

Proposal to replace The American Foulbrood Apiary and Beekeeper Levy with a Hive and Beekeeper Levy



Summary

American foulbrood (AFB) is the most serious disease affecting honey bees in New Zealand. It costs beekeepers an estimated 6% of gross returns and poses a serious risk to New Zealand's honey exports valued at \$329 million in 2017.

Under the National American Foulbrood Pest Management Plan (NPMP), beekeepers are responsible for eliminating AFB from their beehives, and the Management Agency is responsible for monitoring and auditing beekeepers' compliance with their obligations in order to eliminate AFB from managed beehives in New Zealand.

In July 2018, the Management Agency consulted with beekeepers on a proposal to increase the levy to provide the Management Agency with sufficient funding to fully implement the NPMP and achieve the plan's primary objective of an annual 5% reduction in the level of AFB.

Beekeeper submissions on the proposal raised a number of concerns including:

- that beekeepers are the key to eliminating the disease, not the agency
- non-compliant beekeepers create the biggest risk for AFB spread
- the proposed cost creates financial stress and may be a barrier to beekeeping
- the proposed levy structure is unfair and benefits some groups more than other groups
- the proposed levy cost and structure incentivises bad beekeeping practice
- the plan won't work or isn't needed, and
- lack of confidence in the agency.

The Management Agency Board considered beekeeper submissions and announced in December 2018 that it planned to make changes to the proposal to increase the levy to address beekeepers' concerns. These changes included:

- replacing the existing apiary and beekeeper levy with a hive and beekeeper levy, and
- establishing a dedicated team solely focussed on the elimination of American foulbrood.

The Management Agency Board has also decided to fund its compliance and enforcement activities through cost recovery charges under section 135 of the Biosecurity Act 1993. This will result in a fairer allocation of costs, as the Management Agency will recover the cost of its compliance and enforcement actions from non-compliant beekeepers.

The Management Agency is proposing to replace the apiary and beekeeper levy with a hive and beekeeper levy set at \$40 per beekeeper and a hive levy increasing from \$1.35 to \$2.55 per hive over a five-year period. This will raise an additional \$0.6 to \$1.6 million per year to enable the NPMP to:

- **save 41,000 beehives and associated products estimated at \$50 million from destruction over 10 years**
- **support ongoing access to overseas markets by providing evidence that AFB is under appropriate regulatory control.**

The increased levy funding is required to enable the Management Agency to implement a robust monitoring and audit programme that will ensure that all beekeepers are taking responsibility for eliminating AFB from their beehives.

However, before the Management Agency Board makes a recommendation to the Minister for Biosecurity for a new levy order, we would like to hear your views on the proposed levy and cost recovery charges. We are now calling for submissions which will be reviewed in June 2019, and we may make amendments to the levy after considering these submissions. If the Minister accepts the new levy order, it will be in place in time for the 2020/21 levy year.



How do I make a submission?

You can make a submission any time until 5pm, Friday, 22 March 2019.

You can send your submission by choosing one of the following ways:

- completing the online submission using Survey Monkey by following the link at www.afb.org.nz/new-levy-proposal, or
- completing the enclosed submission form, and posting back to us at: The Management Agency, PO Box 44282, Lower Hutt 5040, or
- providing a written submission, and either attaching it to an email sent to info@afb.org.nz or posting to The Management Agency, PO Box 44282, Lower Hutt 5040, or
- writing an email and putting 'Submission on proposed AFB Levy' in the subject line of the email.

Only one submission from each individual and from each organisation is allowable.

The submission form asks for your views on:

- the Management Agency's proposed approach to monitoring and audit
- the Management Agency's proposed approach to compliance and enforcement
- cost recovery of compliance and enforcement actions from non-compliant beekeepers
- replacing the existing 'apiary and beekeeper levy' with a 'hive and beekeeper levy'
- setting the beekeeper levy at \$40 per beekeeper and the hive levy at \$1.35 per hive increasing to a maximum of \$2.55 per hive over a five-year period.

You are welcome to include any details you may wish to provide to support your submission.

If you have any questions, please email info@afb.org.nz before **14 March 2019**. Answers to frequently asked questions will be posted on www.afb.org.nz/new-levy-proposal and emailed weekly to all registered beekeepers. Those who ask questions will not be identified in these communications.

Submissions will be considered by the Management Agency Board in May 2019.

A summary of the consultation and the Boards' decision will be posted on the website and sent to all beekeepers in June 2019.

Submissions close at 5pm on 22 March 2019.

What is the proposed levy rate?

The maximum levy rate is proposed to be set at \$40.00 per beekeeper and \$2.55 per hive.

The proposed hive and beekeeper levy is expected to be phased in over a five-year period as described in Table 1. Please note these amounts are approximate and may be subject to changes following budget consultation with levy payers each year.

Year	Base beekeeper levy (\$)	Hive Levy (\$)
2020/21	40.00	1.35
2021/22	40.00	1.99
2022/23	40.00	2.31
2023/24	40.00	2.50
2024/25	40.00	2.55

Table 1. Proposed beekeeper and hive levy rates (exclusive of GST).

How much more levy would I pay?

This depends on the number of apiaries and hives owned. Table 2 describes how the levy is proposed to change over a five-year period for beekeepers with varying sized operations.

Hives	Apiaries	Current Levy total (\$)	Proposed Levy total (\$)				
			2020/21	2021/22	2022/23	2023/24	2024/25
1	1	35.17	41.35	41.99	42.31	42.50	42.55
10	<4	35.17	53.50	59.90	63.10	65.00	65.50
117	9	156	197	272	310	332	338
355	23	368	519	746	860	927	945
701	40	626	986	1,434	1,659	1,792	1,827
3,067	146	2,234	4,180	6,143	7,124	7,707	7,860

Table 2. Proposed levy for different sized enterprises (exclusive of GST).



What are the proposed cost recovery charges?

The Management Agency proposes to use section 135 of the Biosecurity Act 1993 to recover the costs of compliance and enforcement actions from non-compliant beekeepers, as described in Table 3. The Management Agency proposes to introduce these charges to address beekeeper concerns about the fairness of funding compliance actions via the levy. Beekeepers who are fully compliant with NPMP rules will not incur these charges.

Administrative Power	Charges (\$)
122(2) Direction to comply with NPMP rules (except for notifying unregistered apiary)	\$50 plus the direct costs of verifying compliance with the direction
122(2) Direction to notify unregistered apiary	\$250 per apiary
128 Default Notice for failing to comply with section 122 direction (except for 122(1)(c))	\$50 plus the direct costs of Management Agency action on default
128 Default Notice for failing to send Annual Disease Return or failing to complete Certificate of Inspection	\$50 plus the direct costs of inspecting all hives in all apiaries owned by the beekeeper
128 Default Notice for failing to comply with Disease Elimination Conformity Agreement (Red Alert) or 122(1)(c) Direction to take steps to prevent the spread of AFB	\$500 plus the direct costs of: <ul style="list-style-type: none"> • inspecting all hives in all apiaries owned by the beekeeper twice each year • destroying AFB hives • auditing beekeeper's compliance with 122(1)(c) direction
128 Default Notice for failing to comply with Disease Elimination Conformity Agreement (Amber Alert)	\$250 plus the direct costs of: <ul style="list-style-type: none"> • inspecting all hives in all apiaries owned by the beekeeper that are inside geographic clusters of AFB once each year • auditing beekeeper's compliance with their Disease Elimination Conformity Agreement
130 Declaration of Restricted Place	\$100 plus the direct costs of verifying compliance with the Restricted Place Notice

Table 3. Proposed cost recovery charges under section 135 of the Biosecurity Act 1993 (exclusive of GST).



Compliance Scenarios

Commercial Beekeeper, 800 hives – Red Alert

Initial inspection of a commercial beekeeper's hives by an AP2 revealed an AFB prevalence of approximately 25%. The Management Agency issued a section 128 default notice and cancelled the Disease Elimination Conformity Agreement.

The Management Agency completed a full inspection of all 800 hives and destroyed 200 hives infected with AFB. The cost of these actions was recovered from the beekeeper.

The Management Agency issued a section 122(1)(c) notice directing the beekeeper to take steps to prevent the spread of AFB. The incidence of AFB detected at twice-yearly AP2 inspection declined to 10% in the second year, 2% in the third year, and below 1% in the fourth year.

The costs of twice-yearly inspection, destruction of AFB hives and annual auditing of the 122(1)(c) notice were recovered from the beekeeper.

At the end of the fourth year, no major non-compliances with the section 122(1)(c) notice were detected and the beekeeper was able to apply for a Disease Elimination Conformity Agreement.

Commercial Beekeeper, 3000 hives – Amber Alert

Initial AP2 inspection of a commercial beekeeper's hives by an AP2 revealed a disease prevalence of approximately 5%.

The Management Agency issued a section 122(1)(b) notice to destroy the infected hives and initiated an audit of the beekeeper's Disease Elimination Conformity Agreement. The audit established that beekeeping staff were not inspecting hives according to procedures specified in the Disease Elimination Conformity Agreement. The beekeeper was issued with a section 128 default notice.

The beekeeper's apiaries within disease clusters were prioritised for inspection. These inspections detected AFB in 4% to 5% of the hives inspected. The Management Agency issued a section 122(1)(b) notice to destroy the infected hives. The cost of the inspections was recovered from the beekeeper.

The beekeeper hired additional beekeeping staff and changed work allocations to provide beekeeping staff with the time required to inspect hives as specified in the Disease Elimination Conformity Agreement.

Audit of compliance with the Disease Elimination Conformity Agreement one year later did not detect any major non-conformances and the level of AFB in the hives examined by AP2s was less than 1%. No further action was undertaken by the Management Agency.



How does the Management Agency propose to monitor beekeepers' obligations to eliminate AFB under the NPMP?

The Management Agency's proposed approach to monitoring beekeepers' compliance with their AFB elimination obligations recognises that:

1. high levels of AFB are more likely to be found in beehives owned by beekeepers who are not implementing effective AFB elimination practices and procedures, and
2. unmanaged AFB cases cause geographic clusters of disease.

The presence of geographic clusters of AFB in New Zealand is evidence that one or more beekeepers in each location are failing to meet their obligations to eliminate AFB, and their apiaries are acting as a source of AFB for beehives owned by neighbouring beekeepers. Additional levy funding will provide the Management Agency with the inspection and audit resources required to investigate geographic clusters of disease to identify the primary sources of AFB, as described in Figure 1.

Alert Level	Criteria
Red Alert	AP2 inspection confirms clinical AFB in greater than or equal to 10% of a beekeeper's hives and at least 2 AFB cases detected.
Amber Alert	AP2 inspection confirms clinical AFB in greater than or equal to 1% and less than 10% of a beekeeper's hives and at least 2 AFB cases detected. AND Audit confirms critical non-compliances with beekeeper's DECA.
Yellow Alert	AP2 inspection confirms clinical AFB in greater than or equal to 1% and less than 10% of a beekeeper's hives and at least 2 AFB cases detected. AND Audit does not confirm critical non-compliances with beekeeper's DECA.
No Alert	AP2 inspection confirms clinical AFB in less than 1% of a beekeeper's hives or less than 2 cases detected.

Table 4. AFB alert levels representing the AFB spread risk posed by a beekeeper's hives.

The Management Agency also proposes to collect honey samples from apiaries in regions of New Zealand without geographic clusters of AFB to provide an assurance that the low levels of notified AFB in these regions truly reflects a low incidence of AFB and is not due to under-reporting of AFB by beekeepers. When a honey sample tests positive for AFB, the apiaries associated with that honey sample will be inspected for AFB and the assessment of AP2 inspection findings will follow the process described in Figure 1.



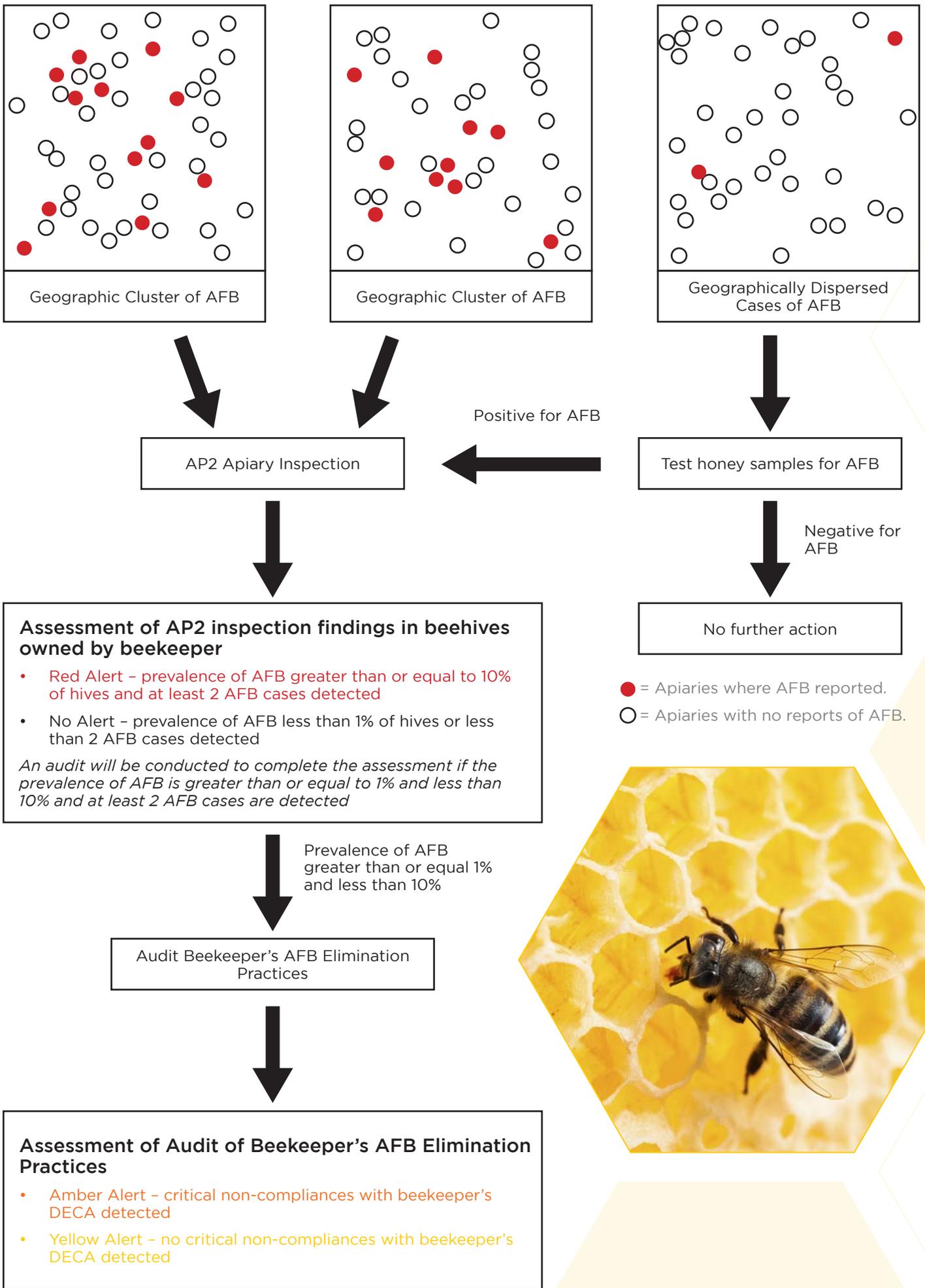


Figure 1. Proposed approach to monitoring beekeeper's compliance with their AFB elimination obligations.

Compliance Scenarios

Commercial Beekeeper, 500 hives – Yellow Alert

A commercial beekeeper had recently expanded their operation by purchasing a beekeeping operation with a known AFB problem. Initial inspection of the hives by an AP2 revealed a disease prevalence of approximately 3%.

The Management Agency issued a section 122(1)(b) notice to destroy the infected hives and initiated an audit of the beekeeper's AFB compliance with their Disease Elimination Conformity Agreement. No major non-conformances were detected. However, the audit did establish that the AFB elimination practices and procedures specified in the Disease Elimination Conformity Agreement were not sufficient to manage the risk of AFB from the recently purchased hives, and the beekeeper's Disease Elimination Conformity Agreement was amended.

Some of the beekeeper's other apiaries were subsequently prioritised for AP2 inspection. The level of AFB detected ranged between 1%–2%.

The beekeeper was not charged for the cost of the AP2 inspections. No further action was undertaken by the Management Agency.

Commercial Beekeeper, 100 hives – No Alert

AP2 inspection of two of a commercial beekeeper's apiaries detected one case of AFB. The Management Agency issued a section 122(1)(b) notice to destroy the infected hive. No further action was undertaken by the Management Agency.

Hobbyist Beekeeper, 6 hives – Red Alert

An AP2 inspector inspected all six of a hobby beekeeper's hives and detected four cases of AFB. The Management Agency issued a section 128 default notice and cancelled the Disease Elimination Conformity Agreement. The Management Agency destroyed the four AFB hives and recovered this cost from the beekeeper.

The Management Agency issued a section 122(1)(c) notice directing the beekeeper to take steps to prevent the spread of AFB.

Subsequent twice-yearly AP2 inspection of the beekeeper's hives found one case of AFB in the second year and no cases of AFB in the third year. The cost of the inspections was recovered from the beekeeper.

Audit of compliance with the 122(1)(c) notice at the end of the third year did not detect any major non-conformances and the beekeeper was able to apply for a Disease Elimination Conformity Agreement.

Hobbyist Beekeeper, 3 hives – No Alert

An AP2 inspector inspected all three of a hobby beekeeper's hives and detected one case of AFB. The Management Agency issued a section 122(1)(b) notice to destroy the infected hive.

No further action was undertaken by the Management Agency.

Hobbyist Beekeeper, 1 hive – No Alert

An AP2 inspector inspected a hobby beekeeper's only hive and detected AFB. The Management Agency issued a section 122(1)(b) notice to destroy the infected hive.

No further action was undertaken by the Management Agency.

What compliance and enforcement actions does the Management Agency propose to undertake when a beekeeper is not meeting their obligations under the NPMP to eliminate AFB?

The Management Agency proposes to undertake compliance and enforcement actions that are proportional to the AFB Alert level assigned to the beekeeper's hives as described in Table 5.

Alert Level	Management Agency Compliance and Enforcement Actions
Red Alert	<ol style="list-style-type: none"> Certificate of Inspection Exemption revoked, and Disease Elimination Conformity Agreement cancelled. Section 128 Default Notice issued <ol style="list-style-type: none"> The Management Agency will inspect all hives in all apiaries owned by the beekeeper twice each year and destroy all AFB hives until AFB is detected in less than 1% of hives in a 12-month period. <i>The Management Agency will recover the cost of inspecting the beekeeper's hives and destroying AFB hives from the beekeeper.</i> Section 122(1)(c) Direction Notice issued instructing the beekeeper to take steps to prevent the spread of AFB <ol style="list-style-type: none"> The Management Agency will annually audit the beekeeper's compliance with the section 122(1)(c) notice until no non-compliances with the notice are detected. <i>The Management Agency will recover the cost of auditing the beekeeper's compliance with the 122(1)(c) notice from the beekeeper.</i>
Amber Alert	<ol style="list-style-type: none"> Disease Elimination Conformity Agreement may be amended by the Management Agency to ensure that practices and procedures included in the agreement are sufficient to eliminate AFB from beehives owned by the beekeeper. Section 128 Default Notice issued <ol style="list-style-type: none"> The Management Agency will annually audit beekeeper's compliance with their Disease Elimination Conformity Agreement until no non-compliances are identified. <i>The Management Agency will recover the cost of auditing the beekeeper's compliance with their Disease Elimination Conformity Agreement.</i> The Management Agency will inspect all hives in all apiaries owned by the beekeeper that are inside geographic clusters of AFB once each year until audits confirm compliance with their Disease Elimination Conformity Agreement. <i>The Management Agency will recover the cost of inspecting the beekeeper's hives from the beekeeper, including the cost of inspecting apiaries associated with AFB positive honey samples.</i>
Yellow Alert	<ol style="list-style-type: none"> Disease Elimination Conformity Agreement may be amended by the Management Agency to ensure that practices and procedures included in the agreement are sufficient to eliminate AFB from beehives owned by the beekeeper. The Management Agency may prioritise other apiaries owned by the beekeeper for inspection. The cost of these inspections will not be recovered.
No Alert	No compliance and enforcement actions undertaken by the Management Agency.

Table 5. Proposed compliance and enforcement actions to be undertaken by the Management Agency.

How will the proposed levy and cost recovery charges be spent?

Activity	Current Expenditure	Proposed Expenditure
Identifying and registering apiaries	<p>\$141,000</p> <ul style="list-style-type: none"> Administration of Annual Disease Returns Two aerial surveillance flights 	<p>\$167,000 plus cost recovery from section 122(2) Directions to notify unregistered apiary.</p> <ul style="list-style-type: none"> Administration of Annual Disease Returns Two aerial surveillance flights Phone app reporting of suspected unregistered apiaries Investigation of all reports of suspect unregistered apiaries Destruction of unregistered apiary sites where the beekeeper cannot be identified within 30 days
Training and Extension	<p>\$110,000 – AFB Recognition Course Fees</p> <ul style="list-style-type: none"> AFB Recognition Courses 	<p>\$40,000 + \$110,000 funded by AFB Recognition Course Fees</p> <ul style="list-style-type: none"> AFB Recognition Courses Online AFB recognition course development Extension package for clubs and hubs Three regional workshops per year focussed on eliminating AFB from commercial operations
Monitoring and auditing beekeeper AFB elimination	<p>\$434,000 plus cost recovery of default Certificates of Inspection</p> <ul style="list-style-type: none"> AP2 inspection of 2% of apiaries Testing 60 RMP honey samples Administration of Certificates of Inspection Agreeing Disease Elimination Conformity Agreements Laboratory testing of suspect American foulbrood samples Limited inspection of Certificate of Inspection defaulter apiaries 	<p>\$1,645,000 plus cost recovery from section 128 Default Notices</p> <p>Management Agency APIs managing:</p> <ul style="list-style-type: none"> AP2 inspection of 10% of apiaries Testing 2,000 RMP honey samples Administration of Certificates of Inspection Agreeing Disease Elimination Conformity Agreements Laboratory testing of suspect American foulbrood samples Auditing beekeeper AFB elimination practices Default inspections
Compliance and enforcement	<p>No dedicated funding</p> <p>Compliance and enforcement activities are currently limited by the monitoring and auditing funding available to detect non-compliant beekeepers.</p>	<p>Cost recovery of section 122(2) Directions and 128 Default Notices</p> <ul style="list-style-type: none"> Issuing and monitoring compliance with section 122 Directions Management Agency actions on beekeeper default of their obligations Issuing Restricted Place Notices
Cross-programme support	<p>\$30,000</p> <ul style="list-style-type: none"> Current Apiary Database/ApiWeb application Review of Levy Order Contribution to Clean Hive Project 	<p>\$345,000</p> <ul style="list-style-type: none"> Replacement for Apiary Database/ApiWeb application and provision of supporting smart phone apps. Review of AFB NPMP Research
Governance, management, administration and communications	<p>\$401,000</p> <ul style="list-style-type: none"> Governance Management and Administration Accounting, audit, legal, insurance and banking Management Agency Office and telecommunications Communications, including April and October issues of The New Zealand Beekeeper journal Levy Collection 	<p>\$457,000</p> <ul style="list-style-type: none"> Governance Management and Administration Accounting, audit, legal, insurance and banking Management Agency Office and telecommunications Communications, including April and October issues of The New Zealand Beekeeper journal Levy Collection
Total	<p>\$1,116,000</p>	<p>\$2,764,000 plus compliance cost recovery charges</p>



THE MANAGEMENT AGENCY
NATIONAL AMERICAN FOULBROOD
PEST MANAGEMENT PLAN

For information visit
www.afb.org.nz

If you have questions
please email us at
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