



Cabinet Economic Development Committee

Summary

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Dairy Industry Restructuring Act 2001: Proposed Technical Amendments

Portfolio	Agriculture
Purpose	This paper seeks agreement to amend Part 2, Subpart 4 of the Dairy Industry Restructuring Act 2001 (DIRA) to reflect the change in management of the New Zealand Dairy Industry Core Database (the core database) from Livestock Improvement Corporation (LIC) to DairyNZ, and to revoke the Herd Testing Regulations 1958.
Previous Consideration	<p>In June 2014, the previous government agreed to amend the DIRA and relevant regulations to enable the management of the core database to be transferred from LIC to DairyNZ [EGI Min (14) 14/6]. This transfer was notified in the <i>Gazette</i>, but the DIRA has not yet been updated to reflect the change of manager.</p> <p>In October 2018, DEV agreed to release a discussion document as the basis for public consultation on a wider review of the DIRA and its impact on the dairy industry [DEV-18-MIN-0238].</p>
Summary	<p>Part 2, Subpart 4 of the DIRA is out of date as it still refers to LIC as the entity responsible for the management of the core database.</p> <p>Agreement is sought to amend the DIRA to remove references to LIC and permit DairyNZ to be recognised as the current manager of the core database. It is proposed to future-proof the legislation by providing that a new manager may be appointed by regulation if the current manager is no longer appropriate to manage the database, and to update the regulation-making powers.</p> <p>Agreement is also sought to revoke the Herd Testing Regulations 1958, as they are now redundant. Decisions of the now disestablished Dairy Herd Improvement Tribunal will continue to be retained.</p>
Regulatory Impact Analysis	A Regulatory Impact Statement and a preliminary impact and risk assessment are attached . The Ministry for Primary Industries considers that these two assessments meet the quality assurance criteria.
Baseline Implications	None.

Legislative Implications	The Dairy Industry Restructuring Amendment Bill has a category 2 on the 2019 Legislation Programme (must be passed in 2019).
Timing Issues	The Minister of Agriculture will report to DEV separately (in June 2019) on the outcome of the review of Subpart 5 of the DIRA (relating to the regulation of Fonterra).
Announcement	The Minister of Agriculture will notify relevant stakeholders.
Proactive Release	This paper is likely to be proactively released, following Cabinet's consideration.
Consultation	<p>Paper prepared by MPI. MBIE, Treasury, MFAT and TPK were consulted. DPMC was informed.</p> <p>The Minister of Agriculture indicates that New Zealand First, the Green Party and the Labour Party were consulted.</p>

The Minister of Agriculture recommends that the Committee:

- 1 note that Part 2, subpart 4 of the Dairy Industry Restructuring Act 2001 (the DIRA), which governs the management of the New Zealand Dairy Core Database (the core database), is out of date;
- 2 agree that the DIRA be amended to:
 - 2.1 remove references to Livestock Improvement Corporation as the entity responsible for managing the core database;
 - 2.2 permit DairyNZ to be recognised as the current manager of the core database;
 - 2.3 provide that a new manager may be appointed by regulation if the current manager is no longer appropriate to manage the core database;
 - 2.4 update regulation-making powers consistent with the change of manager of the core database;
- 3 note that the Dairy Industry Restructuring Amendment Bill has a category 2 on the 2019 Legislation Programme (must be passed in 2019);
- 4 note that officials are currently consulting on other proposed amendments to the DIRA, which the Minister of Agriculture is proposing to bring to Cabinet in June 2019 for policy decisions;
- 5 note that further drafting instructions for the Dairy Industry Restructuring Amendment Bill will be issued after Cabinet makes the policy decisions referred to in paragraph 5 above;
- 6 agree that the Herd Testing Regulations 1958, which are now redundant, be revoked;
- 7 agree that Tribunal decisions made pursuant to the Herd Testing Regulations 1958 and published in the *Gazette* be retained;

- 8 invite the Minister of Agriculture to issue drafting instructions to the Parliamentary Counsel Office to give effect to the policy decisions in paragraphs 2, 6 and 7 above.

Janine Harvey
Committee Secretary

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