Funding Review of Plant and Forestry Exports

Biosecurity New Zealand Discussion Paper No: 2007/01

ISBN No: 978-0-478-29884-0
ISSN No: 1177-7532

March 2007
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The proposals in this paper are for consultation purposes and do not necessarily represent agreed Government policy.

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Executive Summary

Biosecurity New Zealand’s Exports Group is responsible for the provision of official assurances to overseas governments. These assurances relate to the phytosanitary certification of forestry, horticultural and arable plant products and the zoosanitary certification of all live animals and germplasm exported from New Zealand.

This paper presents proposals for future cost recovery mechanisms for services associated with the export of plant and forestry products. The primary purpose of the proposals is to develop simple cost recovery mechanisms that are easy to implement and to formalise regular consultation with industry groups. Indicative fees and charges are proposed. It is suggested that the proposed cost recovery mechanism be implemented for at least the next three years.

Biosecurity New Zealand invites submissions on the proposals put forward. The closing date for submissions is Friday 20 April 2007. Any changes to cost recovery mechanisms, fees and charges are intended to take effect from 1 July 2007.

This funding review takes into account the high-level principles for cost recovery from the Biosecurity Funding Review and Government guidelines. The objective is to have equitable, efficient, justifiable and transparent mechanisms for recovering the costs of services. The review has found that:

- the current mechanism for plant exports is complex and could be made more equitable and justifiable;
- conversely, the current regime for forestry exports is very simple and efficient; and
- regular consultation with industry groups has occurred, but more formally with some groups than with others.

Changes to cost recovery mechanisms are proposed to:

- remove the MAF inspection fees and the annual fee for approved organisations in the plant exports sector to reduce administration costs and increase equity and justifiability;
- separate the New Zealand Food Safety Authority fee for plant food exports from the Biosecurity New Zealand phytosanitary certificate fee so that the charges are more closely linked to the service being provided;
- confirm the recently introduced direct hourly charging for negotiating equivalences and issuing approvals in the forestry sector;
- increase the Biosecurity New Zealand hourly charge from $99.45 to $125 (excluding GST) to offset a total projected deficit of $90,010 for directly charged services; and
- formalise regular consultation with all industry groups.

These changes will result in projected costs to be recovered from industry of $1,076,950 for plant exporters and $327,323 for forestry exporters for 2007/08.

Biosecurity New Zealand has recently met with representatives from the plants and forestry exports sectors at a series of meetings. The proposed cost recovery mechanisms have been developed and endorsed as a result of these discussions. Indicative fees and charges have also been endorsed. Biosecurity New Zealand proposes to meet annually with the Plants Market Access Committee (PMAC) and the Forestry Products Export Council (FPEC) to assess the efficiency of the system and modify certificate fees when necessary to sufficiently cover the costs of agreed work programmes. Biosecurity New Zealand intends to meet an additional three times a year with PMAC and two times a year with FPEC to prioritise future work for the services that they fund collectively.
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1 Background
The purpose of this paper is to present for consideration cost recovery proposals for services associated with plant and forestry exports.

Biosecurity New Zealand invites submissions on the proposals put forward. The closing date for submissions is Friday 20 April 2007.

The paper has the following structure:

Section Two explains the role of Biosecurity New Zealand’s exports group and the plant products group of New Zealand Food Safety Authority, sets the context for this funding review, outlines its objectives, and describes the consultation that has occurred.

Section Three outlines the principles and methods of cost recovery guiding this review, including the regulatory framework within which Biosecurity New Zealand and the New Zealand Food Safety Authority are operating.

Section Four describes the export services that are subject to the cost recovery proposals in this paper and the outcomes to which they contribute. This section explains the principles used to determine the nature of the services and explores how these affect the decision around who should pay for them.

Section Five addresses the export of plants and plant products. It outlines the projected costs of providing these services and examines the strengths and limitations of the current cost recovery mechanism. Proposed changes to future cost recovery mechanisms for these services are presented, along with indicative fees and charges.

Section Six addresses the export of forestry products. It outlines the projected costs of providing these services and examines the strengths and limitations of the current cost recovery mechanism. Proposed changes to future cost recovery mechanisms for these services are presented, along with indicative fees and charges.

Section Seven outlines suggestions for how best to give effect to the proposals for cost recovery.

Section Eight gives guidance to submitters on the consultation process.

Accompanying attachments provide information about the definitions used in this paper, the schedule of existing fees and charges, and calculations and figures used throughout the review.
2 Introduction

2.1 OBJECTIVES OF REVIEW
Biosecurity New Zealand is undertaking a funding review of its services for the export of plants and forestry products. This follows a review of its cost recovery mechanisms and charges for live animal and germplasm exports under the Animal Products Act 1999.

Cost recovery for the export of plant and forestry products is not specifically governed by legislation. Fees and charges have historically been agreed to by Biosecurity New Zealand and representative industry groups annually.

The primary purpose of the proposals is to develop simple cost recovery mechanisms that are easy to implement and to formalise regular consultation with industry groups. Indicative fees and charges are proposed. The overall level of cost recovery from the export industry will be similar to previous years.

The review began with a retrospective analysis of the performance of cost recovery mechanisms. It then considered how to clarify and, where possible, simplify cost recovery mechanisms. This will give greater certainty to industries and will allow Biosecurity New Zealand to establish better reporting systems that can assist in future planning and reviews. The key objective of the review is to have equitable, efficient, justifiable, and transparent mechanisms for recovering the costs of services.

Biosecurity New Zealand intends to formalise regular consultation with industry groups, at least annually, to set actual fees and charges within the proposed cost recovery mechanism to provide for changing budgets and work schedules. Biosecurity New Zealand intends for any changes to cost recovery mechanisms and charges to take effect from 1 July 2007.

2.2 ROLE OF BIOSECURITY NEW ZEALAND'S EXPORTS GROUP
Biosecurity New Zealand’s Exports Group is responsible for providing official assurances to overseas governments about certain products being exported. Biosecurity New Zealand provides all phytosanitary certification for forestry, horticultural and arable plant products exported from New Zealand. For example, if the importing country requires an official assurance, the exporter of a kiwifruit consignment pays for Biosecurity New Zealand to certify its phytosanitary status.

2.3 ROLE OF THE NEW ZEALAND FOOD SAFETY AUTHORITY
Included within the scope of this funding review are mechanisms to capture the portion of NZFSA costs that Biosecurity New Zealand recovers on their behalf for the export of plant food products. Both Biosecurity New Zealand and the New Zealand Food Safety Authority (NZFSA) use the same regulatory model to support their official assurance regimes, although their responsibilities differ. NZFSA has responsibility for providing sanitary (food safety) and truth in labelling export certification for plant products. Currently, NZFSA provide official assurances relating to pesticide residues, organic production standards and quality grade to the plants industry.

2.4 CONSULTATION
Government guidelines require Biosecurity New Zealand to consult with affected parties to develop cost recovery mechanisms that best meet Government guidelines whilst taking into

1 Biosecurity New Zealand and NZFSA are both part of the Ministry of Agriculture and Forestry (MAF).
account the expectations and needs of stakeholders. A reference group drawn from Biosecurity New Zealand, NZFSA, and representatives from Independent Verification Agencies and the horticultural, arable, and forestry sectors has assisted with this funding review.

Biosecurity New Zealand has met with the Plants Market Access Council (PMAC) and the Forest Products Export Council (FPEC) at five meetings in Wellington. Both groups indicated a desire for cost recovery mechanisms that are clear and easy to implement commercially. The proposed mechanisms for future cost recovery have been developed and endorsed by the working groups as a result of these discussions. Indicative fees and charges have been endorsed.

Following the release of this discussion paper, submissions will be analysed and final cost recovery mechanisms will be agreed to, for intended implementation by 1 July 2007.
3 Principles of Cost Recovery

This section defines the criteria that have been considered in determining the most appropriate methods of cost recovery. Government guidelines prescribe that the costs of export certification should be fully cost-recovered where appropriate and in accordance with the principles outlined below.

In 2005, the Government agreed that a set of principles from the ‘Future Funding of Biosecurity Services’ (the Biosecurity Funding Review) be adopted for the assessment of any future changes to the funding of biosecurity services. This review has been guided by these principles and methods of cost recovery, along with the high-level principles of cost recovery identified in the Treasury document Guidelines for Setting Charges in the Public Sector and the Audit Office document Guidelines on Costing and Charging for Public Sector Goods and Services.

3.1 TREASURY GUIDELINES

According to Treasury guidelines, services can be characterised as public, club or private goods. In practice, there is often no clear delineation between the three categories and a product or service can have elements of all three. The issue is more one of degree with the practical consideration of how costly it is to charge the user of a service. This review adopts the following definitions to help determine the most appropriate source of funding:

- **Public good** – A good is considered public when excluding people from its benefits is either difficult or costly, and its use by one person does not detract from its use by another. In practice, pure public goods are very rare. However, many Government-provided services share the characteristics of public goods to some extent. There is a good case for recovering the costs of a public good from the community as a whole by general taxation.

- **Club good** – In the case of a club good, people can be excluded from its benefits at low cost (unlike a public good), but its use by one person does not detract from its use by another. The key difference here is that the ability to exclude implies the feasibility of charging for use. Charging club members can be an efficient way of recovering costs.

- **Private good** – In the case of a private good, people can be excluded from its benefits at low cost, and its use by one person conflicts with its use by another. There is a strong case for recovering the costs of a private good from those who benefit directly from it.

3.2 BIOSECURITY FUNDING REVIEW (2005)

In 2005, the Government endorsed the results of a major funding review that recommended changes to the ways in which export certification cost recovery is managed. The Biosecurity Funding Review found that funding arrangements must:

- collect the level of funds required;
- minimise the costs of compliance and administration;
- help keep the costs of supply low;
- be fair; and
- be consistent with our international obligations.

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2 There is also a fourth category. ‘Merit goods’ are those goods desired by the community as a whole at higher rates of consumption than if they were supplied at full cost. Merit goods may involve a mixture of Crown and private funding. The loss in public benefits from charging at full cost has to be significant. No merit goods were identified and therefore they are not relevant to this review.
The *Biosecurity Funding Review* also prescribed that those required to pay should be able to do at least one of the following:

- change their behaviour to reduce the costs of the service or the risks that give rise to the need for it over time;
- assess whether the true benefits of the service at its current levels outweigh its costs on an ongoing basis, and thereby influence its ongoing provision; and/or
- influence whether the service at its current levels is being provided in the most cost effective manner.

If they are not able to do any of the above, then it follows that Crown funding may be desirable. Based on all of the above, the *Biosecurity Funding Review* prescribed the full cost recovery of all export certification and export documentation work, including an appropriate share of overhead costs.

### 3.3 PRINCIPLES OF COST RECOVERY

Four principles for cost recovery have guided this review:

- **Equity** – funding for a particular service should be sourced from the users or beneficiaries of the service at a level commensurate with their use or benefit from the service. For example, if you are using more of a service then you pay more for it. Similarly, people in the same situation are treated the same.

- **Efficiency** – costs should generally be allocated and recovered in order to ensure that maximum benefits are delivered at minimum cost. Cost recovery mechanisms should be simple and easy to administer. In recognising that change has a cost, any changes to the fees and charges should be for demonstrable improvement.

- **Justifiability** – costs should be collected only to meet the reasonable costs (including indirect costs) for the provision or exercise of the relevant service.

- **Transparency** – costs should be identified and allocated as closely as practicable in relation to tangible service provision for the recovery period in which the service is provided. It should be clear to users what the service and its associated costs are.

### 3.4 REGULATORY MODEL

There is now a broadly endorsed worldwide trend towards the introduction of process control and risk management as a means of producing credible official assurances. The onus for producing products that comply with specified requirements has shifted to the producer, processor, manufacturer and retailer, while the onus on government is to set the frameworks for efficient and effective official assurance regimes to verify these requirements are being met. A simplified version of this regulatory model is shown in Figure 1 (page 6).

The model reduces the level of direct Government intervention, and places the responsibility for systems management and achievement of required outcomes on industry. As such, it achieves greater flexibility and economic control for individual business and allows the Government to focus its resources on verification, thus reducing the call on public funds.
Figure 1: The regulatory model (simplified).

The Biosecurity New Zealand export phytosanitary certification system operates through the delegation of authority by Biosecurity New Zealand to authorised Independent Verification Agencies (IVAs) and approved Organisations to carry out certification services and activities on behalf of Biosecurity New Zealand. The plants and forestry sectors operate under this regulatory model.

IVAs are authorised by Biosecurity New Zealand for the delivery of verification services relating to export phytosanitary certification. Currently there are four IVAs authorised by Biosecurity New Zealand.
4 Services Provided

This section details the eight key services that Biosecurity New Zealand provides for plant and forestry exports and the outcomes to which they contribute. The ability to identify the outcomes is crucial to gaining an understanding of who benefits from the services and who should pay.

4.1 MULTILATERAL STANDARD SETTING

New Zealand’s contribution to the development of multilateral standards is necessary to promote and deliver export products worldwide. The international fora with whom the Exports Group associates include the International Plant Protection Convention (IPPC) and the World Trade Organisation (WTO).

The main activities in this area include:
- contributing to the development of international standards;
- clarifying and interpreting multilateral standards and specifications; and
- undertaking responsibilities required to meet international treaties, such as those under the IPPC and the Montreal Protocol.

The IPPC is an international treaty that is designed to prevent the spread and introduction of pests of plants and plant products throughout the world. Part of New Zealand’s commitment to the IPPC is to provide export phytosanitary certification to ensure that the international trading of plants and plant products does not spread unwanted plant pests. The New Zealand Government has designated MAF as the National Plant Protection Organisation to ensure that New Zealand is meeting the requirements of the IPPC.

Given that these activities clearly have public good characteristics, the Biosecurity Funding Review found that the Crown should continue to fund multilateral standard setting.

4.2 POLICY AND TECHNICAL ADVICE

The input of policy and technical advice to export activities should take into account the best interests of New Zealanders as a whole. To maintain the independence of this advice, the Biosecurity Funding Review found that the following activities should continue to be funded by the Crown:
- providing policy and technical advice to Government policy makers;
- responding to Official Information Act requests; and
- responding to Parliamentary Questions and Ombudsman enquiries.

4.3 EXPORT STANDARDS AND SYSTEMS

These activities provide the basis for trade by safeguarding the assurances required by foreign governments. Standards and systems have been developed to support the delegation of roles and responsibilities for export certification. Under the IPPC a series of international standards for phytosanitary measures (ISPMs) have been developed. Some of these impact on and provide guidelines for export certification.

The main activities in this area include:
- developing and implementing operational standards and guidance for industry and IVAs (in consultation with industry);
- clarifying and interpreting export standards and specifications;
- reviewing the effectiveness of export standards and systems; and
- managing incidents and responding to events.
There are a number of such standards that are applicable across the different industries operating in the plants and forestry sectors. However, the benefits of many of these activities can be attributed to different industries. Once a standard is developed for a product there are no means to prevent exporters benefiting from its existence, but if it only relates to part of the wider industry it is only of value to exporters of that product. Some form of industry funding therefore seems desirable.

4.4 MARKET ACCESS MAINTENANCE
Maintaining market access serves to promote and deliver export products worldwide and involves bilateral negotiations for access when the importing country’s requirements change. As there are no New Zealand legislative requirements for the export certification of plants and plant products, the technical phytosanitary requirements are determined by the importing country. MAF’s Importing Countries’ Phytosanitary Requirements (ICPRs) outline the importing country’s legal requirements and form the basis upon which export phytosanitary certification is provided.

The main activities in this area include:
- negotiating technical market access conditions and specifications, where the Exports Group has been notified of a change by overseas authorities; and
- maintaining access, as overseas market access requirements change over time.

Market access maintenance tends to be of direct benefit to a particular exporter or industry and its use by one exporter does not detract from its use by another. For example, once the ICPRs are determined, they can be used by any exporter to export that type of plant product to that country. However, capability for the activity is of benefit to all exporters and it is not practical to charge each exporter for every piece of work undertaken. Consequently, some form of industry funding seems desirable.

4.5 NEW MARKET ACCESS
Biosecurity New Zealand incurs costs for developing new market access requirements arising from:
- negotiating with overseas government authorities;
- pre-clearance programmes;
- developing new protocols to export particular products to particular countries, at the request of an exporter;
- notifying exporters of the new protocols; and
- negotiating changes to current protocols to facilitate trade, at the request of an exporter.

Determining who should pay for negotiating market access is problematic. The line between what constitutes market access maintenance and new market access can sometimes be blurred. This distinction needs to be made before the work is undertaken. There are also clear issues around how equitable it is for the first entrant to an industry to bear the establishment costs of negotiating market access for the new product. It can be argued on the one hand that the costs only arise because the new entrant is seeking to export, but on the other hand there is a strong case for sharing the costs among exporters that enter the market later.

The Biosecurity Funding Review recommends that MAF should seek contributions from each industry to fund new market access work in return for involving them in what work is being done. If the work is driven by the needs of exporters, then they are well placed to make choices about the value of the work to them. The Exports Group currently fund almost all new market access work for the plants sector through direct charging to individual exporters or
plant product groups. The majority of new market access work in the forestry sector is funded by industry; a result of recognising broader industry benefits.

4.6 OFFICIAL ASSURANCES

Official assurances are the means by which the New Zealand Government assures a foreign government that the exported products comply with their import requirements. For plant and forestry products, official assurances are provided in the form of phytosanitary certificates.

The main activities in this area include:
- providing official phytosanitary assurances through phytosanitary certificates;
- authorising corrected certificates; and
- maintaining the phytosanitary E-cert system.

While MAF has overall accountability for New Zealand’s export phytosanitary certification system, responsibility for supporting the ongoing provision of credible official assurances has been delegated to Independent Verification Agencies (IVAs) and Organisations. This is illustrated by the regulatory model on page 6.

Official assurances may be provided to exporters of plant and forestry products where an exporter elects to operate one of the following options:
- **End Point Consignment Inspection** – within this option, every export consignment is subjected to phytosanitary inspection prior to export by an IVA to confirm the plant products compliance with the ICPR for the country of destination; or
- **Approved Organisation Programme** – this option formally recognises the approved Organisations system and the competent staff within it as the primary means of ensuring compliance with ICPRs under an IVA regime of system and surveillance audits to verify the Organisation’s system output(s).

Exporters sending products to overseas countries with requirements for official phytosanitary certification seek the service of provision of official assurances. The costs of this are determined by the nature and volume of requests and also by the standards imposed by foreign governments.

The *Biosecurity Funding Review* suggests that exporters are well-placed to decide whether they want any certification services, taking into account the costs and benefits they receive. They should therefore be funded by the individual exporter that directly benefits from the issuing of an official assurance.

4.7 NEGOTIATING EQUIVALENCES

Under the WTO Sanitary and Phytosanitary Agreement, sanitary and phytosanitary measures can be accepted as equivalent if the exporting country objectively demonstrates to the importing country that its measures achieve the same level of protection. The main activities in this area include negotiating requests for alternative measures to known overseas market access requirements.

This service is not significantly used by the Exports Group for the plants and forestry sectors. As they are usually done at the request of an exporter and are usually specific to a particular export consignment, it would seem reasonable that negotiating equivalences to overseas market access requirements should be funded by the individual exporter.

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3 The phytosanitary E-cert system is an electronic system used to generate export phytosanitary certificates.
4.8 AUTHORISATIONS AND APPROVALS

The main activities in this area include:

- authorising Independent Verification Agencies (IVAs), on behalf of Biosecurity New Zealand, for the delivery of verification services for phytosanitary export certification;
- approving Organisations to complete specific export certification activities in accordance with appropriate standards and specifications to meet ICPRs;
- keeping registers;
- revoking recognitions and approvals when necessary;
- providing the administrative systems for authorisations and approvals; and
- reviewing the systems and applications.

These activities are provided directly to the IVA or Organisation and it would therefore seem reasonable that they fund the associated costs.

4.9 PROPOSED SOURCE OF FUNDING

Table 1 summarises the proposed funding source for each service that is adopted throughout the remainder of this paper.

Table 1: Summary of who appears most appropriate to pay for each service

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<th>Service</th>
<th>Crown funded</th>
<th>Industry funded</th>
<th>Individually funded</th>
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<tr>
<td>Multilateral standard setting</td>
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<td>Policy and technical advice</td>
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<td>Export standards and systems</td>
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<td>Market access maintenance</td>
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<tr>
<td>New market access – Forestry exports</td>
<td></td>
<td>✅</td>
<td></td>
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<tr>
<td>New market access – Plant exports</td>
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<td>Official assurances</td>
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<td>Negotiating equivalences</td>
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<tr>
<td>Authorisations and approvals</td>
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5 Plant Exports

Plant exports comprise a wide range of fruit, vegetables, processed food, nursery plants, propagative material, flowers, seeds, processed animal food and growing media. Over 450 different plant products are currently exported from New Zealand.

The Plants Market Access Council (PMAC) is an incorporated society formed in 2002 for the horticultural and arable industries. It was originally established in 1997 as the Plants Market Access Consultative Committee. Its members include industry sector representatives from fresh and processed fruit, fresh and processed vegetable, arable, floriculture and nursery industries. Biosecurity New Zealand and NZFSA are both special members of PMAC.

The role of PMAC is to develop and implement strategies for New Zealand's market access and official assurances programme for plant and plant product exports. Its strategies set the generic framework within which specific industry sectors or individual operators work. Biosecurity New Zealand and PMAC meet four times a year to set the priorities for export related work in the plant sector.

5.1 COST OF PROVIDING SERVICES

This section details the costs of the services that Biosecurity New Zealand and NZFSA provide for the export of plants and plant products. Proposed changes to existing cost recovery mechanisms are introduced. All revenue and costs exclude GST.

The total annual cost of services that Biosecurity New Zealand provides for the export of plants and plant products is budgeted at $1,072,000 for 2006/07. Biosecurity New Zealand received additional Crown funding for multilateral standard setting and providing policy and technical advice of $120,000 in 2006/07. Biosecurity New Zealand does not expect any significant change to costs between 2006/07 and 2007/08 unless major projects arise.

Table 2: Total annual revenue and costs for services provided by Biosecurity New Zealand for the export of plants and plant products

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<th>Service</th>
<th>2005/06</th>
<th>2006/07</th>
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<td></td>
<td>Actual revenue</td>
<td>Actual cost</td>
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<tr>
<td></td>
<td>collected</td>
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<tr>
<td>Total</td>
<td>977,072</td>
<td>1,041,016</td>
<td>1,072,190</td>
</tr>
<tr>
<td>Export standards and systems</td>
<td>Certificate fees</td>
<td>747,033</td>
<td>743,458*</td>
</tr>
<tr>
<td></td>
<td></td>
<td>742,266</td>
<td></td>
</tr>
<tr>
<td>Market access maintenance</td>
<td></td>
<td>750,602</td>
<td></td>
</tr>
<tr>
<td>Official assurances</td>
<td></td>
<td>743,458*</td>
<td></td>
</tr>
<tr>
<td>New market access</td>
<td>Hourly charge</td>
<td>230,039</td>
<td>328,732</td>
</tr>
<tr>
<td>Official assurances</td>
<td></td>
<td>298,750</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>240,000</td>
<td></td>
</tr>
<tr>
<td>Export billable hours</td>
<td></td>
<td>2334</td>
<td>2612</td>
</tr>
<tr>
<td>Hourly rate required</td>
<td></td>
<td>$128</td>
<td>$125.85</td>
</tr>
</tbody>
</table>

* The costs of export standards and systems, market access maintenance and official assurances include NZFSA costs, external costs for administering the E-cert system of $143,020 and an administrative cost for PMAC of $68,000. NZFSA costs are for food grade and residue work. The income for this is recovered by Biosecurity New Zealand through phytosanitary certificate fees on their behalf.

* Calculations for the Export Group’s billable hours are included in Appendix 2.
Table 2 shows the total actual and projected revenue and costs of providing these services. These include the overhead costs associated with management, support services, and indirect costs that include travel, equipment, accommodation and communications.

The costs of providing directly charged services to the plants sector are currently being recovered at a rate that is insufficient to cover the costs of providing the related services and results in a projected deficit of $88,732 for 2006/07.

The current hourly rate for directly charged services is $99.45 and was set in 2002. It is proposed that the hourly charge for new market access work, negotiating equivalences and authorisations and approvals should be increased from $99.45 to $125. This proposal is based on projected costs for 2006/07, as shown in Table 2.

5.2 CURRENT COST RECOVERY MECHANISM

Figure 2 illustrates the current model of funding for the services detailed in Section 4. The first two services, multilateral standards and policy and technical advice, are Crown funded and not discussed in the remainder of this paper.

Figure 2: Model of current funding for services related to the plant exports

Exporters of plants and plant products currently pay 6 –

To Biosecurity New Zealand:
- an export certificate fee for phytosanitary exports;
- an inspection fee for endpoint consignments from approved operators;
- an inspection fee for endpoint consignments from non-approved operators;
- an application fee for approvals and authorisations;
- an annual fee for approvals and authorisations;
- an hourly charge for amendments to approvals and authorisations;
- an hourly charge for new market access work; and
- an hourly charge for equivalences where requested.

To NZFSA:
- an export certificate fee for food exports.

6 Existing fees and charges are outlined in Appendix 3.
Currently, the costs of the private good services of authorisations and approvals, negotiating equivalences, new market access, and developing and maintaining pre-clearance programmes are directly recovered from individual exporters or plant product groups through an hourly charge of $99.45.

Revenue recovered from the export certificate fees, inspection fees, and annual fees is used to cover the costs of export standards and systems, market access maintenance, maintaining the phytosanitary E-cert system, and PMAC administration. The revenue also covers NZFSA costs for services that include export systems and standards and market access maintenance for food residue programmes and grade standards.

**Limitations**

There are significant limitations with the current mechanism. The current system is:

- overly complex;
- difficult to audit; and
- expensive to administer for the relatively small amount of costs to be recovered.

Currently, the services and associated costs are not fully transparent to users. For example, for plant food exports, the phytosanitary certificate fee does not clearly show the portion that goes to NZFSA to cover their costs. Furthermore, approved operators choosing an end-point consignment inspection for exported products are currently paying certificate, inspection and annual fees. It is not clear that they are receiving additional services for these fees compared to approved operators who carry out their own inspections.

The current system results in non-approved operators who choose an end-point consignment inspection for exported products, paying significantly higher inspection fees in addition to certificate fees. The amount recovered from non-approved operators is in excess of the costs they generate in the system. This is not as equitable or justifiable as it could be.

**5.3 PROPOSED COST RECOVERY MECHANISM**

A range of mechanisms was considered for recovering the costs of services related to the export of plants and plant products. The rationale behind each mechanism was explored and the proposed mechanism was analysed in terms of equity, efficiency, justifiability, and transparency.

It is important that the cost recovery mechanism is not overly complex, so as to avoid unnecessary administration costs. It would seem prudent, therefore, that the costs of recording auditable information should not outweigh the benefits of providing the service. Table 3 summarises the proposed source of funding for each service.

<table>
<thead>
<tr>
<th>Service</th>
<th>Crown funded</th>
<th>Industry funded</th>
<th>Individually funded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multilateral standard setting</td>
<td>Crown funding</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Policy and technical advice</td>
<td>Crown funding</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Export standards and systems</td>
<td>Certificate fee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market access maintenance</td>
<td>Certificate fee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>New market access</td>
<td></td>
<td>Hourly charge</td>
<td></td>
</tr>
<tr>
<td>Official assurances</td>
<td></td>
<td>Certificate fee</td>
<td></td>
</tr>
<tr>
<td>Negotiating equivalences</td>
<td></td>
<td>Hourly charge</td>
<td></td>
</tr>
<tr>
<td>Authorisations and approvals</td>
<td></td>
<td>Application fee and hourly charge</td>
<td></td>
</tr>
</tbody>
</table>

7 IVAs collect the official assurance fee on behalf of Biosecurity New Zealand.
The following proposed cost recovery mechanism has been developed using the projected budget for 2006/07. Indicative fees and charges are outlined in Appendix 3. Exact costs for 2007/08 are dependent on work schedules that NZFSA and Biosecurity New Zealand are yet to determine with industry.

**Industry funded services** –
It is proposed that fixed certificate fees be used to recover the costs of export standards and systems and market access maintenance. Analysis of data has indicated that the existing fee for plant food exports is insufficient to cover the predicted costs of $175,000 (excluding GST) for NZFSA related services in 2007/08.

The indicative fees in Appendix 3 are therefore structured to more accurately reflect the revenue required for NZFSA related services, by separating the NZFSA fee for plant food exports from the Biosecurity New Zealand phytosanitary certificate fee.

**Individually funded services** –
Biosecurity New Zealand proposes that the costs of developing new market access continue to be funded by the individual exporter or industry body requesting the work through the proposed hourly charge of $125.

The official assurance activities provided directly by Biosecurity New Zealand include authorising corrected certificates and maintaining the phytosanitary E-cert system. It is proposed to recover the costs of these from the export certificate fee.

The costs of negotiating equivalences are direct and vary on a time basis. It is proposed that negotiating equivalences should continue to be recovered by an hourly charge for actual services provided to the individual exporter or plant product group at the increased rate of $125.

Biosecurity New Zealand proposes to remove the MAF inspection fees and the annual fee for approved organisations in the plant exports sector to reduce administration costs and increase equity and justifiability. It is proposed that the costs of providing authorisation and approval services to the individual Independent Verification Agency or Organisation continue to be funded through an initial application fee and an hourly charge of $125.

**Benefits**
The proposed cost recovery mechanism is simpler to implement and more auditable and efficient than the status quo. The costs of administration would be low and the overall financial implications for any one industry would not be significant. Any necessary changes to the actual fees and charges could be easily made. Biosecurity New Zealand and industry would need to agree to necessary changes to the actual fees and charges if work schedules changed significantly.

The proposed mechanism is more transparent and justifiable. The exporter pays for the service that they directly benefit from, which encourages them to request work that they value. By clearly identifying the NZFSA certificate fee for food related exports, the certificate fees are more closely linked to the service the exporter is benefiting from.

This seems the most equitable, cost efficient and customer driven cost recovery mechanism, without being overly complex. It recognises the value of New Zealand exports, and gives exporters some opportunity to change their behaviour to reduce the costs of the services or the risks that give rise to the need for it over time.
6 Forestry Exports

Forestry exports comprise two products: logs and timber. The Forest Products Export Council (FPEC) is the forestry industry’s main market access body in New Zealand. Its members include industry sector representatives from log and timber industries. Biosecurity New Zealand is a special member of FPEC.

The role of FPEC is to develop and implement strategies for New Zealand’s market access and official assurance programmes for the forestry sector. Its strategies set the generic framework within which industry groups or individual operators work. Biosecurity New Zealand and FPEC meet three times a year to set the priorities for export related work in the forestry sector.

6.1 COST OF PROVIDING SERVICES

This section details the costs of the services that Biosecurity New Zealand currently provides for the export of forestry and forest products. Proposed changes to existing cost recovery mechanisms are introduced. All revenue and costs throughout this paper exclude GST.

The total annual cost of services that Biosecurity New Zealand provides for the export of forest products is budgeted at $315,043 for 2006/07. This is substantially more than the budget of $235,640 in 2005/06. In 2005/06, Biosecurity New Zealand reviewed the delegations given to the IVA function and as a result more responsibilities were assigned within Biosecurity New Zealand. At that point it was identified that an increased budget was required to be able to provide services to meet the export needs of the forestry industry.

Biosecurity New Zealand received additional Crown funding for multilateral standard setting and providing policy and technical advice of $10,500 in 2006/07. Biosecurity New Zealand does not expect any significant change to costs between 2006/07 and 2007/08 unless major projects arise.

Table 4: Total annual cost and projected operating budget for services provided by Biosecurity New Zealand for the export of forestry

<table>
<thead>
<tr>
<th>Service</th>
<th>Method of cost recovery</th>
<th>Actual cost 2005/06</th>
<th>Projected revenue 2006/07</th>
<th>Projected cost 2006/07</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td></td>
<td>$235,640</td>
<td>$313,765</td>
<td>$315,043</td>
</tr>
<tr>
<td>Export standards and systems</td>
<td>Certificate and volume fees</td>
<td>$235,640</td>
<td>$308,793</td>
<td>$308,793</td>
</tr>
<tr>
<td>Market access maintenance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Official assurances</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New market access</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Negotiating equivalences</td>
<td>Hourly charge (at estimated 50 hours)</td>
<td>N/A</td>
<td>$4,972</td>
<td>$6,250</td>
</tr>
<tr>
<td>Authorisations and approvals</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 4 shows the total actual and projected costs of providing these services. These include the overhead costs associated with management, support services, and indirect costs that include travel, equipment, accommodation and communications. Prior to restructuring, the actual hours and costs for the directly charged services of negotiating equivalences and

\[\text{Note that these proposals do not apply to MAF registered certification mark (ISPM 15) applicators. Cost recovery for this group will be the subject of a separate cost recovery review of technical service providers.}\]

\[\text{The costs of export standards and systems, market access maintenance, official assurances and new market access include an administrative cost for FPEC of $22,500, an IVA collection fee of $16,888 and E-cert development and support costs of $158,694.}\]
issuing authorisations and approvals were not recorded. It is estimated that 50 billable hours will be required to provide these services in 2006/2007, at a cost of $4,972 at the current hourly rate of $99.45.

The current hourly rate was set in 2002 and is projected to result in a deficit for plant exports. Since the indirect and overhead costs are the same across Biosecurity New Zealand’s Exports Group, it is proposed that the hourly charge for negotiating equivalences and authorisations and approvals should be increased from $99.45 to $125, in alignment with the proposed hourly charge for plant exports. The projected hourly rate of $125 is used to calculate the costs of these services to forestry exporters for 2007/08, as shown in Appendix 3.

The costs of providing industry funded export services to the forestry sector are currently being fully recovered and Biosecurity New Zealand is not seeking to recover additional revenue from fees.

6.2 CURRENT COST RECOVERY MECHANISM

Figure 3 illustrates the current model of funding for the services detailed in Section 4. The first two services, multilateral standards and policy and technical advice, are Crown funded and not discussed in the remainder of this paper.

Figure 3: Model of current funding for services related to forestry exports

Exporters of forestry products currently pay to Biosecurity New Zealand:
- an export certificate fee for log and timber exports;
- a volume fee for log and timber exports;
- an application fee for approvals and authorisations; and
- an hourly charge for amendments to approvals and authorisations. 10

Currently, revenue recovered from Biosecurity New Zealand’s export certificate fees and volume fees is used to fund the industry good services of export systems and standards, market access maintenance, and new market access for forestry exports. The main point of difference from the plants sector is that the costs of new market access work for forestry exports are funded generically by industry.

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10 Prior to 1 July 2006, exports of forestry products were only charged the export certificate fee and volume fee.
6.3 PROPOSED COST RECOVERY MECHANISM

It is important that the cost recovery mechanism is not overly complex, so as to avoid unnecessary administration costs. It would seem prudent, therefore, that the costs of recording auditable information should not outweigh the benefits of providing the service. Table 5 summarises the proposed source of funding for each service.

Table 5: Summary of the proposed source of funding for each forestry service

<table>
<thead>
<tr>
<th>Service</th>
<th>Crown funded</th>
<th>Industry funded</th>
<th>Individually funded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multilateral standard setting</td>
<td>Crown funding</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Policy and technical advice</td>
<td>Crown funding</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Export standards and systems</td>
<td>Certificate fee &amp; volume fee</td>
<td>Certificate fee &amp; volume fee</td>
<td>Certificate fee &amp; volume fee</td>
</tr>
<tr>
<td>Market access maintenance</td>
<td>Certificate fee &amp; volume fee</td>
<td>Certificate fee &amp; volume fee</td>
<td>Certificate fee &amp; volume fee</td>
</tr>
<tr>
<td>New market access</td>
<td>Certificate fee &amp; volume fee</td>
<td>Certificate fee &amp; volume fee</td>
<td>Certificate fee &amp; volume fee</td>
</tr>
<tr>
<td>Official assurances</td>
<td>Certificate fee and volume fee</td>
<td>Hourly charge</td>
<td>Application fee and hourly charge</td>
</tr>
<tr>
<td>Negotiating equivalences</td>
<td>Certificate fee and volume fee</td>
<td>Hourly charge</td>
<td>Application fee and hourly charge</td>
</tr>
<tr>
<td>Authorisations and approvals</td>
<td>Certificate fee and volume fee</td>
<td>Hourly charge</td>
<td>Application fee and hourly charge</td>
</tr>
</tbody>
</table>

It is proposed that the current cost recovery mechanism for services related to the export of logs and timber be continued. It is a very simple system and easy to administer. This is particularly appropriate given the relatively small amount of costs to be recovered.

The proposed cost recovery mechanism for providing industry and private good services has been developed using the projected budget for 2006/07. Indicative fees and charges are outlined in Appendix 3. Exact costs for 2007/08 are dependent on work schedules that Biosecurity New Zealand is yet to determine with industry.

**Industry funded services** –

It is proposed that the costs of providing export standards and systems, market access maintenance and new market access continue to be funded by industry through export certificate fees and volume fees. Unlike the plants sector with its large number of diverse products, forestry exporters share common issues with regard to new market access because they export similar product. It is more efficient and equitable for this to be funded by industry.

**Individually funded services** –

It is proposed that the work involved in issuing official assurances continue to be individually funded through the phytosanitary export certificate fee and a volume fee.

It is proposed that the costs of providing authorisations and approvals to the individual IVA or organisation continue to be funded through an application fee and an hourly charge of $125.

The costs of negotiating equivalences are also direct and vary on a time basis. It is proposed that negotiating equivalences should be recovered by the same hourly charge for actual services provided to the individual exporter or plant product group.

This seems the most equitable, justifiable, cost effective, and customer driven cost recovery mechanism, as the fees and charges are directly linked to the service that the exporter is benefiting from. Biosecurity New Zealand and industry would need to agree to necessary changes to the fees and charges if work schedules changed significantly.
7 How Best to Give Effect to the Proposal

The Biosecurity Funding Review recommends that if cost recovery is sought from a particular group of exporters or industry, they should in return be involved in determining the priorities for this work.

Biosecurity New Zealand proposes to continue meeting formally with the Plants Market Access Committee (PMAC) four times a year and with the Forestry Products Export Council (FPEC) three times a year. This would provide the opportunity for industries to prioritise future work for the services that they fund collectively.

To implement the proposed cost recovery mechanism, Biosecurity New Zealand proposes to work with PMAC and FPEC to set certificate fees annually that sufficiently cover the costs of the agreed work programmes.

Biosecurity New Zealand recommends that the proposed cost recovery mechanism be implemented for at least the next three years before undertaking another review.

7.1 BUSINESS COMPLIANCE COSTS

Biosecurity New Zealand does not anticipate any marked change in compliance costs for exporters of plants and forestry. The services subject to this review are already being cost recovered and the proposal is only to simplify the cost recovery mechanisms so that they are more efficient, equitable, justifiable and transparent. Appendix 3 details the comparison of current and proposed costs to industry.
8 Notes for Submitters

We welcome submissions from all interested parties on any aspect of the proposed cost recovery mechanisms and charges presented in this document.

Submissions are public information and may be the subject of requests under the Official Information Act 1982. If you consider that any or all of the information in your submission should be treated as confidential or commercially sensitive, please state this clearly in your submission. Any decision to withhold information under the Official Information Act may be reviewed by the Ombudsman.

8.1 KEY ISSUES BIOSECURITY NEW ZEALAND SEEKS COMMENT ON

The key issues that Biosecurity New Zealand seeks comment on are:

- What are your views on Biosecurity New Zealand’s proposal to increase the hourly charge for private good services to $125 for plant and forestry exporters? (pages 12 and 16)
- What are your views on new market access work continuing to be funded by the individual exporter requesting the work for plants, and by the industry as a whole for forestry? (pages 14 and 17)
- What are your thoughts on the removal of the MAF inspection fees and annual fees for approved organisations in the plant exports sector? (page 14)
- What do you think would be an effective way for exporters to work with Biosecurity New Zealand in prioritising the services that they fund and set appropriate fees? (page 18)
- Any other issues you may like to comment on?

8.2 REQUIREMENTS FOR SUBMISSIONS

Submitters are asked to include the following information in their submissions:

- the title of this discussion document;
- your name and title;
- your organisation’s name (if applicable);
- your address and contact details (e.g. phone, fax and email); and
- the number(s) of the sections you are commenting on.

8.3 CLOSING DATE FOR SUBMISSIONS

All submissions must be received by Biosecurity New Zealand no later than 5pm on Friday 20 April 2007. Please address submissions to:

Technical Support Officer (Exports)
Pre-Clearance
Biosecurity New Zealand
PO Box 2526
WELLINGTON
Email: plantexports@maf.govt.nz
Facsimile: 04 894 0731

8.4 PROCESS FOLLOWING RECEIPT OF SUBMISSIONS

The next stage in the review will be to analyse all submissions and agree on final cost recovery mechanisms. A document summarising the submissions will be made public and distributed to each submitter. It is intended that the new cost recovery regime will be implemented by 1 July 2007.
Appendix 1: Acronyms and definitions

Approvals – Confirmation by the regulator that the person or agency satisfactorily meets the legal requirements. It does not cover requirements for export approvals (these are ‘official assurances’) or any matters concerned with the appointment of statutory powers or delegations.

Biosecurity New Zealand – The department of the Ministry of Agriculture and Forestry (MAF) that fulfils the role as lead agency in New Zealand’s biosecurity system.

Certification – Procedure by which official written or equivalent assurance is given that plant or forestry exports conform to requirements.

Direct cost – The portion of cost that is directly expended in providing a good or service. The cost can be traced to a given output in an economically feasible manner.

Equivalence – Equivalence to an importing country’s requirement may be requested where it can be shown on technical grounds that the requirement can be met by alternative means.

Export certificate – A certificate setting out the conditions agreed by New Zealand and the importing country to be met when exporting plants or forestry products. Once the certificate is completed, signed and stamped by an authorised person, it becomes an official assurance.

Exports Group – The group within MAF Biosecurity New Zealand responsible for the development and negotiation of export certification procedures for live animals and germplasm, plants, and forestry.

Fee – A charge to an individual for a particular good or service.

FPEC – Forest Products Export Council.

ICPR – Importing Countries Phytosanitary Requirements.

Indirect cost – the portion of cost that is indirectly expended in providing a good or service. The cost cannot be traced to a given output in an economically feasible manner. Indirect costs can also be referred to as ‘overheads’.


IVA – Independent Verification Agency.

MAF – New Zealand Ministry of Agriculture and Forestry.


NZFSA – New Zealand Food Safety Authority.
**Official assurances** – Certificates signed by the New Zealand Government for the purpose of assuring a foreign government about the product being exported. The form of an official assurance is usually an export certificate.

**Official treatment** – Those required by Biosecurity New Zealand for import risk goods or for export goods to comply with Importing Countries Phytosanitary Requirements (ICPRs).

**Operator** – The legally identifiable person or organisation responsible for the performance of the Operator System.

**Organisation** – The legal entity, be it an individual, partnership, company or other form of legal entity, responsible for the performance of the system approved by Biosecurity New Zealand.

**Pest** – Any species, strain or biotype of plant, animal or pathogenic agent injurious to plants or plant products (includes soil).

**Phytosanitary** – Plant health.

**PMAC** – Plant Market Access Council Incorporated.

**Standard** – A regulatory requirement, generally of a technical nature.

**Treatment** – Officially authorised procedure for the killing, removal or rendering infertile of pests; and also for the purposes of rendering non-viable or devitalising a consignment of plants, forest or plant products, and animals.

**Verification** – The application of methods, procedures, tests and other checks by recognised persons to confirm that the product for export complies with regulatory requirements and statements on the official assurance.

**WTO** – World Trade Organisation.
Appendix 2: Calculations for cost recovery proposals

Total Export Billable Hours
The following table illustrates the method used to calculate Biosecurity New Zealand’s total export billable hours for plants exports. The number of hours per person was calculated by removing statutory holidays, annual leave, sick leave entitlements and overheads.

<table>
<thead>
<tr>
<th>2006/07</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of hours per person</td>
<td>1792</td>
</tr>
<tr>
<td>Less overhead time</td>
<td>448</td>
</tr>
<tr>
<td>Total billable hours per person</td>
<td>1344</td>
</tr>
</tbody>
</table>

These hours were derived from Biosecurity New Zealand’s time-capturing system, Time Disciple, and weighted against each service described in this paper. The percentage of time for each service activity was also calculated.

Biosecurity New Zealand Costs
The total projected costs for 2006/07 in the plants sector were based on the total costs required and the percentage of actual time spent (including overheads) on export standards and systems, market access maintenance, and new market access for the years 2004 – 2006. These included the costs for Biosecurity New Zealand, NZFSA, and administration costs for PMAC and for operating the phytosanitary E-cert system. The costs of overheads were evenly distributed across the services.

To calculate the proposed hourly charge for individually funded services, fixed costs were subtracted from the 2006/07 budget for each service and then divided by the number of hours that Biosecurity New Zealand estimates to spend on each service area.

Prior to restructuring, the actual hours and costs for the directly charged services of negotiating equivalences and issuing authorisations and approvals in the forestry sector were not recorded. It is estimated that 50 billable hours will be required to provide these services in 2006/2007, at a cost of $4,972 at the current hourly rate of $99.45.
Appendix 3: Comparison of current and proposed costs to industry

The following tables compare the current and proposed indicative costs to industry of Biosecurity New Zealand services for plant and forestry exports. All figures exclude GST.

The tables also summarise the existing fees and charges relevant to this funding review. These can be found on the following website: http://www.biosecurity.govt.nz/commercial-exports/plant-exports/fees

Plant exports

For 2006/07, the estimated cost to industry from existing certification fees ($777,260) is derived from data collected from Biosecurity New Zealand’s exports database for the period October 2005 – September 2006. In comparison, the total revenue from fees of $747,033 for 2005/06 (Table 2) is for the financial year July 2005 – June 2006. Thus there is a small difference of $30,227.

<table>
<thead>
<tr>
<th>Type of fee</th>
<th>Existing fee</th>
<th>Estimated cost to industry 2006/07</th>
<th>Proposed fee</th>
<th>Predicted cost to industry 2007/08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificate fees</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Phytosanitary certificate fee</td>
<td>$13</td>
<td>$428,140</td>
<td>$17</td>
<td>$575,450</td>
</tr>
<tr>
<td>- NZFSA food fee</td>
<td>$4</td>
<td>$96,780</td>
<td>$7</td>
<td>$175,000</td>
</tr>
<tr>
<td>- Non-commercial</td>
<td>$30</td>
<td>$11,580</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Inspection fee</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- End-point inspection – approved operator</td>
<td>$30</td>
<td>$41,010</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>- End-point inspection – non approved operator</td>
<td>$50</td>
<td>$98,250</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Authorisation and approval fees</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Annual fee (per operator system)</td>
<td>$350</td>
<td>$101,500</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>- Application fee</td>
<td>$480</td>
<td>Nil</td>
<td>$480</td>
<td>Nil</td>
</tr>
<tr>
<td>Subtotal</td>
<td>$777,260</td>
<td></td>
<td>$750,450</td>
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</tr>
<tr>
<td>Hourly charge</td>
<td>$99.45</td>
<td>$232,116</td>
<td>$125</td>
<td>$326,500</td>
</tr>
<tr>
<td>Total</td>
<td>$1,009,376</td>
<td></td>
<td>$1,076,950</td>
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</tr>
</tbody>
</table>
Forestry exports

For 2006/07, the estimated cost to industry from certificate fees is derived from the previous fee of $7.86 for July 2006 – Sept 2006 and $12.63 for the remainder of the financial year. The proposed phytosanitary certificate fee for 2007/08 no longer includes an IVA handling fee.

<table>
<thead>
<tr>
<th>Type of fee</th>
<th>Existing fee</th>
<th>Estimated cost to industry 2006/07</th>
<th>Proposed fee</th>
<th>Predicted cost to industry 2007/08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phytosanitary certificate fee 11</td>
<td>$12.63</td>
<td>$235,640</td>
<td>$12.00</td>
<td>$247,920</td>
</tr>
<tr>
<td>Volume fee</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Timber/m³</td>
<td>$0.03</td>
<td>$44,053</td>
<td>$0.03</td>
<td>$44,053</td>
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<tr>
<td>- Logs/m³</td>
<td>$0.02</td>
<td>$29,100</td>
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<td>$29,100</td>
</tr>
<tr>
<td>Application fee</td>
<td>$480</td>
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<td>$480</td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td></td>
<td>$308,793</td>
<td>$321,073</td>
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<tr>
<td>Hourly charge</td>
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<td>$6,250</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$313,765</td>
<td>$327,323</td>
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</tbody>
</table>

11 For approved and non-approved Organisations.