

SUBMISSION TO THE AFB PMP BUDGET PROPOSAL 2024/2025.

This submission is from [REDACTED]
It represents my view as a beekeeper and levy payer to the AFB PMP.

I acknowledge this document is part of official information held by Apiculture NZ Inc. I authorise the release of this submission including the identification of myself as author, if requested under the provisions of the OIA.

Purpose of this submission.

The management agency, Apiculture NZ Inc., is consulting with beekeepers how they collect and spend levy money for the 2024/25 levy year. This provides beekeepers the opportunity to express their views about the value they receive from the money spent.

I have taken an active part in observing AFB disease of bees and its spread among beekeepers. I have also observed how a group of people acting under the powers and authority of the Biosecurity Act carry out the duties of a Pest Management Plan for the elimination of AFB without using drugs.

I take this opportunity to express my view on the current proposal but as information presented lacks context I have taken the liberty to provide context by linking the spending categories of the current proposal with the realities that have been provided in reports on the AFB website much of which relates to the 2021/22 levy year.

I also take this opportunity to express my views on the levy process conducted by the agency which is basically a repeat of views I have previously expressed. It appears the agency have not changed their process signifying the agency see no reason to change a process that appears to be failing levy payers. As a suggestion the budget process could start on 1 November or shortly thereafter with information on costs available from the audited accounts of the levy year that ended 5 months previous. This would provide context that is lacking within the process currently adopted.

As the PMP itself is undergoing its 10 year review at this time this document may be used to provide supporting evidence to that review.

Overall I wish to portray a view as a levy payer I do not consider the beekeeping industry is receiving value from the levies they pay. I wish to portray change is needed within both the governance and operation of the PMP to better progress the aims of the PMP. I see this being addressed by a change in the governance structure of the PMP as has been proposed to the Minister for his (and levy payers consideration) during the 2023 review process.

Background.

The budget process is the only formal occasion where annually levy payers have the opportunity to express their views on the direction of the PMP. This aspect of the PMP has been compromised by the management agency, Apiculture NZ Inc., allowing little time (less than 14 working days) for levy payers, and industry bodies to gather information and furnish submissions.

Scrutiny within the Biosecurity Act is provided by the Minister as the final 'sign off' on the direction of the PMP. This relates to the Operational Plan and the Budget that provides funding. The industry has been let down by MPI who attend Board meetings, failing to oversee whoever is appointed as management agency in meeting the requirements of the regulations and in particular accountability as provided under s 100 of the Biosecurity Act. Nor generally speaking do MPI or indeed the Minister have in-depth expertise in AFB control and beehive management that gives them an insight into the

vision the agency is pursuing in its quest to oversee the elimination of AFB. Thus Ministers are faced with a situation of accepting whatever is promoted by Apiculture NZ, an organisation with a vested interest in maintaining its role as management agency for the benefit of its (political) advocacy body.

The greatest asset of the PMP is the support of beekeepers for both the concept of eradication AFB and the willingness for those beekeepers to focus on an eradication process. At this time I see an industry in financial crisis, with disease control becoming neglected as beekeepers struggle to maintain their income stream, their businesses and their bee colony numbers.

I see support for maintaining a plan for AFB elimination eroded by a failure over the last 25 years to achieve any appreciable reduction in the low levels of AFB that continue to simmer away in the whole country. Support is further eroded by the conduct of Apiculture NZ Inc in its management of the Plan, where it appears those in administration roles have lost touch with the realities of what happens in the field by everyday beekeepers. Combined with that there seems to be a reluctance of the agency to engage meaningfully with beekeepers in order that any gaps in the system might be bridged.

The beekeeping industry.

As part of the primary production sector beekeeping is unique. Beekeepers manage bees they cannot confine to produce bee products and pollination services which the beekeeper can sell. Bees conduct their grazing activities over a wide area of land beekeepers generally do not own or control. The fortune of beekeepers is generally related to the territory their beehives occupy and forage.

Beekeepers are naturally competitive and especially so within the territory they occupy. In some cases competition between beekeepers that operate in the same territory has escalated into hostility where 'complaints' are made, with AFB connotations to the management agency as 'industry policemen'.

In many respects 'the PMP' has been used as a weapon by beekeepers and the agency against other beekeepers. Seems there is inconsistency being metered out where compliance appears to have a greater focus than ensuring beekeepers make the necessary beehive management changes to reduce their incidence of AFB in accordance with the PMP aims.

DECA's are being cancelled for enforcement purposes by an agency that does not seem to grasp the purpose of a DECA. I recommend the agency consider how a DECA can modify a beekeepers management of his beehives if used as intended – to manage AFB in a beekeepers operation.

An Agency that fails to respond to engagement.

I note despite views previously expressed to the agency it appears there is still some sort of voting process taking precedence with the budget process. Beekeepers are still being asked the extent they agree/disagree via survey that the rate should increase on this occasion. There is scope for respondents to state reasons but as has been pointed out on previous occasions the agency do not provide sufficient information that would enable beekeepers/levy payers to fully understand where/how funding is derived and how it is spent.

In the consultation document prepared by Apiculture NZ there are statements relating to the expenditure of a new budget allocation of \$100,000 to implement AFB PMP changes. Items on the list provided should be seen as part of a normal process the agency should be doing anyway as part

of a structured Operational Plan. Expenditure on those aspects should be adjusted as the agency considers necessary and in consideration of its annual review of the Operational Plan.

An item that relates to potential changes to the PMP is the inclusion of the use of general powers s 114. Importantly will that change be implemented before this budget becomes operational and funds are collection for the y/e 2025?

Income generation.

There are no assumptions presented regarding the expected income of the plan. The budget should identify all income especially when it is derived from non-core levies. Items such as interest from investments, cost recovery and wind fall income should form part of what is presented to the levy payers.

What are levy payers getting for their money?

Apiary inspections.

There is a lack of information in either the budget or the annual reports for beekeepers to assess if levy payers are getting value for money spent on apiary inspections. When the agency reports on AFB incidents we find some instances where AFB exceeds 30% of colonies. In one alarming incident 41 out of 45 hives (91%) showed clinical signs of AFB. Within the total operation of 170 hives it appears 70% showed AFB on an initial investigation by industry inspectors. A further 29 hives were discovered by the owner.

One has to wonder what sort of surveillance program the agency has if AFB is not being found and controlled by beekeepers such as this? Surely there should be a surveillance program where all beekeepers operations including their hives (over time) are monitored by the AFB PMP? One would have expected a surveillance and monitoring program that should at worst case 'pick up' AFB before contamination gets to 30% of beehives within a business? One would have also expected a surveillance and monitoring program to be 'working with' (by a review of management of a DECA) beekeepers that continue to maintain low levels of AFB that do not reduce on an annual basis. Are beekeepers that report AFB within their operation on an annual basis achieving a 5% annual reduction of AFB as per the aim of the PMP?

Honey surveillance.

Despite providing few details on the effectiveness of testing honey for AFB and thus linking that to beehives, the agency have allocated considerable levy funding to collecting and analysing honey samples to identify beekeepers that possibly have eliminated AFB from their operations.

The budget consultation for the 2021/22 year proposed collecting 1,000 honey samples. The report of the implementation of the Plan (as determined by the budget) we find only 314 honey samples were collected from 103 beekeepers. It has been reported 22% of those samples tested positive for AFB.

Budget consideration of Apiary Inspections & Honey Surveillance.

A combination of these 2 aspects of the function of the management agency should provide confidence that there is sufficient monitoring of beekeepers that enables the industry to gauge the effectiveness of the plan and the ability of beekeepers to meet the aims of the Plan. There is no information provided in either the Budget or the Operational Plan that would provide information on the monitoring of beekeepers with respect to meeting the aims of the PMP.

I note the agency aim to inspect 4% of apiaries, surely an effective monitoring program would see a selection of beekeepers and their apiaries inspected on an annual basis. That selection process would be statistically significant to ensure all beekeepers are covered within the monitoring process over time (of the PMP- 10years).

It is noted 3,024 apiaries were inspected for the 2021/22 year, this portrays little in the way of information that is relevant. Did that inspection process simply cover 3,024 beehives owned by beekeepers with less than 5 beehives?

What part of the \$479,000 budget allocation was spent on analysing the honey samples from 103 beekeepers? Importantly what would be the difference in cost of conducting a physical inspection of some of the beehives of the 103 beekeepers as opposed to a test on honey samples that does not actually provide an accurate assessment of clinical AFB status in beehives?

Perhaps too there seems to be a misconception about what organism should be examined for the presence of (clinical) AFB. AFB is a disease of honey bee larvae that can only be observed by competent beekeepers inspecting the brood of a beehive. Scale can also be observed as the remnant of a diseased larvae only in a brood frame. Although AFB spores may be present in honey none of the visual signs of AFB have ever been detected in honey! Therefore the question that needs to be answered by the governance of the PMP – what purpose is being achieved with the honey surveillance programme analysing 1,000 honey samples?

Glancing at the financial report for the 2021/22 year it is noted levy funds spent on honey surveillance was \$49,323, which represents a cost of \$157 per sample or nearly \$480 per beekeeper. It appears from the results of the lab tests neither the beekeepers surveyed nor can the agency explain why 22% of the honey sampled indicated the presence of AFB. Importantly how does the agency justify the continuation of such a process as a worthwhile exercise in eliminating AFB?

Beekeeper training.

For the 2021/22 year there was a budget allocation of \$114,000 for recognition courses. The 2021/22 financial report indicates expense items totalling \$87,602 with income generated \$70,840. The net cost (approx in this year example \$17,000) of this part of the PMP is not being represented fairly in the budgets as provided.

Apiary Register.

There appears to be considerable expense connected with maintaining an Apiary Register which at best appears to be totally inaccurate at most times during the year. This despite the agency providing beekeepers the ability to update their records on a daily basis through Hive Hub.

Changes in the manner in which the levy has been calculated has opened the door to the recording of inaccurate information because for some the task of updating records has become onerous. Statistics provided by the agency indicated the 'count of colonies' on 31 March 2023 date for which colonies are calculated for levy fees was considerably different to the 'count of colonies' on 1st June 2023. The point to also note is that the agency has said their operating costs rise in proportion to the number of beekeepers and apiaries registered, not the number of hives registered.

How to manage rising operating costs as hive numbers are reducing is now becoming a burden for many beekeepers and is not being reflected in a reduction of levies.

Compliance.

A significant amount of resources (\$385,000) has been allocated to compliance for the 2021/22 year. The report does not highlight the total number of non-compliance issues that have been discovered.

It appears 19% of non DECA holders failed to return a COI form by due date.

Statistics have been provided for the return rate of ADR forms (nearly 70% of beekeepers) as well there have been no statistics given regarding failure of beekeepers to register as beekeepers and their apiary sites.

Again glancing at the financial report for the 2021/22 year it can be seen actual costs of compliance \$112,379 with income of \$52,062 making a net cost to levy approx \$60,000. This appears far short of the budgeted cost to levy payers for the 2021/22 year of \$385,000. On this occasion the budget poorly represented this costing.

One of the proposals for the 2023 AFB PMP Review is to introduce infringement fees for non-compliance of aspects of the regulations. If accepted this would see a substantial shift of an expense item for levy payers to a revenue item for the PMP. For example taking into account information provided in various reports by the agency for the 2021/22 year it appears 2673 beekeepers failed to furnish a COI by due date (56% of those required to do so). As well, although there are no statistical numbers given on the incidence of non-compliance of beekeepers to furnish an ADR by due date for the purpose of this example a figure of 2,500 beekeepers has been included into calculations. If the proposed infringement fee (that is for one proposal the minister received) was to have been applied for this period, the revenue gained would have been approx \$1,500,000 or roughly 75% of the revenue the agency considered necessary to run the PMP for a year!

Whilst I accept the Minister may or may not have completed his review of the PMP and changes may not be completed by the start of the 2024/25 year surely the budget should be conducted under the provisions current at the time, and either not include the \$100,000 for "implementation of PMP changes" or provide an assessment for what could be a significant collection of infringement fees? It certainly appears if the proposed changes are approved the PMP may actually be provided a 'windfall' opportunity to profit from those changes, with the levy being able to be reduced substantially.

Governance.

The financial statement for the 2021/22 year provides a greater breakdown of expense than was portrayed in the budget for that period. Whilst I do not consider it necessary to be 100% accurate in the figure work provided, what is important is that levy payers are provided indications within the broad categories where their money will be spent.

For the 2021/22 year there is an expense category that should require some clarification from the governance of the PMP, namely the provision of 'premises'.

Is there a need to have an AFB PMP premise in downtown Wellington? Is there a need to have a premise at all? Much of the governance and administration lends itself to be run 'in the cloud' by electronic means and by participants and contractors that work from their home base or indeed remote from any office. It is my view the expense item amounting to around \$50,000 annually, for the downtown Wellington office is extravagant and unnecessary for an agency that should be concentrating on an AFB reduction.

I have on a number of occasions during normal business hours visited the Rolleston Office of the management agency to talk with administration staff in relation to PMP business. I have observed on each occasion a locked door and no apparent activity at that office. Levy payers should be informed the purpose and use of premises paid for by levies.

I have commented in the past that a breakdown of expense categories should be provided to give levy payers a basis with which assess the value of money spent to progress in eliminating AFB.

Timing of the submission period.

Whilst I understand the difficulties in predicting future cost of services employed to manage the PMP program surely there can be a more appropriate process employed whereby the future expenses can be projected against actual costs and portrayed to beekeepers during the consultation process that allows sufficient time for beekeepers to consider the proposal and agree with the program of work (and expense)?

There are critical timing issues that need to be observed regarding the setting of levies and the approval of the budget. It appears the agency set the levies then work out a budget to spend that amount of money. A more appropriate process is to establish the PMP yearly program (as established by the Operational Plan) then divide that cost by the anticipated levy base (number of beekeepers, number of colonies, taking into account income received from the sale of information contained in Hive Hub as well as windfall revenue such as infringement fees). The result of that calculation is the rate of levy that it is estimated to run the program.

It is not required to be a 100% accurate process but it does tie reasonable assumptions together in a realistic appraisal where all aspects are taken into account.

At present it appears Apiculture NZ present only a selection of costs in very broad categories, that bear little resemblance to actual costs as portrayed in the financial statements. As well Apiculture NZ fail to inform levy payers the source of funding with such detail that accurately portrays how funding is derived.

Conclusion.

Presentation of the budget allows for the levy payers to be informed of the program that is planned to be undertaken in the future. It also provides for comments about that program and its associated costs.

The budget process conducted by Apiculture NZ Inc has become an exercise in futility as we simply see a repeat of the same trotted out each year. The program is not explained in a meaningful manner nor have the results of previous programs been tied with the reality of the situation.

How do levy payers know the effectiveness of the agency inspecting 4% of the nation's apiaries? What exactly is being monitored here - a whole bunch of hobby beehives in urban areas? Importantly why does it appear there is an increase in AFB despite a PMP that was aiming to reduce the AFB incidence by a minimum 5% annually since 1998?

How do levy payers assess the effectiveness of lab testing 1,000 honey samples for AFB? Why test drums or pots of honey when that honey cannot be linked accurately to beehives in the field? How has the dilution of AFB contaminated honey from say one beehive in a batch been taken into account in a say a homogenised ten ton batch as opposed to a beekeeper with one hive and a 'sample' that comes from a 30kg 'batch'? The time for AP2 to potentially collect and gather 1000

honey samples from beekeepers processing last batches of honey on the assumption they may contain AFB is prohibitive and bears no information that could conclude AFB status of beehives.

From responding to the consultation process undertaken over the last few years it has been apparent the views, however valid, of submitters are not taken into account by the agency. This is a sentiment I share with other levy payers and beekeeping organisations.

Where to from here.

It appears AFB incidence is escalating in many areas of NZ. Perhaps this is as a result of a disrupted and demoralised industry that started with industry and government promotions of a \$billion on the back of a boom in the promotion of manuka honey. The bust has apparently hit leaving some beekeepers with honey in their sheds they cannot sell at a price that would maintain them in business. Those beekeepers are also faced with the time commitment and ongoing costs associated with maintaining their livestock.

Is it any wonder some beekeepers find themselves in a position they run out of money to service and maintain their beehives?

There are recent examples of beekeepers exiting the industry. The circumstances are not important except to pose a few questions that should guide the agencies surveillance and monitoring processes going forward;

What was the AFB status of those that have exited?

Was there an AFB 'contamination' within those operations that has been 'passed on' to the next owner of the bees or the beekeeping equipment?

Is the new owner sufficiently trained or have the beekeeping acumen and ability to deal with any AFB issues that arise from his purchase?

Importantly do the agency 'track' where 'contaminated' equipment may be spread and have monitoring processes in place to see that AFB incidence is not increased by the breakup of such operations?

In a case recently the 'Receivers' have conducted an auction to dispose of 'assets' of a beekeeping operation that was in financial difficulties. Do the Receivers have a DECA that commits to agreement between them and the agency steps the Receivers will take to eliminate AFB from within the beehives they are dealing with? Will the Receivers register as beekeepers in view of their (temporary) ownership of beehives? Will the Receivers furnish an ADR with information indicating the new owners and contact details of the equipment they sold?

Do there need to be more rules and regulations written around an industry in crisis to cope with the prospect of increasing AFB because of the circumstances beekeepers are in?

Perhaps a 'discussion' needs to happen. Surely the catalyst to that discussion is a well conducted 10 year review where egos are not protected within bureaucratic spin and bull dust?

I thank you for considering my submission as I look forward to a positive change brought about by an appropriate 2023 10 year AFB review process.

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20th October 2023