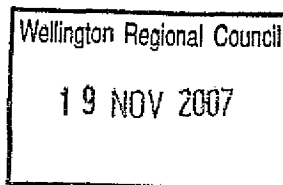


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16 November 2007

Dave Benham  
 Chief Executive  
 Greater Wellington Regional Council  
 PO Box 11646  
 Wellington 6142



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Dear Dave

### NEW REGIME FOR BOVINE TUBERCULOSIS VECTOR MANAGEMENT

This letter is to advise that the Animal Health Board has reviewed current arrangements for Bovine Tb vector management. As a result of this review, the Board intends to introduce significant changes including:

- Rationalising vector management so that it is aligned to Vector Risk Areas;
- Reducing the number of vector management entities;
- Assuming direct control of vector management.

These changes will be phased in after 30 June 2008, when current vector management contracts expire. The enclosed paper outlines the rationale for the review of vector management, states AHB's plans for new vector management structures and systems, and describes transitional measures towards the new structures and systems.

I would like to record AHB's appreciation for the vector management services which your Council has provided to AHB over a long period of involvement in the bovine Tb strategy. Council personnel have built up a wealth of expertise and local knowledge which is an asset to the Tb strategy. We therefore hope to manage the transition to the new vector management regime in a cooperative, flexible and sensible way that recognises the interests of the people affected.

In particular AHB will seek the continued involvement of some existing vector management personnel in the new regime. We are very willing to explore any possible mechanisms to open up opportunities for this.

*Our mission is to eradicate bovine tuberculosis from New Zealand*



We will be in contact with you again soon to begin work on suitable transitional arrangements for your council and personnel. In the meantime I am happy to discuss any immediate issues or concerns which you or your staff might have in regard to the planned changes.

Yours sincerely

A handwritten signature in black ink, appearing to read "W. McCook". The signature is fluid and cursive, with a large initial "W" and a long, sweeping underline.

William J. McCook  
**Chief Executive**



## **New Regime for Bovine Tuberculosis Vector Management**

### **1. INTRODUCTION**

The control and eradication of bovine tuberculosis in New Zealand is carried out under a National Pest Management Strategy (NPMS) for bovine tuberculosis. The Animal Health Board (AHB) is the management agency responsible for the NPMS.

A major activity under the NPMS is control and eradication of wildlife vectors of bovine Tb (mainly possums). Areas where infected wildlife vectors occur are classified as Tb Vector Risk Areas (VRAs). There are 16 VRAs in New Zealand which cover nearly 40% of New Zealand's land area. Vector control operations are carried out over about 8 million hectares of New Zealand's land area within and around VRAs, at a cost of \$55-60 million per year.

Vector control is currently managed at a regional level through contracts with 11 vector managers, all external to AHB. In general terms vector management involves:

- Input into the design of annual and three-year regional operational plans for vector control operations;
- Procurement and management of vector control contracts, and monitoring and auditing of contractor performance;
- Communications and consultation to support the implementation of vector control programmes.

AHB has reviewed current vector management arrangements and as a result of this review intends to introduce significant changes including:

- Rationalising vector management so that is aligned to VRAs rather than regional government areas;
- Reducing the number of vector management entities;
- Assuming direct control of vector management.

These changes will affect the nine regional councils, one district council and one private company which are currently contracted to provide vector management to AHB. Changes will be phased in after 30 June 2008, when current vector management contracts expire.

This paper outlines the rationale for the review of vector management, states AHB's plans for new vector management structures and systems, and describes transitional measures towards the new structures and systems.



## 2. BACKGROUND

AHB first entered into formal vector management contracts in 1998 when it assumed legal responsibility for Tb control under the Biosecurity (National Bovine Tuberculosis Pest Management Strategy) Order 1998. Regional Councils had in effect acted as vector managers and also provided vector control services prior to this under relatively informal arrangements. Most councils had absorbed the staff and infrastructure of various regional agricultural pest destruction boards when they were disestablished in 1993, which meant that councils were readily able to provide AHB with vector management services. Most councils also possessed operational capacity so council staff or works units originally carried out many (and in some regions all) control operations.

Councils have also been involved as part funders of AHB vector control in their regions. Funding agreements for the Tb strategy require 10% of vector control costs to be raised from within the region. In all but one region this funding comes from regional council rates.

Regional Council involvement in the NPMS, whether as funder, manager or service provider, is entirely discretionary and there are exceptions to the general model outlined above. In 1998 Otago Regional Council declined AHB's invitation to contract for vector management and agreed to only part fund the 10% regional share of vector control costs. In response AHB contracted for vector management in the region with a private company, Southern Pest Management Ltd. AHB also sought, and gained, Government approval for a Biosecurity Act levy on land occupiers in Otago to raise the balance of the regional share of vector control costs.

In later years Tasman District Council opted out of vector management but agreed to continue funding the regional share of control costs, and Southern Pest Management won AHB's tender for vector management in Tasman. Taranaki Regional Council chose not to manage a small programme of AHB operations in that region, and the neighbouring council Environment Waikato has acted as vector manager.

Since 1998 vector management contracts have been renegotiated several times. This has enabled progressive change and improvement to vector management. The main areas of change have been:

- **Increased contestability of vector control**

AHB has steadily increased requirements on vector managers to tender and award vector control contracts on a fully contestable basis. This has seen a shift from vector control being carried out entirely or mainly by regional council staff or works units, to control being carried out mostly by private enterprise contractors. Regional Councils to varying degrees have consequently exited from the business of providing vector control services.



- **Increased specification and standardisation of vector management services**

Vector managers are required to operate under AHB's Vector Control Contracting Procedures, which provide guidelines and standards for procuring and managing vector control contracts. Planning procedures and documentation for annual operational plans, including communication and capacity management plans have also been standardised. At the same time AHB has increased its level of direct strategic and technical input and influence in the planning of vector control programmes and prioritisation of operations within those programmes.

- **Increased centralisation and control of vector management processes and information**

AHB has developed a web-based planning, management and information system (called VectorNet) to support vector management and control activity. VectorNet was used for the first time in planning and approving the 2007/08 programme of vector control operations. VectorNet also provides systems for vector control tender and contract management and for capturing and reporting operational activity, progress and results. VectorNet will replace the separate regional information and management systems and bring all AHB vector control data together in a consistent format for the first time.

Over time vector management has thus been transformed from a highly devolved and decentralised activity, to an activity where core components have become much more closely aligned with the AHB business and reflect AHB accountabilities. Because of the critical importance of vector management to the success of AHB and the NPMS this transformation needs to continue. However the basic model for provision of vector management (via external contracts, mostly with regional councils) has not changed and is no longer a good fit with AHB's current and future vector management needs.

### 3. RATIONALE AND DRIVERS OF CHANGE

The review of vector management by AHB has been guided by four principles. These are stated below, with a brief description of how each principle has been addressed.

- **Vector management will be fully focused on the control of Tb vectors to achieve NPMS objectives**

Current vector management planning and contracting arrangements have been sufficiently effective to control Tb in wildlife to achieve the current strategy objectives to date based on reducing herd Tb infection levels. With real funding decreasing overtime due to increasing costs and inflation, there has been a focus on increasing effectiveness and efficiency to continue to achieve results. This focus must continue.

Future options for the NPMS focus and rely on ongoing extensive vector control of a standard capable of eradicating the disease from wildlife. In essence, this means a generally far greater emphasis on the detailed design of vector operations and greater



confidence that control has reduced vector populations in an even and consistent manner than is currently the case. While we have so far relied on the skill, knowledge and self motivation of vector managers and contractors to achieve results, nothing in the current arrangements provides the incentive or structure to ensure that results are achieved optimally. It is also difficult to ensure that innovation and improvements made in one region are adopted by others.

Vector management is mostly provided by Regional Councils. Vector management staff workloads, priorities and access to resources are therefore subject to influence by Regional Council agendas and priorities for pest management and biosecurity. These may not be well aligned with AHB priorities. AHB considers that its required focus on achievement of Tb strategy objectives can best be met if vector management is under direct AHB control. In the case of private enterprise vector management in a situation where there is no competition, there is an inevitable focus on profit, which may not be consistent with AHB's need for high quality management focused on achievement of strategy objectives.

▪ **Clear responsibility and accountability for design and implementation of vector control programmes**

Current arrangements ensure that activities are undertaken, but there is no accountability or incentive for achieving Tb control outcomes. This in turn has left a gap in knowledge about the mechanics of control and detailed operational design in vector management that must be addressed. The lack of clear accountability also leads to tension with vector managers. Direct AHB control of vector management will enable clear lines of accountability to be established.

▪ **Removal of unnecessary administration and bureaucracy**

AHB plans to rationalise vector management from 11 contracted vector managers to six and later five vector management teams. This extent of rationalisation is geographically sensible because although there are 16 VRAs in New Zealand, five of these are much larger than the rest and absorb most control activity. This provides opportunity to greatly reduce duplication of management systems, planning, reporting and communications, with significant cost savings. At the same time we will co-locate vector staff with AHB staff or others involved in regional aspects of the Tb scheme that must work collaboratively to achieve Tb outcomes. This will greatly improve communication and coordination of the on-farm and vector aspects of the scheme, and create an environment that encourages innovation and captures the passion to achieve Tb outcomes.

▪ **Clear separation between funding, management and vector control**

Current arrangements with councils as vector managers act against clear separation between funding, management and vector control. In all regions where the council acts as contracted vector manager, the council also acts as a funder of Tb vector control in the region, contributing the 10% regional share of vector control costs required under NPMS



funding agreements. This potentially provides councils with funding leverage over AHB, which is inappropriate for a contractor to hold.

Furthermore, some councils still retain in-house or council-owned operational pest control staff or business units which to a greater or lesser degree are free to tender with the council (acting as vector manager) for AHB vector control contracts. Private enterprise vector control contractors have been critical of the potential for councils to favour their own staff or business units when awarding AHB control contracts. This has inevitably led to a number of different problems over recent years.

Even if these potential conflicts of interests are effectively managed, separation of functions is still preferable if this can be achieved without incurring other major costs or losses in effectiveness or efficiency.

#### 4. PLANNED VECTOR MANAGEMENT AREAS

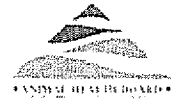
The current 11 vector management regions will be reduced in number to six, and eventually five, vector management areas as described below. Five of the new management areas will come under direct AHB management. The exception is the Eastern North Island where it is proposed that current vector management be retained in a transitional arrangement. Vector management will thus be focused around the five major risk areas of the Central North Island, Southern North Island, North Canterbury/Southern Marlborough, West Coast/Tasman and Southern South Island (see map below).

##### **Northern North Island**

This area will cover the Northland, Auckland, Waikato and Bay of Plenty and the northern part of Manawatu/Wanganui (Horizons) regions. This includes most of the Central North Island VRA, apart from the section which falls into Hawke's Bay Region. This area will be managed by 6.5 full-time equivalent personnel (FTEs) operating out of Hamilton. They will include a programme manager, planning and communications staff and three field supervisors.

##### **Eastern North Island**

This area will cover vector management for the balance of the Central North Island VRA in Hawke's Bay Region, Gisborne District, and north-eastern parts of the Manawatu/Wanganui Region as a transitional arrangement until 2013, by which time vector control needs in this area should be significantly reduced. AHB's preference is to retain existing capacity and continuity by retaining Hawke's Bay Regional Council as the vector manager until 2013. After that date any residual management required for Hawke's Bay will be subsumed into the greater Northern North Island Area, with support from some locally based staff.



### **Southern North Island**

This area will cover Wellington and the southern part of Manawatu/Wanganui (Horizons) regions. This area will be managed by 6 FTEs operating out of either Palmerston North or Masterton. The structure would be the same as for the Northern North Island with a programme manager, planning and communications staff and two field supervisors.

### **North Canterbury/Marlborough**

This area will cover north Canterbury and Marlborough District. (South Canterbury will become part of the Southern South Island area). Transition to direct management is of high priority, because Marlborough District Council has indicated an intention to exit from vector management as of July 2008. It is planned to manage the area with 6 FTEs operating out of Christchurch and a field supervisor based in Marlborough. The structure would be the same as the other AHB-managed areas with a programme manager, planning and communications staff and two field supervisors.

For technical reasons disease and vector management in Marlborough District should be combined with north Canterbury rather than Tasman, where disease and vector management are better combined with the West Coast.

### **West Coast/Tasman**

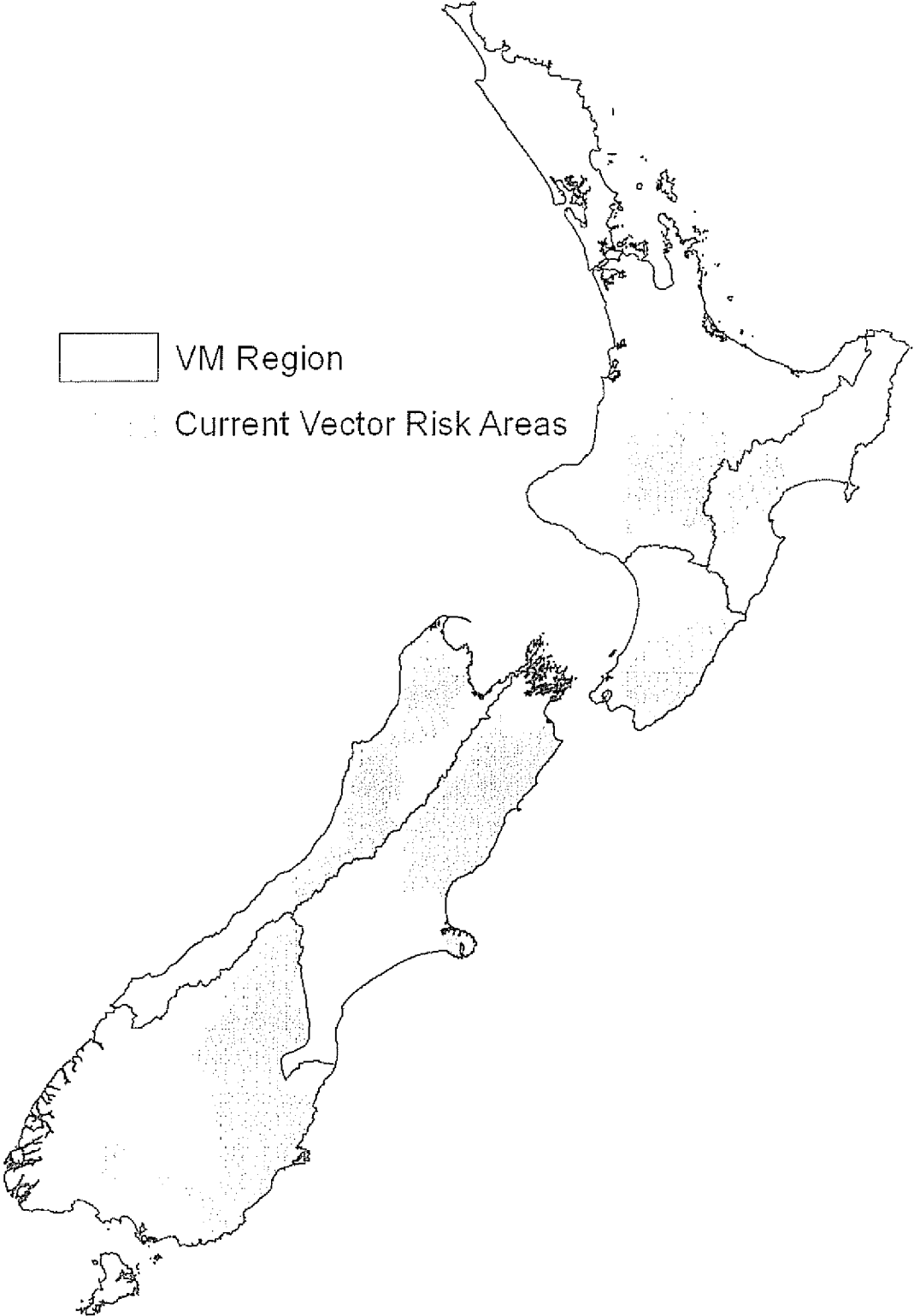
This area would cover the West Coast Region and the Tasman District, managed by 7 FTEs operating out of an office on the West Coast in a similar structure to other regions with a field supervisor based in Tasman.

### **Southern South Island**

This area would cover south Canterbury, Otago and Southland regions. This area will be managed by 6.5 FTEs most likely operating out of Mosgiel, and a field supervisor in Southland. The structure would be the same as the other areas with a programme manager, planning and communications staff and three field supervisors.

The following map shows boundaries of the new vector management areas, overlaid on a map of Tb Vector Risk Areas.







**5. FISCAL IMPACT**

Current Vector Management costs are approximately \$6 million per annum, which amounts to 10% or more of total annual funds available for vector control. The cost of AHB's new vector management structure is estimated at \$4.3 million per annum.

**6. TRANSITIONAL ARRANGEMENTS**

AHB will negotiate with existing vector managers on a case by case basis to ensure a smooth transition to new arrangements and to manage the impacts of change – especially the impacts on the people involved. It is anticipated that the transition will commence in 2008 and be completed by early 2009.

Many of the people currently involved in vector management have valuable skills, experience and detailed local knowledge. There are likely to be opportunities for a number of these people in AHB's new vector management structure. AHB will be flexible in its approach to providing these opportunities, which could come in the form of direct employment by AHB, secondment, contracts for the services of specific people or other negotiated arrangements.

**7. LINKAGES TO OTHER PROGRAMMES**

Regional Council involvement in vector management has assisted in linking possum control for Tb with control carried out for other purposes, mainly through the access to information. With a change in vector management arrangements it is opportune to put in place systems to ensure that information continues to be available and to involve Councils in development of plans for their region. This includes identifying synergies between control programmes and jointly planning transitions from AHB Tb control programmes to others where appropriate. VectorNet, the web based information system will provide an important tool to assist in this process. Direct Council involvement in Regional Animal Health Committees will continue to be important.