

NZFSA Policy Statement on Cost Recovery

When undertaking cost recovery the New Zealand Food Safety Authority (NZFSA) will base its decisions on Government guidelines and high level principles as set out in the Treasury-produced 'Guidelines for Setting Charges in the Public Sector' and the Audit Office's 'Guidelines on Costing and Charging for Public Sector Goods and Services'. NZFSA takes into account constitutional principles as set out in Parliament's Standing Orders and guidance received from reports of the Regulations Review Committee.

When determining cost recovery proposals NZFSA follows the principles of equity, efficiency, justifiability and transparency.

NZFSA recognises that while, in principle, costs should be recovered from beneficiaries or those who create the risk, in practice implementing a cost recovery regime is not costless. If costs outweigh benefits, it may be more efficient for the government to pay.

Open, regular, timely and honest consultation is essential throughout the entire process. To ensure transparency, NZFSA identifies all affected parties, as far as is possible, and ensures they are given sufficient time and information to make an informed contribution to cost recovery proposals.

Background to the NZFSA policy statement on Cost Recovery

The legislation administered by NZFSA provides provision for the Minister (Food Safety) and the Director-General (NZFSA) to ensure that the direct and indirect costs of administering that legislation (other than that covered by Crown funding) are recovered from industry and users and beneficiaries.

NZFSA has adopted a principle based approach to its cost recovery policy with the objective to ensure there is a consistent and harmonized approach across NZFSA functions and activities. NZFSA has published its approach in the document "Cost Recovery Policy and Framework".

When determining cost recovery proposals NZFSA applies the following principles:

- **Equity:** Users or beneficiaries of a function, power or service will generally be required to fund the cost of providing the function, power or service at a level that reflects their use or benefit.
- **Efficiency:** Costs should generally be allocated and recovered in a manner that ensures maximum benefits are delivered at minimum cost.

- **Justifiability:** The costs (including the indirect costs) associated with providing a function, power or service should be reasonable and justifiable.
- **Transparency:** The cost of providing a service, function or power should be identifiable and allocated in a transparent manner.

While, in principle, costs should be recovered from beneficiaries or those who create the risk, in practice it may be inefficient for NZFSA to implement a cost recovery regime. There are situations where the costs of establishing a cost recovery regime may outweigh the benefits. In such situations it may be more efficient for the government to pay.

When assessing the efficiency of implementing cost recovery, NZFSA takes into account the influence of the cost recovery arrangements on the regulated industry, consumers, and NZFSA as the regulator.

Further Information about the NZFSA's Policy on Cost Recovery

[Treasury Guidelines for Setting Charges in the Public Sector](#) (External website)

[Charging Fee for Public Sector Goods and Services](#) (External website)

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