

Biosecurity Costs Regulations Review 2009

Frequently Asked Questions (FAQ's)

1. *Q – Why are there two charging methods for vehicles?*

A – The activity and time measured for vehicle clearances at ports were significantly different from those at transitional facilities because of differences in the inspection process. Most of the difference was in the inspection set-up time that was quicker for larger importers/companies at the port of arrival. The hourly rate charge for inspections performed at a transitional facility will encourage the facility operator to prepare better for the inspection and subsequently pay less. Over half of all New Zealand inspections at transitional facilities are those of used motor cycles. MAF considers that it is fairer and more equitable to apply different charging methods to the two different operation types.

2. *Q – The proposed new single levy is \$12.50 and the hourly rate is \$100 (included in the levy is the first 15 minutes of processing time) – How does the \$12.50 cover this?*

A – All of the fixed activity costs (including the first 15 minutes of processing a Biosecurity Authorisation/ Clearance Certificate application) are approximately \$13 million per annum. This amount is proposed to be collected on about 1.2 million 'trigger points' in the New Zealand Customs Service electronic system. MAF's variable border clearance costs constitute about \$10 million per annum. This amount is proposed to be collected via the hourly rate charge and specific fees. There is no relationship between the first 15 minutes in the levy and the hourly rate charge.

3. *Q – Why is the proposed new single levy collected on electronic Customs interface (ECI) reports and not on a consignment basis?*

A – It was found that 70,000 ECI reports per annum equated to the activity undertaken in the screening of manifests (this activity is not currently cost recovered). Approximately 2-3 % of the total goods (consignments) have biosecurity risk content. Charging \$12.50 per ECI report would equate to approximately 29 cents per consignment. This was seen as being fair and equitable to the total importing community in this pathway, rather than establishing another specific fee.

4. *Q – Are a number of specific charges in the current Regulations no longer included in the proposed regulations?*

A – Correct – we were asked by our stakeholders and our staff to simplify the current charging system. In analysing the activities required to clear goods and separating the fixed from the variable activity, we were able to identify common activities and their costs. These costs are proposed to be recovered via the hourly rate charge thereby reducing the number of specific fees.

5. *Q – What are the proposed changes to three biosecurity levies?*

A – The 2009 review of Biosecurity Costs Regulations and levies identified simpler and fairer ways of collecting recoverable costs. Under Option 2 of the proposed changes to the regulations and levies, savings will be made by disestablishing the data collection, verification and invoicing systems for the Shipping Container and Gypsy Moth Levies. Under Option 2, the Biosecurity Risk Screening Levy will cease also, and the proposed new Biosecurity System Entry Levy will be collected at a single entry point in the New Zealand Customs Service electronic system. Under Option 1 a separate collection will be still required for the Shipping Container and Gypsy Moth Levies.

6. *Q – How has the proposed new Annual Transitional and Containment Facility Fee been calculated?*

A – The analysis of MAF's border clearance activities has shown that some fixed activities apply only to this area of operations and not to all importers. We could not fairly include these activities in the proposed new levy. The remaining activities were variable, but the approval processing work was not variable. The simplest way to collect this activity cost was through a specific fee. This left the variable activities (such as auditing) to be collected via the hourly rate charge.

7. *Q - How has the Domestic Pet Fee been worked out?*

A – The activities entailed in a biosecurity clearance of a cat, dog, hamster or other small animals are very similar. These animals are very often cleared in ‘out of normal business hours’ times 365 days of the year. The \$40 fee covers the activity required for one domestic pet and is an amount easily tendered by recent arrivals.

Note: Assistance animals are exempt from this fee if they are accompanying the person requiring their assistance. There are approximately nine of these per year.

8. *Q – Why do the proposed new regulations still contain specific charges for inspection of animals and animal material imported from the EU member countries?*

A – We are bound by legal obligations to comply with international agreements, to which New Zealand is a party. The specific rates for inspection of animals and animal material directly imported from the EU member countries are subject to the Agreement between the European Community and New Zealand on Sanitary Measures Applicable to Trade in Live Animals and Animal Products.

9. *Q – Why are the ‘out of hours’ charges back in the regulations again?*

A – MAF Biosecurity New Zealand is still being requested to work outside of its normal hours of operation. Our stakeholders need to know the likely costs prior to requesting the out-of-hours inspection and our managers need to plan for the resources required to undertake the work. The out-of-hours charge allows both parties to ascertain the scale of the cost and the scale of the work, and an assurance to MAF that those costs will be recovered.

10. *Q – Why is the Ruminant Protein Facility Audit charge included in the Border Clearance Charges Review 2009?*

A - Including this work into the 2009 review of the Biosecurity Costs Regulations was cost efficient as it eliminates the need for a separate regulatory change process including another public consultation on a single fee. Besides, the Biosecurity Costs Regulations are not limited to the border clearance charges only. The ruminant protein facility audits and associated costs are applicable to a small number of industry parties involved in production of animal feed containing ruminant protein. This activity and associated costs have no effect on the biosecurity border clearance charges or biosecurity levies.

11. *Q – The fixed activities cost \$13 million that will be collected through 1.2 million ‘trigger points’ in the New Zealand Customs Service electronic system. If import entry numbers increase, what will happen to the additional revenue?*

A – There are several parts to this answer:

- The levy and the hourly rates / specific charges have been forecast over the next three (3) years.
- The levy rate will be reviewed every year to ensure that any movement in the ‘trigger point’ numbers or in fixed activity volumes is accounted for and the levy rate is adjusted accordingly.
- Every three years the fixed activities will be reviewed and a further three year forecast will be undertaken. This will enable MAF to adjust the hourly rate and specific charges in the regulations.
- Memorandum accounting will continue, while relevant changes will be made to specific accounts reflecting the new charging structure.