



Animal Products E-cert System Charging Formula

Proposed Amendments to Animal Products
(Fees Charges and Levies) Regulations 2007

MPI Discussion Paper No: 2013/04

ISBN No: 978-0-478-40542-2 (online)
ISSN No: 2253-3907 (online)

February 2013

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1 Introduction

This paper outlines proposed changes to the formula used to set charges for use of the Ministry for Primary Industries (MPI) electronic system for certification of animal products exports (AP E-cert). The changes are intended to benefit users of the AP E-cert system by reducing the degree of variability in charges.

There is also a minor wording change proposed.

Submissions are invited on the proposals. The closing date for submissions is **Friday 29th March 2013**.

2 Background

The Animal Products (Fees, Charges and Levies) Regulations 2007 contain a formula for charging for use of the E-cert system. The formula is

$$(cost\ per\ request + cost\ per\ second) \times appropriate\ percentage$$

The “appropriate percentage” depends on whether the request requires a recognised agency to use the electronic certification system for verification purposes or not. The actual costs per request and per second in the formula are set from time to time via Director General Notice.

3 Changes to AP E-cert charges regulations

Two changes are proposed to the regulations covering charges for use of the AP electronic certification system:

3.1 BASIS OF E-CERT CHARGES

Currently the Regulations require MPI to collect 50% of the annual budget for AP E-cert from transaction charges (the number of database transactions), and 50% from a time-based charge (how long those database transactions take to process).

This condition was designed to prevent misuse of the system by users. Some organisations were undertaking frequent and large searches, which slowed the database processing time for all users.

The mechanism has been effective, and organisations are now generally using the system efficiently.

However, due to other demands on the MPI network system, the time the database takes to process E-cert requests may vary, with resultant fluctuations in AP E-cert charges. Currently the impact of variable server performance on user charges is managed by credits and discounting. This is administratively cumbersome and costly.

MPI would like to have the ability to reduce or remove the time-based charge, in order to minimise the impact that variable server performance may have on user charges, whilst at the same time retaining the flexibility to increase or re-institute a time-based charge should industry behaviour revert to inefficient use and system overload.

It is therefore proposed to:

- (a) delete the current Clauses 2 and 3 in the Animal Products (Fees Charges and Levies) Regulations, concerning the 50/50 split between transaction and time based charging, and
- (b) amend Clause 4 to read “In setting any **cost per request** or **cost per second**, the aim is for these charges to provide the necessary funding for the annual budget for the electronic certification system, and to reflect usage of the electronic certification system for the relevant year or other period, with regular updating if appropriate.”

The method of calculating charges will not change. That is, where there is no time-based charge, the cost per request will be determined by dividing the annual budget for the electronic certification system by the projected number of database requests for the year.

The proposed change is intended to reduce variability in AP E-cert charges, and thus provide a greater degree of predictability for users of the system.

3.2 UPDATED WORDING

The reference in current clause 1(b) to “MAF Verification Agency” needs to be replaced with “Recognised Agency”. While initially the MAF Verification Agency was the only agency carrying out verification activities within the AP E-cert system, other agencies are now also carrying out these activities.

4 Next Steps

Submissions are invited on the proposed changes to the Regulations covering AP E-cert charging.

The closing date for submissions is 5.00pm, **Friday 29th March 2013**.

Submitters are asked to include the following information with their submission:

1. The title of the discussion document;
2. The name and title of the submitter;
3. Name of organisation where applicable;
4. Submitters address and contact details (phone, fax and e-mail if available); and
5. The title and number of the clause(s) commented on where appropriate.

Submissions or queries should be addressed to:

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