee will be aware that the current National Pest Management Strategy (NPMS) for Bovine Tb expires on the 30 June 2001. A new NPMS must be publicly notified prior to the end of June to permit vector control functions to continue. It is expected that the Minister of Agriculture will give approval for notification of the Proposed NPMS in May.

Under the existing NPMS, the regional funding contribution is calculated on the classification of the various types of operations as follows:

Operation Type	Regional share (%)
<i>Regional Initiative</i>	50
<i>Buffer</i>	25
<i>Crown</i>	0

This formula has resulted in this region (through the Regional Council) paying between 38-42% of the total cost of the regional programme during the 5 year term of the current NPMS. This is the highest contribution paid by any of the regions and results from the mix of programmes in this region. The implication of this has been that Council has sometimes struggled to find sufficient funds to maintain an expansionary programme, despite a desire to do so.

The Proposed NPMS now offers an opportunity to implement an expansionary programme with a reduced regional contribution.

3. New Funding Proposal

The new NPMS proposes to significantly expand the extent of vector control operations throughout New Zealand. This is necessary if the Animal Health Board is to achieve the new goal of New Zealand reaching internationally accepted Tb standards within a 12 year timeframe.

Funding for this expanded programme is anticipated to be provided by increases in the contributions paid by the Crown and by the industry. Conversely, the combined regional share across the country is expected to decline, amounting to 10% of total vector related costs in the future.

Using a reasonably complex allocation formula, the Animal Health Board has determined that the regional contribution for Wellington amounts to approximately 13.9% of the total 2001/02 Bovine Tb budget. A comparison of the budgeted regional contribution for vector control work versus the now expected figure is as follows: -

<i>2001/02 Proposed Annual Plan</i>	<i>2001/02 Expected Budget</i>	<i>Anticipated Savings</i>
\$1,727,625	\$717,202	\$1,010,423

In accordance with Council's Funding Policy, these potential savings would be allocated to the General Rate and Bovine Tb Works and Services Rate as follows: -

<i>General Rate</i>	<i>\$606,254 (60%)</i>
<i>Bovine Tb Rate</i>	<i>\$404,169 (40%)</i>

The potential reduction in funding required from the Bovine Tb Rate for 2001/02 and beyond has significant implications for the differential rating system currently in place. A separate report (01.292) included in this order paper will discuss this issue.

4. Changes from the LTFS

It should be noted that the anticipated reductions in rating requirements outlined above are based on an expansionary programme whose total costs exceeds those budgeted in the original Long Term Financial Strategy (LTFS), as approved in June 2000.

Total figures from the original LTFS for the 2001/02 year, the Proposed Annual Plan for 2001/02, and the now requested NPMS programme are compared below: -

	<i>LTFS</i>	<i>Proposed Annual Plan</i>	<i>Proposed NPMS</i>
<i>Total Operating Costs</i>	\$4,026,492	\$6,359,857	\$5,234,634
<i>Regional Share</i>	\$1,727,917	\$1,727,625	\$717,202

Council does has the option of following the original LTFS total with a lesser vector control programme than requested by the Animal Health Board under the Proposed NPMS. This would further increase the General Rate and Bovine Tb Rate savings for 2001/02 outlined in the previous section by an additional \$116,000 and \$78,000 respectively. However, it needs to be noted that this option would very much jeopardise our ability to meet the new Bovine Tb objectives for the region. In particular, we would be unable to provide maintenance control on all current operations if Total Operating Costs were limited to the LTFS total.

The reduction in Total Operating Costs between the Proposed Annual Plan and the Proposed NPMS are due to some proposed operations being removed by the Animal Health Board. The Board has had to re-prioritise across the country, when developing the new Proposed NPMS, thus resulting in some new operations being rescheduled.

The Proposed NPMS still provides for new operations in SE Wairarapa, Whitemans Valley, a number of ferret control operations, and funds for wild animal Tb surveys.

5. Communications

It would be premature to actively seek publicity on this matter at this stage as the Proposed NPMS has not yet been approved by the Minister for notification.

6. Recommendation

That the Committee recommends to the Policy & Finance Committee:

- 1. That Council supports the proposed new programme for Bovine Tb vector control in the Wellington Region, as outlined in the Proposed National Pest Management Strategy for Bovine Tb, at a total operating cost of \$5,234,634.*
- 2. That Council notes the anticipated savings to the General Rate and the Bovine Tb Rate from the figures in the Proposed 2001/02 Annual Plan, as outlined in this report.*

Report prepared by:

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