



THE GOVERNMENT INDUSTRY AGREEMENT

Application to Sign the GIA Deed on behalf of the forest growing industry

New Zealand Forest Owners Association Inc

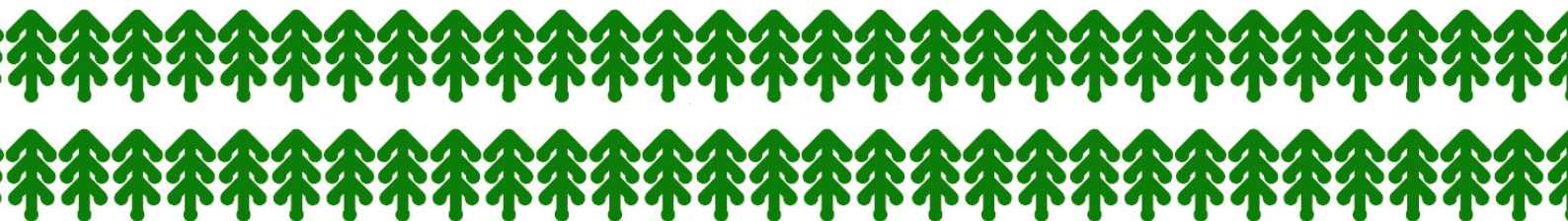
Level 9, 93 The Terrace

Wellington 6143

Tel 04 473 4769

www.nzfoa.org.nz

16 July 2015



Contents

Purpose	2
Background.....	3
What is GIA?	3
How is it different from the current situation?	3
What benefits are there in joining GIA?	3
What are the costs of joining GIA?.....	4
What happens if we do not join GIA?	4
Signing the GIA Deed	4
What requirements are there to sign the Deed?	4
Who will sign the Deed on behalf of the forest-growing industry?	5
What are the funding requirements and how will they be met?	6
The Biosecurity Levy	6
The bridging fund	6
What parts of the forest-growing industry will be covered under GIA Deed?	7
Post-signing of the Deed	7
What happens after the Deed is signed?	7
Will the industry have a say about the sector plans and operational agreements?	8
What happens in the event of an incursion?	8
How will the RSL representative be chosen and will they represent the interests of all the industry?	9
Who will make the decisions?	9
Consultation	10
Summary	10
Further Consultation	10
Appendix 1 – MoU: FFA and FOA.....	11

Purpose

In November 2014, the NZ Forest Owners Association (FOA), on behalf of the commercial forest-growing industry, submitted its application to MPI to sign the GIA Deed. Prior to submitting the application, the FOA had endeavoured to consult with industry, however it has recently been highlighted that no comprehensive document fully outlining the proposal to sign the GIA Deed was made available for comment.

In order to rectify this, this consultation document has been drafted to provide a complete overview of the GIA, its obligations and how these will be managed by the FOA upon signing the Deed. It has been made available for comment to the members of the FOA and the NZ Farm Forestry Association (FFA) via their websites and member communications, as well as the wider levy-paying industry via the website of the Forest Growers Levy Trust (FGLT) and through the utilisation of the Regional Wood Councils network.

Background

What is GIA?

GIA is an acronym for 'Government Industry Agreement' and forms Part 5A of the Biosecurity Act 1993. In this instance, the agreement is between the New Zealand Government (represented by the Ministry for Primary Industries - MPI) and the forest-growing industry to act in a partnership on matters of biosecurity: readiness and response.

This partnership will mean that the forest-growing industry will be part of the decision making process in the event of a biosecurity incursion that affects commercial plantation forestry. Costs for biosecurity readiness, as well as costs for incursion response will be shared between industry and MPI.

For more information, please see the Biosecurity Act 1993.

How is it different from the current situation?

Currently without GIA, in the event of a biosecurity incursion that may affect plantation forestry, the government (MPI) is able to make decisions as to how to resolve the situation without taking into account industry perspective. While under the current regime MPI may choose to consult with industry on options and the potential impacts of those, it is not obliged to do so. While under the current regime, MPI pays all incursion response costs, a system is in the process of being designed to cost recover from non-GIA industries.

There may be additional benefits that arise out of Operational Agreements, including the partial funding of the Forest Health Surveillance Scheme or a similar scheme. The plantation forest industry has had a biosecurity surveillance system (the FHS) in place for approximately 50 years and has covered the cost of the FHS for a significant portion of that time. MPI runs its own surveillance for high risk sites covering all woody plants. Currently there is a project underway to combine these systems into one comprehensive surveillance system.

What benefits are there in joining GIA?

GIA provides for cost-sharing of readiness as well as response. As part of the negotiations upon signing the Deed, an assessment of the industry FHS scheme and the MPI High Risk Surveillance Scheme will be completed and costs will be shared.

By joining GIA, the forest-growing industry will share in biosecurity decision-making. The industry will be able to provide expert as well as practical advice to a response and ensure that industry's views are represented when assessing whether to proceed with eradication attempts or not.

Under GIA, the industry will be able to decide options that are not only best for the industry, but also economically viable.

What are the costs of joining GIA?

There are no direct costs to join the GIA, however the forest-growing industry will be expected to meet certain obligations under the Deed. These obligations will incur costs in the form of both resourcing and funding, though the latter only in the event of an incursion. These will be addressed in later sections of this paper.

What happens if we do not join GIA?

GIA is a partnership between industry and government to ensure better biosecurity outcomes through joint decision-making, joint prioritisation and cost sharing for readiness and response. GIA has been incorporated into the Biosecurity Act 1993. To recover costs from those industries who benefit from readiness and response activities but have not yet entered into a government industry agreement, a cost recovery system will be installed under the Biosecurity Act 1993.

Outside of the GIA system, the commercial forest growing industry would not have decision-making ability in the event of an incursion and be levied by the government to repay costs. Under GIA, the industry would have some control over decision-making and the Biosecurity Levy.

Signing the GIA Deed

What requirements are there to sign the Deed?

To sign the Deed, the industry must submit an application proving:

1. Legal entity: an eligible industry organisation needs to be a body corporate
2. Sector representation: the industry organisation must be able to demonstrate it represents the interests of the sector it wishes to represent

3. Funding arrangements: arrangements for meeting the organisation's cost-sharing commitments must be evident – an adequate plan to fund those commitments may suffice
4. Consultation: the eligible industry organisation needs to adequately consult the sector organisations and individuals they wish to represent. The consultation must cover the:
 - a) Proposal that the organisation becomes a party to the agreement
 - b) Way in which it is proposed that the sector's views will be represented by the organisation during joint decision-making under the agreement
 - c) Arrangements proposed to fund the organisation's commitments under the agreement
5. Sector feedback: the organisation must be able to show it has had due regard to the views of the sector that it received during consultation

The FOA is currently fulfilling the requirements of points 4 and 5 via this document.

Who will sign the Deed on behalf of the forest-growing industry?

The NZ Forest Owners Association (FOA) in its role as secretariat to the Forest Growers Levy Trust (FGLT) and administrator of levy funding is seeking to sign the Deed on behalf of the forest-growing industry.

The FOA considers that it is able to do so because it is able to meet the requirements of being a legal entity and is representative of the forest-growing industry.

- The FOA was established as an incorporated society in 1968 and is a legal entity
- The FOA, as a membership organisation, represents companies that contribute to approximately 80% of the annual harvest.

and

- The FOA was contracted as secretariat to the FGLT to administer the work programme funded by the Harvested Wood Materials Levy that was enacted on 1 January 2014, and encompasses all harvesters of trees (except for those harvesting for specific purposes listed in the Levy Order). As administrator of the levy-funded work programme, the FOA is now responsible for allocating levy funds for the benefit of *all* forest-growers, not only its members.

The NZ Farm Forestry Association (FFA), as part of the secretariat, has agreed to the FOA signing the Deed on behalf of the forest-growing industry via a Memorandum of Understanding. A copy of this is available at the end of this document.

What are the funding requirements and how will they be met?

To sign the Deed, the forest-growing industry needs to prove that it will be able to meet its financial obligations in the event of an incursion. The cost associated with effectively managing an incursion could be significant; therefore, the following mechanisms are being proposed to meet these obligations:

- The creation of a Biosecurity Levy under the Biosecurity Act 1993
- A bridging fund made available from the annual work programme budget (commodity levy), or, as a last resort, a bank loan via the FGLT

The Biosecurity Levy

Under Part 5A (100ZB) of the Biosecurity Act 1993, a biosecurity levy can be created for the purposes of meeting the costs of an incursion response under GIA. The levy may also be used for readiness activities, however as the forest-growing industry has been engaging in significant readiness activities for many years (first via in-kind contribution and currently via the commodity levy), it is highly unlikely the biosecurity levy will be used for this purpose.

The biosecurity levy can be set to zero once established and then activated when it is required. This means that unless an incursion response occurs, the levy will remain at zero and there will be no payment required. At this stage it would be expected that the biosecurity levy would be collected in the same fashion as the commodity levy. Further consideration will need to be given to capturing all benefactors of a response and not only those harvesting.

During the establishment of the biosecurity levy, specific details around paying, use and amount need to be identified. There will be a consultation process around this prior to confirming the details of the levy.

The bridging fund

While the forest-growing industry would be seeking a biosecurity levy to meet the majority of costs associated with an incursion, it is expected that funds will be made available immediately. MPI requested that approximately \$250,000 was held in a separate fund for this purpose.

The FGLT considered that this request was inappropriate and incompatible with the provisions of the Commodity Levies Act 1990. Therefore, in order to ensure that money is available to fund an incursion response while the biosecurity levy collects the necessary funds, it was decided that:

- In the first instance funds up to the value of \$250,000 will be made available from the proceeds of the commodity levy as a bridging fund

and

- In the unlikely event that such a sum is unable to be freed from the annual work programme, the FGLT will provide access to its available bank loan to acquire the appropriate funds.

The FOA considers that this provision will enable the forest-growing industry to meet its obligations under the GIA, while ensuring the responsible use of the proceeds from the commodity levy.

What parts of the forest-growing industry will be covered under GIA Deed?

It is proposed that under the GIA mandate, the FOA will have responsibility for biosecurity matters related to commercial plantation forest species. It will not include nurseries or seed suppliers or trees which form part of an 'archive', although in the event on an incursion or for surveillance these areas will be given due consideration.

Post-signing of the Deed

What happens after the Deed is signed?

After signing the GIA Deed, the forest-growing sector will be considered in partnership with the government for matters relating to biosecurity. As part of this, the industry is expected to submit the following documents:

- A sector plan that provides an overview of the forest-growing industry to assist government officials to understand the sector
- Operational agreements that will cover specific partnership arrangements such as surveillance.

The process for representing the sector in GIA discussions and including joint decision-making (e.g. negotiating an operational agreement) will be through the FOA Executive (the FFA President is not a member but attends all meetings) and with delegated authority to the FOA Forest Biosecurity Committee (FBC) where appropriate. The most appropriate and available person would be selected by the FBC, but not necessarily from the FBC, to represent forestry interests. Where appropriate an additional expert would be selected by FBC to participate in the response as an advisor. FFA would be kept informed through the FBC FFA representative and may be asked to supply an advisor.

Will the industry have a say about the sector plans and operational agreements?

The industry will be consulted on the draft plans and agreements as they are drafted. The mechanisms for this consultation will be documents uploaded to the FOA, FFA and FGLT websites for comments with notifications through the FOA e-news and FFA Treegrower magazine. Additionally, there will be an attempt to utilise the Regional Wood Council network in an endeavour to contact as much of the industry as possible.

What happens in the event of an incursion?

Industry organisations that sign the Deed are eligible to take part in joint decision-making during responses. From July 2017 they will also start to share related costs.

In the event of an incursion likely to affect the forest-growing industry, an appropriately qualified representative will be invited to join the Response Strategic Leadership (RSL) team to assist in the decision-making process. In the first instance, this process may be deciding whether a response is necessary.

In the event it is decided a response is not necessary, then no further action is taken.

Should the threat require a response, however, the industry will be required to commit to funding part of that response post 1 July 2017. Up until July 2017 MPI will bear all response costs. It will be the responsibility of the RSL industry representative to negotiate this funding commitment if it has not been negotiated in an operational agreement prior to the response.

It has been decided that "in the event of an incursion response, the level of effort, including money and other resources, would be relative to the value of the tree species being impacted, or likely to be impacted by the incursion". This means that greater funding would be designated to combat an incursion impacting radiata pine than would be the case for a minor commercial tree species. Fiscal caps will be set relative to the value of the commercial tree species.

For radiata the initial cap will be set at \$5m, for Douglas-fir \$1m, and for minor species \$200k per incursion. Additional funding may be collected from members on a voluntary basis should they wish to invest more than what the FOA Executive (with FFA input) agrees is reasonable.

If the fiscal cap is exceeded, the Executives of the FOA and FFA may be tasked to make the decision to commit a larger amount of money. It is only likely that this will occur in high-risk events and under careful consideration of cost versus benefit. Where there is time to ensure consultation with the wider industry, this will be completed through the mechanisms mentioned earlier in this paper.

How will the RSL representative be chosen and will they represent the interests of all the industry?

The representative to the RSL needs to be appropriately qualified and available to attend meetings at short notice. They will be able to consult with experts, if necessary, and will need to have a thorough understanding of the industry and biosecurity. Additionally, it will be the responsibility of the RSL representative to fairly represent the interests of all the forest-growing industry, regardless of species or geographical area.

The most appropriate and available person would be selected by the FOA/FFA Forest Biosecurity Committee, but not necessarily from the committee, to represent forestry interests. Where appropriate an additional expert would be selected by the committee to participate in the response as an advisor.

A list of appropriately qualified people will be identified post-signing of the Deed, and likely consulted upon with the industry.

The details above form paragraphs 11 – 13 of the FFA and FOA agreed Memorandum of Understanding.

Who will make the decisions?

As the FOA is signing on behalf of all the commercial forest-growing sector, discussions and negotiations (for operational agreements etc) will be conducted by the FOA Executive (with the FFA President or nominated expert in attendance). Where appropriate, the Executive may delegate this authority to the Forest Biosecurity Committee, recognising that this committee has the necessary expertise in the field of biosecurity.

FFA and the rest of the industry will be consulted as is necessary.

Consultation

Summary

The FOA requests your views on the matter of GIA, as well as any additional questions you may have.

Please send your submission in writing to brigid.jenkins@nzfoa.org.nz no later than 5pm on Tuesday 4 August.

Further Consultation

The FOA will be consulting on a variety of matters, including GIA, throughout the calendar year. Please check back frequently on the FOA, FFA or FGLT websites for current topics out for consultation, or alternatively contact the FOA office to be notified when consultation documents are available for your consideration.

Appendix 1 – MoU: FFA and FOA



Memorandum of Understanding (MOU): the Government Industry Agreement

Purpose of the MOU

1. The purpose of this MOU is to establish agreement between the parties for the effective and fair representation on behalf of the forestry industry in the purpose of the Government Industry Agreement (GIA).
2. The parties for the purpose of this MOU being:
 - a. The Forest Owners Association (FOA)
 - and
 - b. The Farm Forestry Association (FFA)
3. As collaborative partners in the delivery of work pertaining to the Commodities Levy this document is to confirm that the FFA, as an industry representative, accepts the FOA to sign the GIA on behalf of the industry and its members in the instance of the GIA.

Introduction

4. The FOA seeks to sign the GIA for biosecurity on behalf of the forest growing industry. Although previously solely a membership body, since the introduction of the Commodity Levy and its formalised contract to the Forest Growers Levy Trust (FGLT), the FOA is now obligated to represent all forest growers who pay or will pay the levy on logs harvested.
5. The FFA, as a representative body for smaller forest growers (also levy or potential levy payers), was additionally contracted for services to the FGLT in collaboration with the FOA. These collaborative services are outlined in an agreement between the FOA and FFA, signed in August 2014.
6. The aforementioned agreement solely pertained to the collaborative provision of secretariat services to the FGLT and the delivery of the work programme funded by the levy. It does not give the FOA primary rights to act on behalf of the industry in instances such as the GIA. This MOU therefore seeks agreement from the FFA, as its collaborative partner for delivering levy services, for the FOA and its chosen representative to sign the GIA.



Roles and Responsibilities

For the purposes of signing and participating in the GIA, the FFA and FOA agree that:

7. Participating in the GIA is in the best interest of commercial plantation forestry
8. A Biosecurity Levy will be placed at the time of collection of the Commodity Levy in order to fund any response to a biosecurity threat.
9. Any use of such money resulting from the collection of the Biosecurity Levy will be in response to a biosecurity incursion that may negatively affect commercial plantation forestry in New Zealand.
10. The FOA will sign the GIA on behalf of both the memberships of their respective associations and the wider forest growing industry as a contracted body for the delivery of the levy-funded work programme.
11. The representative for the purposes of GIA discussions outside of a response will be selected by the FOA and FFA, with the understanding that such a representative (henceforth known as the "nominated representative") has been nominated as an industry leader and is the best possible candidate.
12. The nominated representative will, to the best of his or her ability, advance and safeguard the interests of commercial plantation forestry in the biosecurity area.
13. The nominated representative will ensure that the interests of all growers in commercial plantation forestry, regardless of size of plantation, tree species or geographical area will be considered and fairly weighted in the event of an incursion or potential incursion.
14. The nominated representative will keep the FOA and the FFA informed of key outcomes from meetings regarding the GIA (within any confidentiality agreement as demanded by the GIA), or changes to the GIA within 1 week of such meetings being completed or changes notified.
15. Both the FFA and FOA will treat such updates with due care and consideration when choosing to disseminate updates to their members as such information may be confidential or result in unnecessary panic in instances of a possible or actual incursion.
16. In the interest of a coordinated approach, the FFA and FOA will only release such information to its members or the wider forest growing industry as has been agreed by the parties and is in line with the expectations of the GIA.
17. In the instance of an incursion or potential biosecurity risk, the FOA and FFA will identify the candidate with the best knowledge and experience available relating to that incursion or risk to act as the industry representative on a "Response Strategic Leadership" (henceforth known as the RSL Nominee).
18. The RSL Nominee may also nominate an FOA or FFA member as an adviser on an RSL where specific expertise is required – at the discretion of the Chair of the RSL.
19. Should the FOA or FFA have any concerns regarding the representation of the forest growing industry at the GIA table, these will be raised with the FOA/FFA Biosecurity Committee in the first instance.



Duration of the MOU


20. This MOU shall come into effect at the time of signing through until such a time as it is revised or the GIA is dissolved.
21. This MOU shall be reviewed six (6) months from the signing of the GIA.

Termination or Amendments


22. Should either party wish to amend or terminate all or part of this MOU outside of the six (6) month review, notification shall be completed in writing to the signatories of this agreement.
23. Both parties shall consider any amendment of this MOU brought by either party and upon agreement, incorporate changes into this document or a new document for signing.
24. Any termination of this agreement shall incorporate an amendment to this MOU stipulating the annulment of the terms. Such an amendment will then be signed by representatives of both parties signally the end of the agreement.

Signatures

25. The following parties as nominated representatives from the Farm Forestry Association and Forest Owners Association agree to the conditions outlined in this Memorandum for the purposes of the Government Industry Agreement:



Ian Jackson
President Farm Forestry Association
19 Nov/2014



David Rhodes
CEO Forest Owners Association
20/11/2014