Analysis of submissions on draft system for auditing compliance with the import health standard for sea containers from all countries (released for consultation on the 7 June 2005).

Fifteen submissions were received regarding the draft system. These were submitted by:

1. AF Logistics
2. AgriQuality
3. Atlas Metals
4. CP Ships
5. Customs Brokers and Freight Forwarders Federation of New Zealand Inc (CBAFF)
6. Independent Verification Services Ltd
7. Port of Tauranga Limited
8. Rheem New Zealand Limited
9. Saunders Unsworth (on behalf of 14 port companies)
10. Sea Quest
11. Smith & Nephew Limited
12. Specialised Container Services Group Limited
13. The New Zealand Feed Manufacturers Association, The Poultry Industry Association of New Zealand and the Egg Producers Federation of New Zealand
14. The Warehouse
15. Titan Plant Services Ltd

This document records the issues raised in these submissions and how these have been addressed by the Ministry of Agriculture and Forestry, Biosecurity New Zealand. Comments from the submitters are reproduced in bold text and the responses are recorded in normal text.

The name of this document has been changed since consultation was carried out. The final version of the document is published as “Requirements for the Audit of Sea Containers”.
AF Logistics

Charging transitional facilities and or importers for the reporting of specimens of pests etc, is only going to restrict them from doing so. MAF and the government are asking importers and transitional facilities to assist with protecting the countries borders. This idea is not going to create positive assistance.

Biosecurity New Zealand thanks AF Logistics for their comments made during consultation on this audit system.

Reporting levels will not be affected by this charge because the interceptions of organisms will be made by inspectors. Only when inspectors intercept organisms defined in the MAF standard Requirements for the Identification and Reporting of Organisms Intercepted at the Border or Within Transitional Facilities will the identification be carried out and charged for. According to this standard the organisms likely to need identification will be live pests recovered from dunnage or other wood related packing, or where the organism needs identification to enable a decision on a suitable treatment.

Interceptions of organisms made by accredited persons will continue to be funded by the monitoring and verification levy of $8.75 charged to each imported container.

The charges section of the document has been rewritten to make this clear.
AgriQuality

1. In reading these standards one is left with the impression they are designed to minimize costs. This is a laudable objective particularly if you are an importer. However, as an organisation operating in the delivery of biosecurity services, AgriQuality would argue the current system presents unnecessary risks and that more can therefore be done to prevent unwanted pests and organisms from entering NZ.

When one notes that the starting point is that just 1% of containers are to be randomly audited then one begins to understand the level of "trust" implicit in the application of these standards. That is, on a random audit basis, around 4,500 to 5,000 containers out 450,000 to 500,000 imported each year are audited.

In recent discussions with a senior executive of Nufarm, who are significant importers and who, by virtue of their involvement with AgriQuality in the painted apple moth eradication programme, have a very sound appreciation of the biosecurity risks faced by NZ, we were asked, somewhat rhetorically, whether we understood how difficult it was to properly inspect a container from a biosecurity risk assessment perspective.

Nufarm, we understand, are one of the 7,000 plus accredited transfer facilities (ATF's) and so one must question, if Nufarm has such a perspective on this issue, what about the many thousands of ATF's who don't have such an appreciation?

The question we would therefore pose is does the present system serve NZ well?

If one turns to noting where the most recent moth incursions have been trapped (all around Auckland) then what does stand out is that all of the trap catches have been adjacent to devanning sites and the moths caught comparatively "fresh". In one case it was still alive.

Follow up ground surveys have so far failed to establish a reason for these catches other than, at this point, one is left concluding these particular moths "piggy backed" their way into NZ on/in a container. Certainly this surmise cannot be lightly dismissed.

When such catches are made, assuming the moth in question is one NZ definitely does not wish to see establishing itself here, then what generally follows is that extensive ground searches and trapping regimes are implemented. Such activities come with a price tag which can often run into hundreds of thousands of dollars and, in the case of the painted apple moth, tens of millions.

We would imagine the government of the day, given a choice, would definitely prefer to avoid such costs and the associated poor PR outcomes that can often arise from undertaking an eradication campaign.
Thus, we pose the question do the present standards perhaps create false economies and if they do, the corollary to this is should more resources be employed pre border?

From AgriQuality's perspective, as a major service provider to BNZ, it could be argued we are have been a significant beneficiary of the present system but in fact the company would actually prefer to look at this issue from a "NZ Inc" perspective. In so doing, we think there are far too many ATF's, probably by a magnitude of about 15.

If the number of ATF's were reduced to around such a level we also think more effort should be made to "manage" the residual numbers. By this we imagine compulsory refresher training courses should be conducted on an annual basis. This would help to maintain standards with the training being conducted through accredited training facilitators.

2. Another impression we have is that when Agriquality recently were mapping the High Risk Sites, which, by definition, are the high volume transitional facilities where containers arrive straight from the wharf for opening, we identified these were (largely) in clusters in areas like Mt Wellington, Lower Hutt and Woolston and so it would be conceivable, given our recommendation to reduce the number of ATF's was acted upon, to rationalise the reorganisation of these ATF's so that they are largely concentrated to such areas. That is not to say that there should not also be a reasonable spread of ATF's in other geographical parts of NZ.

It is our observation that the more "remote" small volume, occasionally used sites are the highest risk as they are often not part of a regular audit or surveillance programme.

3. On the question of audit, again it is our observation that rather than audits occurring what is happening is that inspections have been taking place. If this observation is accurate then it needs to be said there is clearly a difference between these two activities and in our view we think there should be more random audits taking place (as well as the inspections).

4. On page 11, section 7.1 of the Import Health Standards, there is no reference to overhanging trees. We have observed numerous situations at ATF's where containers, stacked on top of one another on the boundary, are coming in contact with overhanging trees. We would suggest this is an unacceptable risk.

5. In section 8.1, inspection of containers prior to shipping is given as an example of containers being afforded pre clearance status. Our question is to ask what precautions are taken where containers are being loaded both under day and night conditions, which is more often than not the situation these days? Moths, for
example, can be attracted to light conditions so one could envisage infestations occurring after pre clearance has been granted.

6. A related issue to 5 above, is we presume appropriate considerations are given to the issue of pre clearance where a vessel might be loading at multiple ports before eventually setting sail for NZ?

7. On page 7 of the Auditing Compliance paper, under both sections 4.2 and 4.3 we would question why you would require only the first container in a line to submit to external inspection. It is appreciated that the reason for this is probably based on risk evaluation but when only 1% of containers are being randomly inspected why not at least inspect all those in a line particularly when the inspector is already at the site.

8. If a non conformance is detected at audit then given what is potentially at stake and given so few audits are currently occurring, why not simply withdraw the accreditation both for the individual and/or the organisation for a minimum period of say 2 years? After all, there are a host of other accredited persons in other organisations who are playing ball who could contract their services to these transgressors. Reinstatement after the stand down period would be dependent on having passed a refresher course.

Biosecurity New Zealand thanks AgriQuality for their comments made during consultation on this audit system. We have considered the comments that relate to this audit system as follows:

1; 2; 3; 4; 5 and 6; Biosecurity New Zealand notes your comments on the sea container transitional facilities and import health standards. The requirements of these standards are outside the scope of this consultation, but will be considered when these standards are reviewed.

7. MAF Quarantine Service experience is that different containers in a single consignment present a similar level of risk. This experience indicates that there is greater value in inspecting containers from different consignments given that some containers may take hours to unpack. The size of the average consignment is less than ten containers. However, BNZ considers it worthwhile to inspect a larger proportion of large consignments and therefore has updated the standard to require inspection of one container per consignment or 10% of containers per consignment, whichever is larger.

8. Section 4.4 of the audit system relating to the verification of an accredited person has been updated to also include a verification of the transitional facility. Where an inspector notes any problems with the transitional facility or accredited person a MAF Quarantine Service auditor will undertake a full audit against the relevant MAF standard for the approval and monitoring of transitional facilities.
Atlas Metals

Under heading CHARGES the amount of $130.55 for identification of organisms should be withdrawn and a nominal fee of say $10.00 inserted, better still no charge at all. The problem being that human nature being what it is, people are likely to, and will, consider the immediate cost involved rather than the full cost such as that being paid for the eradication of the painted apple moth. The chance of detection is somewhat minimal and for a layman that is unsure as to the danger faced then the chance of non-notification will rise proportionally to the charge incurred. The argument of user pays, with something like this must be tempered by reality.

Biosecurity New Zealand thanks Atlas Metals for their comments made during consultation on this audit system.

Reporting levels will not be affected by this charge because the interceptions of organisms will be made by inspectors. Only when inspectors intercept organisms defined in the MAF standard Requirements for the Identification and Reporting of Organisms Intercepted at the Border or Within Transitional Facilities will the identification be carried out and charged for. According to this standard the organisms likely to need identification will be live pests recovered from dunnage or other wood related packing, or where the organism needs identification to enable a decision on a suitable treatment.

Interceptions of organisms made by accredited persons will continue to be funded by the monitoring and verification levy of $8.75 charged to each imported container.

The charges section of the document has been rewritten to make this clear.
CP Ships (UK) Ltd

Our major concern is the effect the 6-sided inspection operation will have on the working of the port facilities. We see 6-sided inspections taking time and requiring additional handling and storage, which could lead to congestion issues within the port. The issue of congestion increases further as non-conformances are noted and where some lines of cargo will require 100% inspection.

To avoid or minimize the congestion issue has NZMAF considered having an off-port inspection facility that containers can be directed to, from the port? Or if it is essential that inspections be completed on the port, will NZMAF be operating a 24/7 operation to minimize the effect on port congestion and import deliveries.

On the subject of costs, you outline a regime of cost recoveries within your draft. Can you confirm that the recovery of these costs will be from direct invoicing to the importer as part of the cost recovery for submitting/completing their Import Customs Clearance.

We would like noted, that as a shipping line we do not see this compliance as part of our business, as our involvement ends once the container is discharged from the vessel. For this reason we give notice that we will not accept any charges that may result/relate to the inspection of any container not under our immediate control.

Biosecurity New Zealand thanks Atlas Metals for their comments made during consultation on this audit system.

Biosecurity New Zealand has reviewed the external inspection requirements and requires the external inspection of containers to be 4-sided in line with the current requirements for containers that are not accompanied by a quarantine declaration. Biosecurity New Zealand will require these 4-sided inspections to be carried out at the transitional facility where the container is devanned or at the port of arrival. This change in requirements should minimise congestion issues within the port.

MAF Quarantine Service will carry out a staged implementation of the audit system. Implementation will commence with the checking of documentation and will allow MAF Quarantine Service and Biosecurity New Zealand to assess the efficacy and impact of the audit levels. Biosecurity New Zealand will continue to review the audit levels during the implementation of the audit system.

The person (generally the importer or importer’s agent) who makes the electronic declaration into the CusMod program will pay for MAF inspections required by this audit system.
Customs Brokers and Freight Forwarders Federation of New Zealand Inc (CBAFF)

Whilst the Customs Brokers and Freight Forwarders Federation of New Zealand (CBAFF) agrees that the reasoning behind these Auditing systems is sound, we have concerns that the importing community will end up being penalised for the errors and erroneous entries which are not of their own doing. Non-conformities occurring during audit from a number of aspects, not in the least manifesting, seem now to result in both financial penalties and delays in clearance of goods. The issue of manifesting is one which is raised a number of times in the draft document, and is an issue that cannot be the fault of the importer. Manifesting is completed by the shipping company and freight forwarder and blame for errors in this cannot be placed on the importer, however it is clear in the draft document that the importer will be penalised for these inaccuracies which have been created outside of their sphere of influence. In most cases charges for this type of non-conformity will be worn by the importer with little or no chance for recovery from either supplier or shipping line. The seems to be some unfounded belief in the Ministry of Agriculture & Forestry that the small New Zealand importer is able to wield a large stick over their suppliers and recover monies that they have lost due to supplier or shipping line error. There are a scarce few importers in New Zealand who would have the buying power to make a large Chinese producer think twice about incorrect documentation. Most suppliers, particularly the Asian ones would hardly notice if your average importer stopped buying off them because they were incurring additional charges due to poor paperwork.

It is also the belief of CBAFF that the Ministry of Agriculture & Forestry need to be more active in consulting with the importing community as a whole, large and small, to get a better understanding of the needs and influences for these people. The flow of information from the Ministry of Agriculture & Forestry to these sectors seems to be less than adequate. If one considers that this system will impact on importers directly it seems astounding that the majority are not aware of any proposed charges, nor any invitation to submit on the matter. Perhaps the Ministry of Agriculture & Forestry should take a leaf from the NZ Customs Services books, who have undertaken consultative and informative public meetings in the main centres to ensure that recent changes to rules, legislation and charging could be discussed across the widest cross-section possible before implementing change. Compare this with the Ministry of Agriculture and Forestry’s attitude of forwarding a generic e-mail message to an e-mail list inviting expressions of interest. It is left to interested parties, CBAFF and the forwarding community in general, to try and communicate the intent of the Ministry of Agriculture and Forestry to our clients to ensure that they are informed.

Biosecurity New Zealand thanks CBAFF for their comments made during consultation on this audit system. We have considered your comments outlined in the following paragraphs:
Biosecurity New Zealand has reviewed the non-compliances listed in the document and as a result has removed references to manifesting. To clarify in relation to this issue, Biosecurity New Zealand expects that the descriptions of cargo and packing on the commercial documentation (not necessarily shipping manifests) matches the electronic declaration made into CusMod. The descriptions of cargo on the commercial documentation should also match the cargo in the container. The document has been redrafted to make this clear.

The aim in raising the audit frequencies for incorrect quarantine declarations and undeclared biosecurity risk cargo is to target consignments that have higher likelihoods of containing biosecurity risk. MAF Quarantine Service experience is that when biosecurity risk has been found in a container the likelihood of it being found in a related container (i.e. one from the same exporter) is increased.

Biosecurity New Zealand notes your comments on the inadequacy of the consultation process. In order to address your concerns, MAF Quarantine Service will carry out a staged implementation of the audit system. Implementation will commence with the checking of documentation and will assist with raising awareness within the importing community prior to the complete audit being implemented.

Biosecurity New Zealand will endeavour to be more proactive with future consultation and will engage forums such as the Shipping Biosecurity Consultative Committee. Although the advertised deadline for this consultation has passed, Biosecurity New Zealand remains open to consultation at any time.
Independent Verification Services Ltd

The following are notes made throughout the document:
1. Should get rid of Quarantine Declarations, they are redundant.
2. The assessment of documentation carried out on all containers in a consignment could be huge and MAF Quarantine Service could struggle.
3. Major non conformances raised when a declarant is not in possession of a quarantine declaration and they indicate that they are, is unfair if quarantine declarations are to disappear. These should be made into a minor.
4. For containers that are in transit after a declaration has been signed the solution should allow balance – next time it should be a major.
5. Could a third party auditor carry out the inspections?
6. Need to define a random method used to select the containers.
7. The corrective action notices should not be issued to the accredited person but to the importer and the operator.
8. The inspection of documents charge of $28.70 may not be recovered if there are a large number of containers.
9. Ensure that you include that each different specimen has the charge.

Biosecurity New Zealand thanks Independent Verification Services for their comments made during consultation on this audit system. We have considered the comments that relate to this audit system as follows:

1. Biosecurity New Zealand notes your comments on the value of quarantine declarations. The import health standard for sea containers is not being addressed as part of this consultation, however, your comments will be considered in future reviews.

2. The audit system has been revised to require the auditing of a maximum of 10% of containers in consignments of greater than 10 containers.

3. This audit system has been designed to enforce the requirements of the import health standard. The possession of a quarantine declaration for each container is the foundation of the import health standard and therefore this is considered by Biosecurity New Zealand to constitute a major non-compliance. The removal of quarantine declarations from the import health standard is outside the scope of this consultation.

4. The reasoning behind this suggestion is unclear and the complexity of it would make it difficult for MAF Quarantine Service to implement consistently.

5. Biosecurity New Zealand believes that these audits should be carried out by inspectors. It is a valuable opportunity for MAF Quarantine Service to collect information about the efficacy of the import health standard as well as to assess accredited persons and transitional facilities.
6. The statement ‘using a random method’ has been removed from the external cleanliness section (section 4.3). Inspectors will select the individual container from within the consignment for inspection based the availability of the container and any other factors that may influence them.

7. Section 4.4 of the audit system relating to the verification of an accredited person has been updated to also include a verification of the transitional facility. Where an inspector notes any problems with the transitional facility or accredited person a MAF Quarantine Service auditor will undertake a full audit against the relevant MAF standard for the approval and monitoring of transitional facilities.

Any corrective action reports issued as a result of transitional facility audits will be issued to the operator. In some situations the operator may also be the importer.

8. The Biosecurity (Costs) Regulations 2003 are currently under review. This review will consider the impact of this audit system on the recovery of costs within the MAF Quarantine Service.

9. Noted, the document has been updated to clarify this.
Port of Tauranga Ltd

By way of background, you will be aware that the recent introduction of Customs x-ray equipment has resulted in Ports being placed in a position of conflict between discharging statutory obligations and trying to recover the costs of doing so from our Shipping Line customers in the normal manner. The only real way we can see for this issue to be resolved is to make every effort to avoid costs for additional moves within the Port.

As we apply our most recent experience to the introduction of the draft audit standard, we would like to explore ways in which a screening process can be undertaken by MAF well in advance of the vessel arrival, such that the Port is provided with a list of containers requiring inspection prior to discharging commencing. This would allow Ports to discharge containers directly to an inspection area, and therefore avoid the cost associated with a move from the stack. We understand that the current screening process is geared around lodgement of an application to MAF for biosecurity clearance. If these applications are made after vessel arrival, then it is probable that costs of additional moves will be incurred as a result of the container needing to be moved from the stack to the inspection area. If the screening process could be undertaken based on a more detailed manifest this would pave the way for the majority of containers requiring inspections to be discharged directly to the inspection area.

The second issue relates to our inland Port where we undertake a four sided inspection of loading containers to rail. The introduction of the draft audit standard appears to add a complication to our need to move containers to MetroPort as soon as possible and again if a request is made for an inspection after discharge, it is possible that the container would already be sent on rail to MetroPort. We would like to explore ways in which we can maintain an effective flow of cargo to our inland terminal and satisfy MAF's desired outcomes from the draft audit standard.

Biosecurity New Zealand thanks Port of Tauranga for their comments made during consultation on this audit system. We have considered your comments outlined in the following paragraphs:

Biosecurity New Zealand recognises the implications for port companies of late notification of containers selected for audit. Using the Customs CusMod system to select containers for audit ensures that consignments are selected randomly and is the easiest and most efficient way for MAF Quarantine Service to implement the increased audit rates. There are distinct disadvantages for other stakeholders (customs brokers, importers) if the selection of consignments for audit is done using manifests.

Biosecurity New Zealand has reviewed the external inspection requirements. Biosecurity New Zealand will require the external inspection of containers to be 4-sided in line with the current requirements for containers that are not accompanied by a quarantine
declaration. Biosecurity New Zealand will also require these 4-sided inspections to be carried out at the transitional facility where the container is devanned. This change in requirements should reduce the number of containers inspected in the port area and thereby reduce the number of moves required within the port area. However, containers that are subject to external inspection on level 2 or level 3 audit rates will require inspection in the port area because they are known to present a higher risk.

MAF Quarantine Service will carry out a staged implementation of the audit system. Implementation will commence with the checking of documentation and will allow MAF Quarantine Service and Biosecurity New Zealand to assess the adequacy of how the audit is being implemented. Biosecurity New Zealand will ensure that the port companies are involved in the further development of the parts of the audit to be carried out in the port area.

Biosecurity New Zealand recognises the additional clearance issues presented by Metroport. The changed requirement that external inspections be carried out at transitional facilities will ensure the flow of containers to the inland port. Biosecurity New Zealand believes that the equivalent system in place to check and document container cleanliness prior to containers being railed to Metroport will satisfy the requirements for level 2 and level 3 containers as well; however, this will be reviewed as a result of the audit outcomes.
Rheem New Zealand Limited

1. Section 4.1 and the 6th bullet point on Minor Non-Conformances - this sentence is very vague and needs to be elaborated upon. What does 'that materially but not precisely' mean. This leaves it open to much interpretation and we all know what problems that can cause.

2. Section 4.4 Accredited Person - what do you mean by 'demonstrates competency', I presume that you have some means of determining this that is consistent across the country.

3. Also Corrective Action Notice - are these raised for Minor and Major NCRs or just for Accredited Person?

4. What is the system in place for dealing with CARs? i.e. managing them, closing them out and verification that action has been effective?

5. Audit Frequency - I can see some problems here with companies that only deal with small no. of containers per year (say less than 4) and end up with a Major or Minor NCR and end up going to level 2. I think the 12 months is too long and also the fact that they have to pass 5. I would say that 3 is more acceptable. Conversely, companies that import hundreds of containers each year and end up having Major NCRs could have them cleared within days (Level 1 to Level 2 to Level 3) but have to stay at level 3 for 12 months - provided no more major NCRs occur. I can see a lot of confusion occurring.

6. What recourse do companies have if MAF determine an NCR and the company wants to dispute the decision? Re comment 1.

Biosecurity New Zealand thanks Rheem New Zealand for their comments made during consultation on this audit system. We have considered your comments outlined in the following paragraphs:

1. Biosecurity New Zealand agrees and the document has been clarified. However the specific details of this information are too lengthy to include in the document but are available publicly in a separate document published on the sea container page of the Biosecurity New Zealand website - http://www.biosecurity.govt.nz/border/transitional-facilities/sea-containers/index.htm

2. Section 4.4 of the audit system relating to the verification of an accredited person has been updated. The statement ‘demonstrates competency’ has been removed. Where an inspector notes any problems with the transitional facility or accredited person a MAF Quarantine Service auditor will undertake a full audit against the relevant MAF standard for the approval and monitoring of transitional facilities.

3. Corrective action reports are not raised for the major and minor non-compliances listed in sections 4.1, 4.2 and 4.3 of the document. The increased audit frequency is applied for these major and minor non-compliances.

4. Corrective action reports will be issued by MAF Quarantine Service auditor in line with existing MAF standard Requirements for Transitional Facility and Operator
5. Biosecurity New Zealand believes that it is important that the same audit frequencies be applied to all importers, large or small. Biosecurity New Zealand agrees that the impact of 5% of containers over 12 months may be great for some companies and has updated that audit level to include a maximum of 5 consignments.

MAF Quarantine Service will carry out a staged implementation of the audit system. Implementation will commence with the checking of documentation and will allow MAF Quarantine Service and Biosecurity New Zealand to assess the efficacy and impact of the audit levels. Biosecurity New Zealand will continue to review the audit levels during the implementation of the audit system.

6. Biosecurity New Zealand agrees that there may be some circumstances where non-compliances are disputed. The document has been updated to include details for disputes.
Saunders Unsworth Ltd

This submission is lodged on behalf of the following port companies: Ports of Auckland Limited; South Port New Zealand Limited; Eastland Port Limited, Lyttelton Port Company Limited; Port of Napier Ltd; Port Nelson Ltd; Port Otago Limited; Port Marlborough New Zealand Limited; Westgate Transport Port Taranaki; Port of Tauranga Limited; PrimePort Timaru Ltd; CentrePort Limited, Northport Limited and the Port of Greymouth.

The port companies consider the introduction of the Import Health Standard for Sea Containers has been handled well by MAF and is protecting New Zealand from biosecurity risks. The standard has however created costs for port companies, which was inevitable.

In reviewing the proposed audit procedures the port companies’ focus has been on how this can be achieved effectively, while minimizing disruption to the flow of containers and costs.

3. Selection of Containers for Audit and 4.2 External Cleanliness

Port companies are 24 hour a day operations whereas MAF biosecurity officers are not typically on duty 24 hours. Potentially the audit process could create serious logistical problems and costs for ports. This would arise from ports having to remove and relocate containers from the stack, to present for inspection.

The situation is further complicated by the use of inland ports. At present ships can be unloaded at night and containers placed on trains that leave at hours MAF is not working. If these containers are not immediately placed in a special location at the port of discharge, some will be moved by train to the inland port. If full inspection is required at the inland port, compliance costs will be increased markedly.

The problems would be reduced if Biosecurity NZ advised port companies at least 12 hours prior to arrival which containers are required for inspection. This would allow port companies to unload containers and immediately deliver them to an appropriate area for inspection. As well as improving the flow, this would reduce costs. The process recommended is broadly, but not always followed, for high-risk containers, which must be inspected.

To implement this MAF would need to require applications from importers say 24 hours prior to vessel arrival, and/or manifest details at a level that allows MAF to identify containers that will be inspected.

MAF/Biosecurity New Zealand would benefit from the proposal because the containers required for inspection (i.e. high risk and those selected for audit) would be available sooner than would otherwise be the case, after the vessel has berthed. This would reduce the biosecurity risks as well as streamlining the process.
Recommendations:

That MAF/Biosecurity New Zealand advise port companies which containers must be presented for inspection, at least 12 hours prior to vessel arrival; and,

MAF impose information timelines on importers and lines that enable it to meet port company requirements.

5.1 Audit frequency and 5.2 Non-conformances

The audit frequency section is not as clear as it could be and need to be re-written. Port companies suggest Biosecurity New Zealand reverse levels 2 and 3. This would make it clear that major non-conformances would see the exporter or declarant treated at level 3, with level 2 being in between.

6. Charges

The proposals are supported.

Further consultation

It is important that the audit system is introduced smoothly and in a way that is readily understood and accepted by all parties. Port companies wish to avoid the problems created with compliance costs associated with the X-rayng of containers. For this reason port companies request a meeting with MAF just prior to the finalisation of the new audit process to go over the operational policy issues.

Biosecurity New Zealand thanks Saunders Unsworth for their comments made during consultation on this audit system. We have considered your comments outlined in the following paragraphs:

Biosecurity New Zealand recognises the impact of the issues raised in regards to the early reporting required by the port companies. Although Biosecurity New Zealand would prefer advance presentation of documents, we are not able to impose reporting times on importers or shipping companies. Using the Customs CusMod system to select containers for audit ensures that consignments are selected randomly and is the easiest and most efficient way for MAF Quarantine Service to implement the increased audit rates. There are distinct disadvantages for other stakeholders (customs brokers, importers) if the selection of consignments for audit was done using manifests.

Biosecurity New Zealand has reviewed the external inspection requirements and requires the external inspection of containers to be 4-sided in line with the current requirements for containers that are not accompanied by a quarantine declaration. Biosecurity New Zealand will require these 4-sided inspections to be carried out at the transitional facility where the container is devanned. This change in requirements should minimise the
number of inspections carried out on the wharf and the number container moves required on the wharf. However, containers that are subject to external inspection on level 2 or level 3 audit rates will require inspection in the port area because they are known to present a higher risk.

MAF Quarantine Service will carry out a staged implementation of the audit system. Implementation will commence with the checking of documentation and will allow MAF Quarantine Service and Biosecurity New Zealand to assess the efficacy and impact of the audit levels.

Biosecurity New Zealand has reversed the naming of the level 2 and 3 audit frequencies so that they become more intuitive. Biosecurity New Zealand agrees that section 5.2 is unclear. The redrafted section now makes it clear that resultant audits will only be carried out on the aspect of the container that failed the initial audit.

Biosecurity New Zealand will ensure that the port companies are involved in the further development of the parts of the audit to be carried out in the port area.
Seaquest

Is it intended that the same container/shipment of containers go through all 1 to 4 auditing steps? Could this result in significant delay for the handling of the selected shipment

Is it more efficient and just as effective in the long term for all concerned to consider the audit procedures as discrete activities?

Biosecurity New Zealand thanks Seaquest for their comments made during consultation on this audit system.

The intention is that the same consignment goes through all of the auditing steps. MAF Quarantine Service will carry out a staged implementation of the audit system. Implementation will commence with the checking of documentation and will allow MAF Quarantine Service and Biosecurity New Zealand to gauge the impact of the audit prior to full implementation. MAF Quarantine Service and Biosecurity New Zealand will use any information obtained during this implementation to revise the system if it is deemed necessary.

Where a consignment is subject to an increased audit level due to non-compliance, the subsequent inspections will be carried out as discrete activities. This has been made clear in the revised document.
Smith & Nephew Limited

I have read the draft document outlining your proposals on auditing compliance with the import health standard for sea containers and have no significant issues with the auditing methodology.

However, I am concerned with definitions contained in section 2, specifically the definitions of 'Contamination' and 'Inspection'. I suggest, the standard is reliant upon these definitions to be enforceable and the current wording makes them difficult if not impossible to enforce. The original definition of Contamination started with the words 'Visible forms of...' and the deletion of those words must have been executed for a specific reason, and I would be interested to know the logic. However, in 'Inspection' the requirement is for 'A visual inspection...' In my view if the contaminant is not visible it will not be detected in a visual inspection. It is quite possible to miss secretions in a visual inspection yet there is an obligation on the part of the accredited person to use sufficient thoroughness to detect such contamination.

Additional thought may need to be given to this issue.

Biosecurity New Zealand thanks Smith & Nephew for their comments made during consultation on this audit system.

Biosecurity New Zealand does not expect accredited people to detect contamination that can not be seen with the naked eye.

Thank you for pointing out the inconsistencies with the contamination definition in our standards. We will ensure that when the standards are revised the definition will be made consistent.
Specialised Container Services Group Limited

1. Section 3, Selection of Containers for Audit
   This doesn’t specify if shipping lines importing empty units will also be subjected to this audit system. Imported empty units are not generally called “consignments” so if a vessel load of empties is to be considered a “consignment” this should really be specified. If this IS the case, is every empty on the same vessel all part of the same consignment? Are only some of the following sections in the standard applicable to empties or all of them? Please clarify either here or in those sections that are applicable to empty units.

2. Section 4, Audit Process
   4.2 External Cleanliness
   • There is nothing that specifically relates to what happens if contamination is NOT found – the units are then presumably free to return to the ATF for processing under the IHS/approved EQS?
   4.3 Internal Cleanliness
   • The language here indicates that a full unit is the target, as empty units do not need devanning or have manifested cargo, packaging etc. If this does apply to empty units, perhaps the language can be altered to make it clearer that this is the case, e.g. “devanning or opening for checking by Accredited Person”.
   • As an ATF receiving the consignment of units to be opened and inspected in the presence of an Inspector, how will we be informed in advance? We receive hundreds of units a day, and not all of them are units that relate to MAF. Time is the most essential factor in our service, so we turn units around as quickly as possible. We will need advance notification to ensure that the consignment/container being audited is held when it arrives.
   • Is it the shipping line or MAF who is responsible for ensuring we receive notification of an audited consignment/container?
   • The standard specifies that the “container seal must not be broken until an inspector is present” – this implies only one container of the audited consignment is to be held aside and the others are free to be opened. However further down it states that if the Inspector finds contamination that the whole consignment may then require examination by the Inspector. Does this mean that the whole consignment must be held aside and not entered until after the Inspector has signed off the first unit or only the first unit? If we only need to hold aside one unit how will we be informed of which unit is the one from the consignment to be held?
   • Who is responsible for contacting the Inspector to inform them that the units have arrived and are ready to be opened?
   • Are there time frames in place or methods for ensuring that the Inspector is available to conduct the audit in a timely manner? Otherwise we could end up waiting with a container or collection of containers we are otherwise unable to process.
• Empty units do not have container seals – but the standard specifies that the "seal must not be broken." Suggest this is reworded to indicate that seals may not always be present and that the restrictions still apply in the absence of a seal.

4.4 Accredited Person
• How does the check of the AP relate to the audits that relate specifically to the ATF? Will a corrective action raised during an audit be taken into account during the annual ATF audit?
• The raising of a corrective action request is not listed as a major or minor non-compliance. Does this mean that section 5 does not apply to the ATF/AP involved in this step?

Biosecurity New Zealand thanks Specialised Container Services Group for their comments made during consultation on this audit system. We have considered your comments outlined in the following paragraphs:

1. This audit system does not apply to empty containers. The document has been clarified.

2. 4.2 External Cleanliness
• If contamination is not found during the external inspection the containers will be subject to the next stage of the audit. If no contamination is found during the audit the containers may be released.

4.3 Internal Cleanliness
• This audit system does not apply to empty containers. The document has been clarified.
• The transitional facility will be notified that the container is subject to audit in the same way that they are currently notified for containers that are subject to inspection. Generally this is the responsibility of the person who makes the electronic declaration into the CusMod program.
• The whole consignment must be held pending the inspection of the first container. The document has been clarified to include this information.
• Inspectors will be notified in the same way that they are currently notified for other consignments that require inspection. Generally this is the responsibility of the transitional facility where the consignment is being held.
• MAF QS will use resources as efficiently as possible to ensure that the audits are conducted in a timely fashion. A staged implementation of the audit system will be carried out. This staged implementation will commence with the checking of documentation and will allow MAF Quarantine Service and Biosecurity New Zealand to gauge the impact of the audit prior to full implementation.
• The statement regarding container seals has been reworded.

4.4 Accredited Person
• Section 4.4 of the audit system relating to the verification of an accredited person has been updated to also include a verification of the transitional facility. Where an
inspector notes any problems with the transitional facility or accredited person a MAF Quarantine Service auditor will undertake a full audit against the relevant MAF standard for the approval and monitoring of transitional facilities.

- Section 5 does not apply to the transitional facility or the accredited person. The document has been updated to clarify this.
The importance of regulation and compliance in the maintenance of New Zealand’s Biosecurity is acknowledged by all three organisations. However, the NZFMA, PIANZ and the EPFNZ request that the implementation of any compliance system makes careful consideration of the costs of auditing compliance and that the costs of such a system are carefully balanced against the expected benefits to national biosecurity.

Biosecurity New Zealand thanks NZFMA, PIANZ and the EPFNZ for their comments made during consultation on this audit system. Biosecurity New Zealand agrees that it is important to carefully consider compliance costs when revising biosecurity regulations.

MAF Quarantine Service will carry out a staged implementation of the audit system. Implementation will commence with the checking of documentation and will allow MAF Quarantine Service and Biosecurity New Zealand to gauge the impact of the audit prior to full implementation. MAF Quarantine Service and Biosecurity New Zealand will use any information obtained during this implementation to revise the system if necessary.
The Warehouse

My only concern is where containers are stopped for audit and may be held on the port of discharge. This is going to lead to more demurrage if MAF are slow to process the audit and as per previous experience MAF are not willing to accept responsibility for demurrage. For those importers that are classed as level 2 or 3 I agree that containers could be held on the wharf but level 1 might be allowed to move to a transitional facility to avoid demurrage.

Biosecurity New Zealand thanks The Warehouse for their comments made during consultation on this audit system.

Biosecurity New Zealand has reviewed the external inspection requirements. Biosecurity New Zealand will require these 4-sided inspections to be carried out at the transitional facility where the container is devanned. This change in requirements should reduce the number of containers inspected in the port area and thereby minimise demurrage. However, containers that are subject to external inspection on level 2 or level 3 audit rates will require inspection in the port area because they are known to present a higher risk.
Titan Plant Services

The draft states 'When an organism that needs identification is detected the charge of $130.55 per specimen will apply.'

It then goes on 'Charges will be billed to the importer or their agent.'

I do not understand how you can possibly charge the importer for this, as these specimens may have hitched a ride on the container at the port of export, or in transit and therefore out of the control of the exporter and importer.

I also suggest that this is dangerous as some importers may decide not to report infestations to save money.

Biosecurity New Zealand thanks Titan Plant Services for their comments made during consultation on this audit system.

Reporting levels will not be affected by this charge because the interceptions of organisms will be made by inspectors. Only when inspectors intercept organisms defined in the MAF standard Requirements for the Identification and Reporting of Organisms Intercepted at the Border or Within Transitional Facilities will the identification be carried out and charged for. According to this standard the organisms likely to need identification will be live pests recovered from dunnage or other wood related packing, or where the organism needs identification to enable a decision on a suitable treatment.

Interceptions of organisms made by accredited persons will continue to be funded by the monitoring and verification levy of $8.75 charged to each imported container.

The charges section of the document has been rewritten to make this clear.