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**Committee** Rural Services Wairarapa Committee  
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## **Regional Bovine Tb Vector Control Programme - Funding Reductions 2006/07 - 2008/09**

### **1. Purpose**

To advise the Committee of recent funding reductions in the Bovine Tb vector control programme over the 2006/07 to 2008/09 period.

### **2. Significance of the decision**

The matters for decision in this report do not trigger the significance policy of the Council or otherwise trigger section 76(3)(b) of the Local Government Act 2002.

### **3. Background**

Traditionally, budgets for the Bovine Tb vector control programme are annually reviewed and amended in November. This allows time for the revised budget to be considered by the Council and approved for public submission. Programme costs include vector control, monitoring, management fees, and contributions to national AHB costs.

The draft budgets are further reviewed in February and submitted to the Animal Health Board (AHB) for approval in April. In most cases changes are made to the original Council budget after the AHB prioritises all the proposed regional programmes.

Historically, the AHB have budgeted in excess of available funds. This is to allow for reduced control programmes following pre or trend monitoring, to account for savings from lower tendered prices, and reduced expenditure as contracts are unable to be completed within the financial year. Over budgeting provides for available funds to be utilised annually.

In 2005/06, the AHB approved a programme valued at \$63M, approximately \$9M over the available funds. However, at the AHB half year review it was found that expected savings had not eventuated. The year end position was a possible \$9.3M overspend. Vector Managers (VM) have subsequently been

asked to reduce their current (2005/06) programme. In some cases, this has meant breaking contracts with suppliers. For the Wellington region, we have identified over \$400K in savings from deferred work and reduced contract prices). We have also delayed a number of contracts in order for payments to fall in the 2006/07 year. The AHB have, however, confirmed that completion of the SE Wairarapa Stage 3 operation remains a priority this year.

#### 4. Funding Changes 2006/07 – 2008/09

In late January the AHB communicated that further savings would be required for the 2006/07 and subsequent years. Deferring 2005/06 operations into 2006/07 meant that a large overspend was likely. The AHB have reviewed the allocation of funds to regions based on the following priorities:

- Containment to prevent spread of Tb possums;
- Control to effect reduction or maintenance of areas with low infected herd numbers;
- Control where eradication of Tb from wild animals is imminent.

The AHB has subsequently advised the 2006/07 – 2008/09 budgets for the Wellington region. Comparisons with our current LTCCP estimates are provided below:

Year	LTCCP	New AHB budget	Difference
2006/07	\$5.83M	\$4.25M	-\$1.58M
2007/08	\$6.95M	\$4.50M	-\$2.45M
2008/09	\$6.64M	\$4.75M	-\$1.89M

To achieve the reductions the 2006/07 programme has been varied as follows:

- Possum control reduced from 319,411 ha to 210,083 ha. This is a withdrawal of control from 33 strata's.
- Survey costs have reduced from \$637,700 to \$240,000. Many 'proof of freedom' surveys have been removed.
- Monitoring costs have been reduced from \$863,100 to \$737,900, a saving of \$125,200. To achieve this, the additional 50% line multiplier has been removed from all High Risk strata.
- The costs of all vector control surveys and monitoring costs per strata was also reviewed.

The vector control strategy has changed and includes more skip phase control. In some strata's, skips have been extended for two to three years.

It should be noted that reducing the frequency of maintenance control in 2006/07 only leads to a compounded monetary problem in later years. The VM team have successfully reduced the proposed spend to levels close to the AHB requirements in 2007/08 and 2008/09. However, there are major

concerns about the impact of such reductions on the regions future Tb levels and whether these changes will lead to capacity problems in the contracting industry.

## 5. Comment

The reduced spend on vector control in the region will impact on the speed at which areas become vector free. The original budgets included provision for vector control to cease in some of our Central Tb Management Area (northern Wairarapa) over the next two years. However, this change is likely to be delayed for a few more years. Clearly, this has implications for the introduction of a replacement ‘possum control strategy’, should the community support this concept.

The Committee will be fully aware that the VM team have tried to plan and implement vector control programmes as efficiently and effectively as possible. Over the past decade we have introduced skip maintenance programmes; mandatory pre or trend monitoring; successfully trialled and implemented low application aerial 1080 operations; and invested in research and development projects that have proven to be innovative. These measures have led to significant reductions in costs to the AHB. The VM team have, therefore, found it extremely difficult to reduce costs even further, particularly when the total reductions demanded are so high.

This reduction process raises a number of questions:

- Has the AHB evaluated all VM programmes to ensure consistency in planning and effectiveness?;
- What measures are in place to manage new Tb infections in regions where funds are already fully allocated?;
- Is the fully contestable model, as espoused by the Vector Control Contracting Procedures, providing the best returns for all funding stakeholders, including regional councils?
- How are VMs supposed to manage contractor capacity when we are unable to give certainty to regional vector control budgets?

Report 06.40 in this Order Paper indicates the difficulties that many VMs are having maintaining contractor capacity. The Wellington region, in particular, has had a declining contractor base in recent years. There is a trend towards larger contractors who are able to more effectively manage the administrative requirements of the VCCP. Smaller contractors are generally unable to absorb the financial losses incurred following contract failures. They also tend to be specialised operators, using more labour intensive methods. A move to more input contracts would aid in the reduction of vector control costs and provide the VMs with more flexibility to manage the contractor base.

## 6. Impact on LTCCP

The reduction in budgets for the next three years has implications for the draft LTCCP. Predicted savings in the General rate and Bovine Tb rate contributions are as follows:

	2006/07	2007/08	2008/09
General rate	\$46,340	\$167,040	\$115,420
Bovine Tb rate	\$178,760	\$166,560	\$154,480

Given the unpredictable nature of Bovine Tb, it is possible that the AHB may ask the Council to do additional work after 2007, particularly if all regions are able to make additional savings.

## 7. Communication

Once confirmation of future vector control programmes is received from the AHB, contact will be made with landowners and an overview of the changes provided. The method of communication is likely to be the Rural Services Newsletter and or a Regional Animal Health Committee Newsletter.

## 8. Recommendations

*That the Committee:*

1. *Receives the report.*
2. *Notes the content of the report.*

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