



# Consultation Paper on Proposed Revisions to the Cost Recovery Regimes

Biosecurity, Animal Products, Agricultural Compounds  
and Veterinary Medicines, Wine and Animal Welfare

Animal Products – Verification services  
proposals and fee updates

Excerpt from MPI Discussion Paper No: 2015/02

ISBN No: 978-0-477-10530-9 (online)

ISSN No: 2253-3907 (online)

Prepared for Public Consultation

January 2015

## Disclaimer

While every effort has been made to ensure the information in this publication is accurate, the Ministry for Primary Industries does not accept any responsibility or liability for error of fact, omission, interpretation or opinion that may be present, nor for the consequences of any decisions based on this information.

Requests for further copies should be directed to:

Publications Logistics Officer  
Ministry for Primary Industries  
PO Box 2526  
WELLINGTON 6140

Email: [costrecovery@mpi.govt.nz](mailto:costrecovery@mpi.govt.nz)  
Telephone: 0800 00 83 33

This publication is also available on the Ministry for Primary Industries website at <http://www.mpi.govt.nz/news-resources/publications.aspx>

© Crown Copyright - Ministry for Primary Industries

### Colour Key for Navigation

<i>Sector</i>	<i>Relevant sections</i>	<i>Colour</i>
Meat, Game, Bee Products, Seafood, Poultry and Eggs, Stores and Secondary Processors	6B, 6C, 6D, 9	
Dairy	6E, 6D, 9	
Seafood	6B, 6C, 6D, 9	
Wine	8, 9	
Importers and biosecurity facility operators	4, 9	
Agricultural compound and veterinary medicine registrants and importers	4, 5, 9	
Live animal exports	6A, 7, 9	

<b>Contents</b>	<b>Page</b>
<b><i>Part 6D –Verification Services</i></b>	<b>76</b>
6.24 APA#18 – Change the way programme charges are calculated and applied	76
6.24.1 Background	76
6.24.2 Problem definition	76
6.24.3 Proposed change to the way the programme charge is calculated	77
6.24.4 Questions for consideration	77
6.25 APA#19 – Remove annual charges for certain sectors	77
6.25.1 Background	77
6.25.2 Problem definition	78
6.25.3 Proposed removal of the annual charge	78
6.25.4 Questions for consideration	78
6.26 APA#20 – Charge for establishing a full-time verification services presence	78
6.26.1 Background	78
6.26.2 Problem definition	79
6.26.3 Proposed charges for establishing a full-time verification services presence	79
6.26.4 Questions for consideration	79
6.27 APA#21 – Charge for non-verification functions	79
6.27.1 Background	79
6.27.2 Problem definition	79
6.27.3 Proposed charges for non-verification functions	80
6.27.4 Questions for consideration	80
6.28 APA#22 – Remove differentiation between veterinarian and non-veterinarian circuit verifiers	80
6.28.1 Background	80
6.28.2 Problem definition	80
6.28.3 Proposed uniform charging basis for veterinarian and non-veterinarian circuit verifiers	80
6.28.4 Questions for consideration	81
6.29 APA#23 – Introduce new penal rates	81
6.29.1 Background	81
6.29.2 Problem definition	81
6.29.3 Proposed penal rates	81
6.29.4 Questions for consideration	81
6.30 APA#24 – Revise definition of penal rates	81
6.30.1 Background	81
6.30.2 Problem definition	81

6.30.3	Revise the definition of penal rate	82
6.30.4	Questions for consideration	82
6.37	<i>Appendix 1 – MPI Activities under the Animal Products Act</i>	104
6.37.1	New Zealand standards, specifications and guidance	104
6.37.2	Export standards and market access	104
6.37.3	Approvals and registrations	104
6.37.4	Monitoring and audit	104
6.37.5	Operational response and investigations	105
6.37.6	Enforcement	105
6.37.7	Policy advice (including technical input)	105
6.38	<i>Appendix 2 – MPI Verification Services Structure</i>	106
6.39	<i>Appendix 3 – Services to the dairy industry</i>	106
6.39.1	The development and maintenance of New Zealand standards	106
6.39.2	Performance Monitoring	106
6.39.3	The development and maintenance of market access and export standards	107
6.39.4	The dairy residue monitoring programme (National Chemical Contaminants Programme)	107
6.41	<i>Appendix 5 – APA Non-dairy – Existing and proposed fees (non-dairy) under Animal Products Act 1999</i>	118
<b>9</b>	<b>Proposals that impact across multiple cost recovery regimes</b>	<b>170</b>
9.1	Background	170
9.2	Policy proposals	170
9.3	Common#1 – Align hourly rate charges	170
9.3.1	Background	170
9.3.2	Regimes affected by this proposal	170
9.3.3	Problem definition	171
9.3.4	Proposed alignment of hourly rate charging approach in keeping with the animal products fees	171
9.3.5	Questions for consideration	171
9.4	Common#2 – Use Inland Revenue Department vehicle mileage rates	172
9.4.1	Background	172
9.4.2	Regimes affected by this proposal	172
9.4.3	Problem definition	172
9.4.4	Proposed change to a common approach for mileage rates and the recovery of any other travel costs	172
9.4.5	Questions for consideration	173
9.5	Common#3 – Recover costs for support staff involved in specialist services	173
9.5.1	Background	173

9.5.2	Regimes affected by this proposal	173
9.5.3	Problem definition	173
9.5.4	Proposed charges for support staff involved in export certification	174
9.5.5	Questions for consideration	174
9.6	Common#4 – Recover other costs incurred by MPI	174
9.6.1	Background	174
9.6.2	Problem definition	174
9.6.3	Proposed charges for support staff involved in export certification	174
9.6.4	Questions for consideration	175
9.7	Common#5 – Charge for performance of function, power or duty under the Act, Regulations and Notices not prescribed elsewhere	175
9.7.1	Background	175
9.7.2	Problem definition	175
9.7.3	Proposed fees for performance of function, power or duty under the Act, Regulations and Notices not prescribed elsewhere	175
9.7.4	Questions for consideration	176
9.8	Common#6 – Correct use of the term ‘levy’	176
9.8.1	Background	176
9.8.2	Regimes affected by this proposal	176
9.8.3	Problem definition	176
9.8.4	Proposed re-categorisation of fixed fees as levies	177
9.8.5	Questions for consideration	177
9.9	Common#7 – Update references to recognised persons and agencies	177
9.9.1	Background	177
9.9.2	Regimes affected by this proposal	177
9.9.3	Problem definition	177
9.9.4	Proposed amendments	177
9.9.5	Questions for consideration	178
9.10	Common#8 – Align veterinary professional rates across biosecurity and food regulations	178
9.10.1	Background	178
9.10.2	Problem definition	178
9.10.3	Proposed charges	178
9.10.4	Questions for consideration	178

## **Part 6D – Verification Services**

### **6.24 APA#18 – CHANGE THE WAY PROGRAMME CHARGES ARE CALCULATED AND APPLIED**

#### **6.24.1 Background**

Verification Services is internationally recognised as providing a high standard of verification. Maintaining this high standard assists in promoting New Zealand’s good reputation with trading partners.

Part 7 of the Animal Products (Fees, Charges, and Levies) Regulations 2007 provides for MPI to charge a basic charge in addition to an hourly charge. The basic charge is often called a ‘programme charge’ because it is based on MPI’s indirect costs of providing verification services. The hourly rate is calculated by attributing Verification Services’ indirect costs to establishment and circuit activity areas and then dividing the attributed amount for each area by the number of billable hours for each area.

Fish processors and operators of cool stores are currently charged a reduced frontline hourly rate and do not pay the basic hourly rate, in accordance with historical NZFSA cost recovery policy settings. They do, however, pay annual licence fees by way of a pro rata monthly invoice.

#### **6.24.2 Problem definition**

MPI has reviewed the historical approach to calculating and recovering the indirect costs of providing verification services following the merger of the predecessor agencies. The current approach does not recognise that Verification Services management, operational and technical overhead and corporate overhead costs support the overall business and verification system delivery and integrity, rather than individual sectors. To this end, underlying indirect costs are the same for both circuit and establishment services, and staff require the same level of support, training and input, irrespective of which type of activity model they support.

#### ***Options***

MPI has considered two options for allocating overhead costs:

- Option 1: maintain the status quo – separate programme charges for establishment and circuit;
- Option 2: introduce a single combined programme charge for establishment and circuit verification activity.

#### ***Analysis of options***

In Option 1, costs are attributed to establishment and circuit activity based on a cost allocation model. Analysis has shown that the cost attribution is inequitable as costs are not proportionate to the amount of time spent at establishments and circuits. The cost attribution method does not encourage efficient use of MPI’s services as it does not reflect marginal cost pricing<sup>18</sup> or the strong correlation between costs and the level of use.

Option 2 would establish a single combined programme charge rate for establishment and circuit verification activity, which would then be billed at an hourly rate. This approach would

---

<sup>18</sup> The cost of providing an additional unit of service.

result in a more equitable and efficient share of indirect costs. The cost share would be based on billable time at an establishment or circuit operator, rather than historical costs attribution.

The single combined programme charge for establishment and circuit verification recognises that Verification Services is now part of MPI, and operating under a new structure and cost recovery approach. It also positions Verification Services for potential changes in circuit and establishment resourcing, particularly around market access. MPI continues to negotiate (with the European Union and other markets) for the removal of the requirement for a full-time verifier presence at establishments. The new cost recovery approach will, in the short term, more appropriately allocate underlying business operating costs; and in the long term will ensure that MPI is well positioned should there be a shift to more hours spent on a circuit basis, rather than full time establishment presence.

The combined approach would focus discussion on the level of Verification Services costs on how Verification Services delivers its business, rather than how costs relate to the different sectors. Such a distinction is arbitrary and does not recognise that Verification Services management operational and technical overhead and corporate overhead costs support the overall Verification Services business and the verification system integrity, rather than individual specific sectors. Many of the sectors verified by MPI are also inter-dependent in terms of system integrity, reflecting the inter-related nature of the industry — for example, meat processors transact with pet food, rendering, hides, skins, cool stores and transport operators.

Focusing on the level of Verification Services indirect costs and how Verification Services delivers its business, rather than how costs relate to the different sectors, is more transparent and will enable more informed efficiency discussions. The combined approach is also consistent with the way that the hourly rate is calculated for approval, accreditations, registrations and recognition functions.

### **6.24.3 Proposed change to the way the programme charge is calculated**

MPI proposes to amend Part 7 of the Animal Products (Fees, Charges, and Levies) Regulations 2007 to establish a single basic charge rate for circuit and establishment.

Each operator would be charged at a basic charge rate based on the number of billable hours MPI spends at the establishment. This approach would result in a fairer and more equitable attribution of costs and support more efficient use of MPI's resources by all users. This would also assist MPI to maintain a high standard of verification to maintain New Zealand's good reputation as a safe exporter of food, and reflect the integrated nature of the sector.

### **6.24.4 Questions for consideration**

#### **Question 6.24**

- 1) Do you agree with the concept of a single charging rate for establishment and circuit verification activity?
- 2) If not, what is your preferred approach?

## **6.25 APA#19 – REMOVE ANNUAL CHARGES FOR CERTAIN SECTORS**

### **6.25.1 Background**

Clause 2 C in Schedule 1, Part 7, of the Animal Products (Fees, Charges and Levies) Regulations 2007 charges the industry sectors associated with processing fish and operators of cool stores and other storage premises a reduced hourly frontline rate and waives the basic

hourly programme charge rate. These sectors instead pay an annual charge through a pro rata monthly invoice:

- cool stores or other storage premises: \$1,100 a year;
- primary processing of fish other than bivalve molluscan shellfish: \$549 a year;
- primary processing of bivalve molluscan shellfish: \$1,547 a year.

### 6.25.2 Problem definition

#### *Annual charges are inequitable*

Applying an annual charge to a subset of sectors is inconsistent and inequitable. Annual charges also result in inequitable outcomes within a sector as all operators are charged the same annual charge, yet the size of the operators, and therefore the benefit they receive, may vary significantly. It is likely that larger operators are paying a disproportionately small share, while smaller operators pay a larger share.

### 6.25.3 Proposed removal of the annual charge

#### *Removing the annual charge for certain circuit sectors*

The annual charge for the cold stores, dry stores, shellfish and wet fish sectors would be removed from Part 7 of the Animal Products (Fees, Charges, and Levies) Regulations 2007. These sectors would instead be invoiced at the basic charge rate.

This change will improve equity for different operators within each of the sectors currently paying an annual charge and promote consistent treatment between sectors.

### 6.25.4 Questions for consideration

#### Question 6.25

- 1) Do you agree with the proposed adoption of a basic charge instead of specific annual charges for cool stores or other storage premises, fish and bivalve molluscan shellfish?
- 2) If you do not agree, what is your preferred fee structure?

## 6.26 APA#20 – CHARGE FOR ESTABLISHING A FULL-TIME VERIFICATION SERVICES PRESENCE

### 6.26.1 Background

Part 7 of the Animal Products (Fees, Charges, and Levies) Regulations 2007 enables MPI to recover its costs in disestablishing a full-time presence at an establishment. The costs that can be recovered, up to a maximum of \$55,000, are:

- the actual cost of transfer or relocation;
- the actual cost of retraining;
- the actual cost of the matters specified in paragraphs (a) and (b), if both are applicable; or
- the lesser of—
  - the actual cost of redundancy;
  - an amount calculated using a formula (in the regulations).

Part 7 does not prescribe the approach that MPI must follow in recovering its costs in establishing a permanent Verification Services presence at locations.

### 6.26.2 Problem definition

Part 7 does not contain an express provision enabling MPI to recover its costs in establishing a permanent Verification Services presence at locations.

The current approach is inconsistent with that taken for disestablishing a full-time presence.

### 6.26.3 Proposed charges for establishing a full-time verification services presence

MPI is proposing to amend Part 7 of the Animal Products (Fees, Charges, and Levies) Regulations 2007 to provide for recovery of the actual and reasonable costs associated with establishing a full-time Verification Services presence at an establishment.

MPI proposes that the costs include, but not be limited to, the following:

- capital items, including:
  - computer terminals, monitors and printers;
  - office furniture and storage;
  - phones;
  - technical equipment.
- operating expenses, including:
  - recruitment;
  - costs associated with transfer or relocation;
  - induction and training, including salary;
  - new health and safety equipment;
  - new folders, stationery and lockable cupboards;
  - inspection stamps, and reject and hold tags.

The proposal will support transparency and is consistent with the approach for establishing a full-time presence at new and restarting airports prescribed under the Airports Act 2014.

### 6.26.4 Questions for consideration

#### Question 6.26

- 1) Do you agree with the proposed method of cost recovery for establishment of fulltime verification services presence at an establishment?
- 2) If you do not agree, what is your preferred method of cost recovery?

## 6.27 APA#21 – CHARGE FOR NON-VERIFICATION FUNCTIONS

### 6.27.1 Background

Verification Services is recognised and accredited as a source of technical expertise on food safety. Operators are increasingly requesting non-verification advice about food processing and related activities.

### 6.27.2 Problem definition

#### *MPI Verification Services cannot recover costs for non-verification functions*

The current regulations do not provide for Verification Services charging for the provision of services that are not strictly verification functions under the Animal Products Act.

The absence of the ability to recover for non-core verification and certification services inhibits the ability of Verification Services to provide advisory, or added value, services to

new and existing stakeholders where the time commitment is significant and would reduce the total level of billable hours available.

### 6.27.3 Proposed charges for non-verification functions

MPI proposes that Part 7 of the Animal Products (Fees, Charges, and Levies) Regulations 2007 be amended to allow MPI Verification Services to recover the costs of non-verification delivery functions and services it provides to operators. Costs would be recovered at the hourly rates set for circuits on a case by case basis in agreement with the stakeholder.

### 6.27.4 Questions for consideration

#### Question 6.27

- 1) Do you agree with the proposed approach for cost recovery of non-verification services provided by Verification Services?
- 2) Should this be funded through levies instead?

## 6.28 APA#22 – REMOVE DIFFERENTIATION BETWEEN VETERINARIAN AND NON-VETERINARIAN CIRCUIT VERIFIERS

### 6.28.1 Background

Circuit verification activities are carried out by both veterinary technical supervisors and travelling technical supervisors (non-veterinarian). Veterinarian and non-veterinarian verifiers are trained almost identically by MPI and complete identical tasks, except for certain specialist tasks required to be undertaken by a veterinarian. The major difference between the two types of verifier is that some markets accept only animal or plant product that has been verified, and received an official assurance, as safe for consumption by a government veterinarian.

Verification Services' regional teams are made up of a mix of veterinarian and non-veterinarian verifiers. The current cost recovery regulations differentiate between veterinarian and non-veterinarian verifiers but the charging rates for the two types of verifier are identical.

### 6.28.2 Problem definition

*Differentiating between veterinarian and non-veterinarian verifiers is administratively complex, inefficient and does not support flexibility.*

Differentiating between veterinarian and non-veterinarian verifiers adds administrative complexity and inefficiency as it requires MPI to operate two parallel invoicing systems. For users of the service, there do not appear to be any equity or efficiency benefits from differentiating between veterinarian and non-veterinarian verifiers, as the charges for both are identical.

### 6.28.3 Proposed uniform charging basis for veterinarian and non-veterinarian circuit verifiers

MPI proposes to remove the differentiation in the circuit charging regime between veterinarian and non-veterinarian verifiers in Part 7, Schedule 1 of the Animal Products (Fees, Charges, and Levies) Regulation 2007. The regulations would instead contain a single charging rate for circuit verifiers. This change would reduce administrative complexity for MPI without affecting equity or efficiency.

#### 6.28.4 Questions for consideration

##### Question 6.28

Do you agree with the proposal to remove the distinction between veterinarian and non-veterinarian circuit verifiers?

### 6.29 APA#23 – INTRODUCE NEW PENAL RATES

#### 6.29.1 Background

MPI's collective agreement for Verification Services staff includes a new penal rate of twice the regular hourly rate (T2.0 or penal rate 2.0). The additional rate was introduced as a fair and sensible means of compensating staff who are required to start work very early in the day or work very late. This rate replaces an allowance and is paid pro rata on actual time worked before or after a set time.

#### 6.29.2 Problem definition

*Prescribed penal rates are inconsistent with MPI's collective agreement with verifiers.*

Part 7, Schedule 1, Note 3 of the Animal Products (Fees, Charges, and Levies) Regulations 2007 does not contain a penal rate (twice the regular hourly rate) to align with MPI's collective agreement for Verification Services. This is causing MPI to incur costs that it cannot recover.

#### 6.29.3 Proposed penal rates

MPI proposes to create a new penal rate (twice the regular hourly rate) in Part 7, Schedule 1, Note 3 of the Animal Products (Fees, Charges, and Levies) Regulations 2007 and insert new penal rate (currently SV Penal T2 \$118.99 per hour and MV penal T2 \$110.35 per hour) in relevant penal rates for veterinary verifier and supervising veterinary verifier.

#### 6.29.4 Questions for consideration

##### Question 6.29

What impact will the introduction of additional penal rates have on your business?

### 6.30 APA#24 – REVISE DEFINITION OF PENAL RATES

#### 6.30.1 Background

The definition of penal time in Part 7, Schedule 1, Note 3 of the Animal Products (Fees, Charges, and Levies) Regulations 2007 currently refers to hours worked by a verifier for which the verifier is entitled, by his or her contract of employment, to penal rates, being hours (other than overtime) worked within a 40-hour week on a Saturday, Sunday or statutory holidays.

#### 6.30.2 Problem definition

*Prescribed definition of penal rate is inconsistent with practice*

The definition of penal rate is inconsistent with how it is being applied to both the collective and individual employment agreements for Verification Services staff.

### **6.30.3 Revise the definition of penal rate**

MPI proposes to amend the definition of penal time in Part 7, Schedule 1, Note 3 of the Animal Products (Fees, Charges, and Levies) Regulations 2007 to refer to Monday to Sunday instead of the current Saturday, Sunday or statutory holidays.

### **6.30.4 Questions for consideration**

#### **Question 6.30**

Do you agree with the proposal to redefine the applicability of penal rates?



## **6.37 APPENDIX 1 – MPI ACTIVITIES UNDER THE ANIMAL PRODUCTS ACT**

### **6.37.1 New Zealand standards, specifications and guidance**

MPI activities in the area of setting standards include:

- setting New Zealand safety and suitability standards for food, pet food and other animal products for animal consumption;
- setting maximum residue limits;
- developing and implementing operational standards and guidance for industry;
- clarifying and interpreting standards or specifications;
- setting evaluation and verification requirements (and providing training and updates to recognised persons);
- contributing to the development of international standards;
- establishing import requirements;
- reviewing the effectiveness of standards.

### **6.37.2 Export standards and market access**

MPI activities in facilitating exports include:

- provision of technical policy advice to government policy makers;
- contributing to the development of international standards;
- negotiating technical market access conditions and specifications;
- providing certification and other assurance activities to meet international authority requirements;
- setting evaluation and verification requirements;
- provision of verification services (where these must be performed by government employees);
- administering the export eligibility system (E-Cert);
- overall review of industry export programmes.

### **6.37.3 Approvals and registrations**

MPI services in this area include:

- providing the services to regulated parties under the Act:
  - registration of risk management programmes (production systems and processes);
  - approval and recognition of agencies and persons, including third party verifiers (such as warrants for MPI, VA, and PHU staff);
  - registration of exporters.
- providing the administrative systems and processes for approvals, including evaluation and review;
- maintenance of associated public registers;
- suspension and removal of approvals and registrations.

### **6.37.4 Monitoring and audit**

MPI monitoring and audit work in this area includes:

- regularly collection and assessment of information to check compliance with regulatory requirements;
- general (national) monitoring programmes such as monitoring of the shellfish commercial harvest;
- random sampling and testing of products across all sectors;

- imported food monitoring programme;
- industry level monitoring programmes such as the National Chemical Contaminants Programme (dairy), and poultry residue monitoring;
- monitoring and assessing recognised agencies and persons;
- scheduled auditing of industry or business systems and processes;
- intervening when non-compliance is detected;
- dealing with inquiries and providing information to industry on compliance;
- trends analysis for compliance and non-compliance.

#### **6.37.5 Operational response and investigations**

Our work in this area includes:

- responding to and investigating consumer complaints and reports of non-compliance;
- investigation of signals and information that indicate potential problems.

#### **6.37.6 Enforcement**

MPI's main activities in the area of enforcement include:

- applying corrective actions in cases of non-compliance by containment or prevention of recurrence;
- imposing regulatory sanctions;
- initiating and/or managing product recalls and emergency responses;
- implementing standards relating to responses for the range of events that arise;
- providing systems and processes for emergency response;
- co-ordinating recalls of food (domestic and international) and other relevant products from the New Zealand market;
- preparing and taking prosecutions;
- ensuring a nationally consistent response.

#### **6.37.7 Policy advice (including technical input)**

Our policy advice work includes:

- provision of technical policy advice to government policy makers;
- engagement, on behalf of New Zealand, with the Codex Alimentarius Commission and other multi-lateral forums.

## **6.38 APPENDIX 2 – MPI VERIFICATION SERVICES STRUCTURE**

MPI Verification Services plays a key role in the meat industry owing to the requirement by the EU and China for full-time veterinary supervision. Other markets like the United States also have requirements for government veterinarian presence with varying frequencies.

The MPI Verification Services directorate is led by a Director, supported by:

- an Operational Specialist Coordinator who provides coordination of MPIVS operational matters;
- an Agency Technical Manager who provides the overall leadership and direction in technical matters;
- six regional technical managers, each of whom is supported by a regional business coordinator and a regional technical specialist.

Teams operate in the following geographical areas (supported by the Wellington Head Office-based technical team):

- Upper North Island;
- Waikato and the Bay of Plenty;
- Manawatu, Taranaki and Wanganui;
- Hawkes Bay/Wellington;
- Canterbury and the West Coast; and
- Southland and Otago.

## **6.39 APPENDIX 3 – SERVICES TO THE DAIRY INDUSTRY**

### **6.39.1 The development and maintenance of New Zealand standards**

MPI develops and maintains New Zealand standards by:

- setting New Zealand safety and suitability standards;
- developing and implementing operational standards and guidance for industry;
- clarifying and interpreting standards and specifications;
- setting verification requirements;
- reviewing the effectiveness of standards.

### **6.39.2 Performance Monitoring**

Monitoring for dairy industry performance encompasses:

- undertaking system performance audits to ensure the regulatory model is working as intended;
- monitoring and assessing recognised agencies' and accredited persons' performance (in conjunction with the accreditation body) by assessing a percentage of performance-based verification reports;
- providing technical clarification, technical assessments and regulatory compliance dispute resolution, and managing critical non-compliance;
- monitoring, reporting on and managing routine procedural failures in dairy processing premises and export non-conformances;
- contributing to industry forums and working groups such as the Dairy Product Safety Advisory Council, and liaising with overseas regulators on systems performance.

MPI will investigate cost recovery for responses and incidents that fall outside the scope of current cost recovery provisions as part of its overarching review of cost recovery.

### **6.39.3 The development and maintenance of market access and export standards**

MPI develops and maintains market access and export standards by:

- negotiating technical market access and specifications for existing markets;
- developing, maintaining and evaluating export food standards and systems;
- reviewing industry export programmes;
- setting verification requirements for industry.

### **6.39.4 The dairy residue monitoring programme (National Chemical Contaminants Programme)**

Independent service providers sample raw milk, colostrum and dairy products to confirm that residue or contaminant levels do not exceed acceptable limits for New Zealand or for export markets and report the results to MPI. The monitoring includes random monitoring and targeted surveillance of raw milk, dairy material and dairy products on farm, in bulk milk tanks, in milk tankers and at dairy premises as well as surveys (when there is little or no historical data).

The key outputs of this service are:

- an assurance that not less than 99 percent of raw milk conforms to New Zealand and international standards at the farm gate;
- confirmation that the regulatory framework delivers dairy products that are safe and accurately represented;
- confirmation of the accuracy of attestations provided to other competent authorities;
- confirmation that Registered Manufacturing Programme sampling and testing plans and procedures are appropriate, reliable and capable of identifying non-conformances;
- investigation of unfavourable findings to ensure that controls remain effective and that emerging hazards are identified and appropriate regulatory measures are applied.

The National Chemical Contaminants Programme includes the independent verification programme, which verifies the accuracy of commercial testing of exported products for food safety, wholesomeness and standards of identity.

## 6.41 APPENDIX 5 – APA NON-DAIRY – EXISTING AND PROPOSED FEES (NON-DAIRY) UNDER ANIMAL PRODUCTS ACT 1999

Fees are shown as GST exclusive.

Shaded columns and headers are for referencing and commentary purposes. Light grey shaded content is for new proposals. Additional line spacing and column/row lines have been added for readability.

### Animal Products (Fees, Charges, and Levies) Regulations 2007

#### Schedule 1 – Fees and charges

##### Part 1 – Schedule of fees

		Matter in respect of which fee payable under Animal Products Act 1999	Fee	Proposed Fee	Comment
67 68 69	1	Application under section 20 for registration of risk management programme	\$122.00 plus assessment charge on hourly basis specified in Part 2	- \$155.00, plus - \$155 per hour after the first hour, in 15-minute increments, plus - actual and reasonable costs Payable by the applicant on application and any remainder payable within 1 month.	Common#1  Common#4
70 71 72	2	Application under section 25 for agreement to amendment of risk management programme	\$122.00 plus assessment charge on hourly basis specified in Part 2	- \$155.00, plus - \$155 per hour after the first hour, in 15-minute increments, plus - actual and reasonable costs Payable by the applicant on application and any remainder payable within 1 month.	Common#1  Common#4
73 74 75	3	Fee in relation to update of risk management programme under section 26	\$122.00 plus assessment charge on hourly basis specified in Part 2	- \$77.50, plus - \$155 per hour after the first half hour, in 15-minute increments, plus - actual and reasonable costs Payable by the applicant on application and any remainder payable within 1 month.	APA#12 Common#1  Common#4

		<b>Matter in respect of which fee payable under Animal Products Act 1999</b>	<b>Fee</b>	<b>Proposed Fee</b>	<b>Comment</b>
76 77 78	4	Application under section 34 for registration of food safety programme as risk management programme	\$88.89 plus assessment charge on hourly basis specified in Part 2 in respect of assessing of conditions	<ul style="list-style-type: none"> <li>- \$102.27, plus</li> <li>- \$102.27 per hour after the first hour, in 15-minute increments, plus</li> <li>- actual and reasonable costs</li> </ul> Payable by the applicant on application and any remainder payable within 1 month.	Common#1  Common#4
79 80 81	5	Application under section 54 for registration as exporter	\$122.00 plus assessment charge on hourly basis specified in Part 2	<ul style="list-style-type: none"> <li>- \$155.00, plus</li> <li>- \$155 per hour after the first hour, in 15-minute increments, plus</li> <li>- actual and reasonable costs</li> </ul> Payable by the applicant on application and any remainder payable within 1 month.	Common#1  Common#4
82 83 84	6	Application for approval of premises for export of products where required under export requirements	\$122.00 per hour in considering application, but excluding the first hour	<ul style="list-style-type: none"> <li>- \$155.00, plus</li> <li>- \$155 per hour after the first hour, in 15-minute increments, plus</li> <li>- actual and reasonable costs</li> </ul> Payable by the applicant on application and any remainder payable within 1 month.	Common#1  Common#4
85 86 87	7	Annual exporter registration fee under section 57	\$122.00 plus assessment charge on hourly basis specified in Part 2	<ul style="list-style-type: none"> <li>- \$155.00, plus</li> <li>- \$155 per hour after the first hour, in 15-minute increments, plus</li> <li>- actual and reasonable costs</li> </ul> Payable by the applicant on application and any remainder payable within 1 month.	Common#1  Common#4
88 89 90	8	Application under section 65G for listing as a game estate	\$122.00 plus assessment charge on hourly basis specified in Part 2	<ul style="list-style-type: none"> <li>- \$155.00, plus</li> <li>- \$155 per hour after the first hour, in 15-minute increments, plus</li> <li>- actual and reasonable costs</li> </ul> Payable by the applicant on application and any remainder payable within 1 month.	Common#1  Common#4
91 92 93	9	Annual listing fee under section 65L	\$122.00 plus assessment charge on hourly basis specified in Part 2	<ul style="list-style-type: none"> <li>- \$155.00, plus</li> <li>- \$155 per hour after the first hour, in 15-minute increments, plus</li> <li>- actual and reasonable costs</li> </ul> Payable by the applicant on application and any remainder payable within 1 month.	Common#1  Common#4

		<b>Matter in respect of which fee payable under Animal Products Act 1999</b>	<b>Fee</b>	<b>Proposed Fee</b>	<b>Comment</b>
94 95 96	10	Application under section 75 for listing as homekill or recreational catch service provider	\$122.00 plus assessment charge on hourly basis specified in Part 2	<ul style="list-style-type: none"> <li>- \$155.00, plus</li> <li>- \$155 per hour after the first hour, in 15-minute increments, plus</li> <li>- actual and reasonable costs</li> </ul> Payable by the applicant on application and any remainder payable within 1 month.	Common#1  Common#4
97 98 99	11	Annual listing fee under section 77	\$122.00 plus assessment charge on hourly basis specified in Part 2	<ul style="list-style-type: none"> <li>- \$155.00, plus</li> <li>- \$155 per hour after the first hour, in 15-minute increments, plus</li> <li>- actual and reasonable costs</li> </ul> Payable by the applicant on application and any remainder payable within 1 month.	Common#1  Common#4
100 101 102	12	Application under section 102 for recognition or accreditation	\$122.00 plus assessment charge on hourly basis specified in Part 2	<ul style="list-style-type: none"> <li>- \$155.00, plus</li> <li>- \$155 per hour after the first hour, in 15-minute increments, plus</li> <li>- actual and reasonable costs</li> </ul> Payable by the applicant on application and any remainder payable within 1 month.	Common#1  Common#4
103 104 105	13	Annual recognition or accreditation fee under section 108	\$122.00 plus assessment charge on hourly basis specified in Part 2	<ul style="list-style-type: none"> <li>- \$155.00, plus</li> <li>- \$155 per hour after the first hour, in 15-minute increments, plus</li> <li>- actual and reasonable costs</li> </ul> Payable by the applicant on application and any remainder payable within 1 month.	Common#1  Common#4
106 107 108	14	Application for provision under section 111 of substituted notice of recognition or accreditation	\$35.56	<ul style="list-style-type: none"> <li>- \$155.00, plus</li> <li>- \$155 per hour after the first hour, in 15-minute increments, plus</li> <li>- actual and reasonable costs</li> </ul> Payable by the applicant on application and any remainder payable within 1 month.	Common#1  Common#4
109 110 111	15	Issue of official assurance under section 61	\$36.00	<ul style="list-style-type: none"> <li>- \$32.00, plus</li> <li>- \$155 per hour after the 15 minutes, in 15-minute increments, plus</li> <li>- actual and reasonable costs</li> </ul> Payable by the applicant on application and any remainder payable within 1 month.	APA#11  Common#4

		<b>Matter in respect of which fee payable under Animal Products Act 1999</b>	<b>Fee</b>	<b>Proposed Fee</b>	<b>Comment</b>
112 113  114	16	Reissue of official assurance under section 64(2) if replacement insurance demanded by importing country	\$366.22 per replacement certificate plus assessment charge on hourly basis specified in Part 2 for any hours exceeding 3 hours to a maximum of \$889, plus disbursements at cost	<ul style="list-style-type: none"> <li>- \$465.00, plus</li> <li>- \$155 per hour after the first three hours, in 15-minute increments, plus</li> <li>- actual and reasonable costs</li> </ul> Payable by the applicant on application and any remainder payable within 1 month.	APA#10   Common#4
115	17	Issue, on request, of statement of New Zealand standard under section 83	\$22.22	\$32.00	Updated rate
116 117  118	18	Registration of transport operator, vehicle docking facility operator, or wharf operator under notice issued under section 40	\$122.00 plus assessment charge on hourly basis specified in Part 2	<ul style="list-style-type: none"> <li>- \$155.00, plus</li> <li>- \$155 per hour after the first hour, in 15-minute increments, plus</li> <li>- actual and reasonable costs</li> </ul> Payable by the applicant on application and any remainder payable within 1 month.	Common#1  Common#4
119 120  121	20	Application to list animal material depot as required under notice issued under section 167 and renewal of listing	\$122.00 plus assessment charge on hourly basis specified in Part 2	<ul style="list-style-type: none"> <li>- \$155.00, plus</li> <li>- \$155 per hour after the first hour, in 15-minute increments, plus</li> <li>- actual and reasonable costs</li> </ul> Payable by the applicant on application and any remainder payable within 1 month.	Common#1  Common#4
122 123  124	21	Application for issue or revocation of relay permit for bivalve molluscan shellfish issued under Animal Products (Regulated Control Scheme – Bivalve Molluscan Shellfish) Regulations 2006	\$122.00 plus assessment charge on hourly basis specified in Part 2	<ul style="list-style-type: none"> <li>- \$155.00, plus</li> <li>- \$155 per hour after the first hour, in 15-minute increments, plus</li> <li>- actual and reasonable costs</li> </ul> Payable by the applicant on application and any remainder payable within 1 month.	Common#1  Common#4
125 126  127	22	Application for registration as bivalve molluscan shellfish harvest operator under Animal Products (Regulated Control Scheme – Bivalve Molluscan Shellfish) Regulations 2006	\$122.00 plus assessment charge on hourly basis specified in Part 2	<ul style="list-style-type: none"> <li>- \$155.00, plus</li> <li>- \$155 per hour after the first hour, in 15-minute increments, plus</li> <li>- actual and reasonable costs</li> </ul> Payable by the applicant on application and any remainder payable within 1 month.	Common#1  Common#4

		<b>Matter in respect of which fee payable under Animal Products Act 1999</b>	<b>Fee</b>	<b>Proposed Fee</b>	<b>Comment</b>
128 129 130	23	Annual bivalve molluscan shellfish harvest operator fee	\$122.00	- \$155.00, plus - \$155 per hour after the first hour, in 15-minute increments, plus - actual and reasonable costs Payable by the applicant on application and any remainder payable within 1 month.	Common#1  Common#4
131 132 133	24	Application to list or renew listing as transport operators, sorting shed operators, or depot operators required by notice made under Animal Products (Regulated Control Scheme – Bivalve Molluscan Shellfish) Regulations 2006	\$122.00 plus assessment charge on hourly basis specified in Part 2	- \$155.00, plus - \$155 per hour after the first hour, in 15-minute increments, plus - actual and reasonable costs Payable by the applicant on application and any remainder payable within 1 month.	Common#1  Common#4
134 135 136	26	Application to register a limited processing vessel	\$122.00 plus assessment charge on hourly basis specified in Part 2	- \$155.00, plus - \$155 per hour after the first hour, in 15-minute increments, plus - actual and reasonable costs Payable by the applicant on application and any remainder payable within 1 month.	Common#1  Common#4
137 138 139	27	Annual limited processing vessel registering fee	\$122.00	- \$155.00, plus - \$155 per hour after the first hour, in 15-minute increments, plus - actual and reasonable costs Payable by the applicant on application and any remainder payable within 1 month.	Common#1  Common#4
140 141 142	28	Application for approval of MAF Devices (brands/seals) made under Animal Products (Export Requirements for Branding, Marking and Security Devices) Notice 2006 made under section 67	\$122.00 plus assessment charge on hourly basis specified in Part 2	- \$155.00, plus - \$155 per hour after the first hour, in 15-minute increments, plus - actual and reasonable costs Payable by the applicant on application and any remainder payable within 1 month.	Common#1  Common#4
143 144 145	29	Application for recognition or accreditation under section 100	\$122.00 plus assessment charge on hourly basis specified in Part 2	- \$155.00, plus - \$155 per hour after the first hour, in 15-minute increments, plus - actual and reasonable costs Payable by the applicant on application and any remainder payable within 1 month.	Common#1  Common#4

		<b>Matter in respect of which fee payable under Animal Products Act 1999</b>	<b>Fee</b>	<b>Proposed Fee</b>	<b>Comment</b>
146 147 148	30	Application to be certified as either a certified supplier (wild animals) or a certified game estate supplier under Animal Products (Specifications for Products Intended for Human Consumption) Notice 2004	\$122.00 plus assessment charge on hourly basis specified in Part 2	<ul style="list-style-type: none"> <li>- \$155.00, plus</li> <li>- \$155 per hour after the first hour, in 15-minute increments, plus</li> <li>- actual and reasonable costs</li> </ul> Payable by the applicant on application and any remainder payable within 1 month.	Common#1  Common#4
149 150 151	31	Application for listing as further (pet food) processor under Animal Products (Specifications for Products Intended for Animal Consumption) Notice 2006	\$122.00 plus assessment charge on hourly basis specified in Part 2	<ul style="list-style-type: none"> <li>- \$155.00, plus</li> <li>- \$155 per hour after the first hour, in 15-minute increments, plus</li> <li>- actual and reasonable costs</li> </ul> Payable by the applicant on application and any remainder payable within 1 month.	Common#1  Common#4
152 153 154		Application to change a recognised agency on a risk management plan		<ul style="list-style-type: none"> <li>- \$155.00, plus</li> <li>- \$155 per hour after the first hour, in 15-minute increments, plus</li> <li>- actual and reasonable costs</li> </ul> Payable by the applicant on application and any remainder payable within 1 month.	APA#6  Common#4
155 156 157		Application to list as an approved halal premises under clause 10 (1) of the Animal Products (Overseas Market Access Requirements for Halal Assurances) Notice 2013		<ul style="list-style-type: none"> <li>- \$155.00, plus</li> <li>- \$155 per hour after the first hour, in 15-minute increments, plus</li> <li>- actual and reasonable costs</li> </ul> Payable by the applicant on application and any remainder payable within 1 month.	APA#7  Common#4
158 159 160		Issue of Official Assurance		<ul style="list-style-type: none"> <li>- \$155.00, plus</li> <li>- \$155 per hour after the first hour, in 15-minute increments, plus</li> <li>- actual and reasonable costs</li> </ul> Payable by the applicant on application and any remainder payable within 1 month.	APA#10  Common#4
161 162 163		Application to list as an approved halal organisations under clause 10 (4) of the Animal Products (Overseas Market Access Requirements for Halal Assurances) Notice 2013		<ul style="list-style-type: none"> <li>- \$155.00, plus</li> <li>- \$155 per hour after the first hour, in 15-minute increments, plus</li> <li>- actual and reasonable costs</li> </ul> Payable by the applicant on application and any remainder payable within 1 month.	APA#7  Common#4

	<b>Matter in respect of which fee payable under Animal Products Act 1999</b>	<b>Fee</b>	<b>Proposed Fee</b>	<b>Comment</b>
164 165 166	Audit and inspection of approved halal organisations, halal assessment and approval personnel and issuing officers under clause		<ul style="list-style-type: none"> <li>- \$155.00, plus</li> <li>- \$155 per hour after the first hour, in 15-minute increments, plus</li> <li>- actual and reasonable costs</li> </ul> Payable by the applicant on application and any remainder payable within 1 month.	APA#7  Common#4
167 168 169	Application for approving, renewing or revoking an issuing officers approval under clause 12 (1) (c) and (d) of the Animal Products (Overseas Market Access Requirements for Halal Assurances) Notice 2013		<ul style="list-style-type: none"> <li>- \$155.00, plus</li> <li>- \$155 per hour after the first hour, in 15-minute increments, plus</li> <li>- actual and reasonable costs</li> </ul> Payable by the applicant on application and any remainder payable within 1 month.	APA#7  Common#4
170 171 172	Issue of halal official assurances or halal attestations on a sanitary official assurance for product to be exported to any one or more of the markets under clause 13 of the Animal Products (Overseas Market Access Requirements for Halal Assurances) Notice 2013		<ul style="list-style-type: none"> <li>- \$155.00, plus</li> <li>- \$155 per hour after the first hour, in 15-minute increments, plus</li> <li>- actual and reasonable costs</li> </ul> Payable by the applicant on application and any remainder payable within 1 month.	APA#7  Common#4
173 174 175	Application for listing as a halal assessment and approval personnel and issuing officers; under clause 15 (4) of the Animal Products (Overseas Market Access Requirements for Halal Assurances) Notice 2013		<ul style="list-style-type: none"> <li>- \$155.00, plus</li> <li>- \$155 per hour after the first hour, in 15-minute increments, plus</li> <li>- actual and reasonable costs</li> </ul> Payable by the applicant on application and any remainder payable within 1 month.	APA#7  Common#4
176 177 178	Application to list as a competent halal slaughter person under clause 21 (3) of the Animal Products (Overseas Market Access Requirements for Halal Assurances) Notice 2013.		<ul style="list-style-type: none"> <li>- \$155.00, plus</li> <li>- \$155 per hour after the first hour, in 15-minute increments, plus</li> <li>- actual and reasonable costs</li> </ul> Payable by the applicant on application and any remainder payable within 1 month.	APA#7  Common#4
179 180 181	Applications for re-certification as either a certified supplier (wild animals) or a certified game estate supplier under Animal Products (Specifications for Products Intended for Human Consumption) Notice 2013.		<ul style="list-style-type: none"> <li>- \$155.00, plus</li> <li>- \$155 per hour after the first hour, in 15-minute increments, plus</li> <li>- actual and reasonable costs</li> </ul> Payable by the applicant on application and any remainder payable within 1 month.	APA#8  Common#4

		<b>Matter in respect of which fee payable under Animal Products Act 1999</b>	<b>Fee</b>	<b>Proposed Fee</b>	<b>Comment</b>
182 183 184		Applications to re-list as a further pet food processor under clause 69E of the Animal Products (Specifications for Product Intended for Animal Consumption) Notice 2014.		- \$155.00, plus - \$155 per hour after the first hour, in 15-minute increments, plus - actual and reasonable costs Payable by the applicant on application and any remainder payable within 1 month.	APA#19  Common#4
185 186 187		Inspection and audit under the Animal Products Act 1999		- \$155.00, plus - \$155 per hour after the first hour, in 15-minute increments, plus - actual and reasonable costs Payable by the applicant on application and any remainder payable within 1 month.	APA#12  Common#4
188 189 190		Performance of a function, power or duty that is: <ul style="list-style-type: none"> <li>• required to be undertaken under the relevant Act, including subsidiary regulations and notices;</li> <li>• not prescribed elsewhere in the relevant cost recovery regulations.</li> </ul>		- \$155.00, plus - \$155 per hour after the first hour, in 15-minute increments, plus - actual and reasonable costs Payable by the applicant on application and any remainder payable within 1 month.	Updated rate  Common#4
191 192 193		Application for approval of a maintenance compound(s)		- \$77.50, plus - \$155 per hour after the first half hour, in 15-minute increments, plus - actual and reasonable costs Payable by the applicant on application and any remainder payable within 1 month.	APA#13  Common#4

## Part 2 – Assessment charges on hourly basis

Where Part 1 specifies an assessment charge on an hourly basis that charge is to be determined as follows for each hour (or final part-hour) beyond the first hour spent on assessing the matter concerned:					
Category			Fee	Proposed Fee or charge	Comment
194 195 196	(a)	For each hour (excluding final part-hour) spent by an officer or employee of the Ministry For each 15-minute block in final part-hour	122.00 30.50	- \$155.00, plus - \$155 per hour after the first hour, in 15-minute increments, plus - actual and reasonable costs Payable by the applicant on application and any remainder payable within 1 month.	Common#4
197 198 199	(b)	For each hour (excluding final part-hour) spent by a person engaged by the Ministry to assess the matter concerned who is not an officer or employee of the Ministry For each 15-minute block in final part-hour	133.33 33.33	- \$155.00, plus - \$155 per hour after the first hour, in 15-minute increments, plus - actual and reasonable costs Payable by the applicant on application and any remainder payable within 1 month.	Common#4

## Part 3 – Costs incurred by Ministry at request of operator, etc

	Current basis	Proposed basis	Comment:
200	Actual and reasonable expenses incurred by an officer or employee of the Ministry may be recovered by the Ministry where those expenses arise from: (a) a request by the operator of a risk management programme, or other processor; or (b) an act or omission of an operator or processor.	Actual and reasonable costs incurred by an officer or employee of the Ministry may be recovered when they arise from: - a request by the operator of a risk management programme, or other processor; - an act or omission of an operator or processor. Costs would include, but not be limited to, costs such as external review; expert review; notification; product testing; travel and accommodation as well as disbursements such as photocopying, printing and stationery, phone, fax, video conferencing, postage and courier.	Common#4

## Part 4 – Travel costs

	Current basis	Proposed basis	Comment:
201	Where travel of a Ministry officer or employee is required for any of the matters specified in Parts 1, 2, 3, 7, and 8, an additional amount of \$0.69 per kilometre travelled by the officer or employee is payable in addition to the relevant fee or charge.	Rate published by the per km charge as promulgated from time to time by the Commissioner of Inland Revenue under section DE12(3) of the Income Tax Act 2007.	Common#2

## Part 5 – Cost of other work-related allowances

	Current basis	Proposed basis	Comment:
202	Additional amounts are payable in respect of the actual and reasonable cost to the Ministry of work-related allowances paid to Ministry officers and employees where those are fairly attributable to any of the matters specified in Parts 1, 2, 3, 7, and 8.  Without limiting the generality of what constitutes a work-related allowance, these include matters such as meal allowances, clothing and laundry allowances, and field, standby, and isolation allowances.	Actual and reasonable costs associated with the activity being undertaken.	Common#4

## Part 6 – Charges for use of electronic certification system

		Current basis	Proposed basis	Comment:
203	1	<p>For industry users that access the Ministry's electronic certification system, charges based on the following formula are payable in respect of each database request and each second of time spent on the server:</p> <p style="text-align: center;">(cost per request + cost per second) x appropriate percentage</p> <p>where –</p> <p><b>cost per request</b> is the amount fixed from time to time by the Director-General by notice under section 167(1)(ma) of the Animal Products Act 1999 for each database request, having regard to clause 4</p> <p><b>cost per second</b> is the amount fixed from time to time by the Director-General by notice under section 167(1)(ma) of the Animal Products Act 1999 for each second of time on the server, having regard to clause 4</p> <p><b>appropriate percentage</b> is –</p> <p>(b) for industry users of a class for which recognised agency use of the electronic certification system is not required, 55%:</p> <p>(d) for all other industry users, 100%.</p>		No changes proposed
	4	In setting any <b>cost per request</b> or <b>cost per second</b> , the aim is for these costs to reflect usage of the electronic certification system for the relevant year or other period, with regular updating if appropriate.		No changes proposed
	5	This Part applies to all users of the electronic certification system.		No changes proposed

## Part 7 –Verification charges

Current		Proposed charges	Comment:
Notes			
1	The charges set out in this Part apply where any verification function under the Animal Products Act 1999 is carried out by an officer or employee of the Authority.		
2	The charges set out in this Part are exclusive of goods and services tax, and goods and services tax on these charges will be added to the total invoice.		
3	In this Part, –		
	<b>after-hours callout charges</b> refer to charges payable for hours where a veterinary or non-veterinary verifier performs verification functions at any place or premises outside normal agreed hours of work, and are chargeable for those hours in substitution for any establishment or circuit charges		
	<b>Authority</b> means the New Zealand Food Safety Authority		
	<b>breakfast shift</b> refers to the situation where the verification functions carried out by a verifier in any day are commenced before 6 am		
204	<b>circuit charges</b> refer to charges payable in respect of any place or premises where the verification functions are performed by Authority verifiers who are not permanently or semi-permanently based at the place or premises		APA#22 MPI proposes to enable Verification Services to recover the costs of non-verification functions and services it provides to operators.
	<b>disestablishment charges</b> means the charges payable in respect of the disestablishment of the position of a veterinary verifier due to the closure of an operator's premises or the reduction of operations at those premises		
	<b>double time</b> refers to overtime hours worked by a verifier for which the verifier is entitled, by his or her employment contract, to double time rates		
	<b>establishment charges</b> refer to charges payable in respect of any place or premises where the verification functions are performed by Authority verifiers who are permanently or semi-permanently based at the place or premises		
205	<b>non-veterinary verifier</b> means a verifier who is not a veterinarian registered under the Veterinarians Act 2005		APA#22 MPI proposes to remove the differentiation in the circuit charging regime between veterinarian and non- veterinarian verifiers.

	Current	Proposed charges	Comment:
	<b>penal rate 0.5</b> means the rate per hour of the first 3 hours of penal time worked by an employee during the period between— (a) midnight at the end of Friday; and (b) midday Saturday		
	<b>penal rate 1.0</b> means the rate for every hour of penal time worked by an employee other than hours to which penal rate 0.5 applies		
206	<b>Penal rate 2.0</b> means the rate for every hour of penal time worked by an employee other than hours to which penal rate 0.5 and 1.0 applies		APA#23 MPI proposes to create a new penal rate (2.0 x regular hourly rate) and insert new penal rates into the relevant penal rates for veterinary verifier and supervising veterinary verifier.
207	<b>penal time</b> refers to hours worked by a verifier for which the verifier is entitled, by his or her contract of employment, to penal rates, being hours (other than overtime) worked within a 40-hour week from Monday to Sunday		APA#23 MPI proposes to amend the definition of penal time to refer to Monday to Sunday instead of the current Saturday, Sunday or statutory holidays.
	<b>reserve rate</b> refers to the rate for hours worked by a reserve verifier		
	<b>reserve verifier</b> means a temporary veterinary verifier or supervising veterinary verifier who undertakes the work of an establishment verifier while that verifier is on annual leave or is otherwise absent on a temporary basis		
	<b>shift rates</b> refers to the rates applicable to the case where a verifier is entitled, by his or her employment contract, to extra remunerations for working shifts		
208	<b>supervising veterinary verifier</b> means a veterinary verifier who has prime responsibility for the verification functions at a place or premises		APA#22 MPI proposes to remove the differentiation in the circuit charging regime between veterinarian and non-veterinarian verifiers.
	<b>time and a half</b> , or <b>1½ time</b> , refers to overtime hours worked by a verifier for which the verifier is entitled, by his or her employment contract, to time and a half rates		
209	<b>veterinary verifier</b> means a verifier who is a veterinarian registered under the Veterinarians Act 2005.		APA#22 MPI proposes to remove the differentiation in the circuit charging regime between veterinarian and non-veterinarian verifiers.

		Current basis	Current fee	Proposed fee or charge	Comment:
210	<b>1</b>	<b>Establishment charge</b>			
	A	<i>Basic hourly charge on export and game sectors</i>			
211		For each hour normal time (but not penal time hours or 1½ or double time hours) spent by a verifier in verification functions	\$41.04	\$44.90	APA#18 Establish a combined basic charge rate for circuit and establishment.
212	<b>B</b>	<i>Hourly charges for verifiers</i>			APA#18
	(1)	Verifier			Remove the differentiation in the circuit charging regime between veterinarian and non-veterinarian verifiers.
213		(a) non-shift rates –			
		per hour	\$68.12	\$70.30	
214		per hour at 1½ time	\$82.61	\$105.50	
215		per hour at double time	\$110.15	\$140.60	APA#23 Create new penal rate (2.0 x regular hourly rate) and insert new penal rates into the relevant penal rates for veterinary verifier and supervising veterinary verifier.
216		(b) shift rates	The relevant rate specified in paragraph (a), plus an additional rate of –		
			(i) \$30.00 per shift per verifier for evening shift	\$41.00	
217			(ii) \$41.00 per shift per verifier for night shift	\$41.00	

		Current basis	Current fee	Proposed fee or charge	Comment:
218		(c) penal rates	The relevant rate specified in paragraph (a), plus an additional rate of –		APA#23 Create a new penal rate (2.0 x regular hourly rate) and insert new penal rates into the relevant penal rates for veterinary verifier and supervising veterinary verifier.
219			(i) \$27.54 per hour per verifier for penal time worked at penal rate 0.5	\$35.20	
220			(ii) \$55.07 per hour per verifier for penal time worked at penal rate 1.0	\$70.30	
221		(d) reserve rate	(iii) Penal time worked at penal rate 2.0	\$140.60	APA#23 Create new penal rate (2.0 x regular hourly rate) and insert new penal rates into the relevant penal rates for veterinary verifier and supervising veterinary verifier.
222	(2)	Supervising verifier – (a) non-shift rates – per hour per hour at 1½ time per hour at double time	\$55.07 per hour for each hour worked by a reserve verifier	\$70.30	APA#18
223					
224					
225		(b) shift rates	The relevant rate specified in paragraph (a), plus an additional rate of –		
226			(i) \$30.00 per shift per verifier for evening shift	\$41.00	
			(ii) \$41.00 per shift per verifier for night shift	\$41.00	

		Current basis	Current fee	Proposed fee or charge	Comment:
227		(c) penal rates	The relevant rate specified in paragraph (a), plus an additional rate of –		APA#23 Create new penal rate (2.0 x regular hourly rate) and insert new penal rates into the relevant penal rates for veterinary verifier and supervising veterinary verifier.
228			(i) \$29.73 per hour per verifier for penal time worked at penal rate 0.5	\$37.60	
229			(ii) \$59.46 per hour per verifier for penal time worked at penal rate 1.0	\$75.10	
230		(d) reserve rate	(iii) Penal time worked at penal rate 2.0 \$59.46 per hour for each hour worked by a reserve verifier	\$150.20 \$75.10	
	2	<b>Circuit charge</b>			
	A	<i>Basic hourly charge on primary processors who slaughter or dress animals other than fish</i>			
231		Charge for each hour spent by a verifier in verification function for animals other than fish	\$20.97 per hour	\$44.90	APA#18 Establish a combined basic charge rate for circuit and establishment.
	B	<i>Basic hourly charge on secondary processors (other than processors of fish and operators of coolstores or other storage premises)</i>			
232		Charge for each hour spent by a verifier in verification function	\$20.97 per hour	\$44.90	
233	C	<i>Annual charge for coolstores or other storage premises, and for processors of fish</i> (to be pro-rated on a monthly basis where verification contract for less than a full year)			APA#21 Annual charge for the coolstores, dry stores, shellfish and wetfish sectors removed from Part 7 of the Animal Products (Fees, Charges, and Levies) Regulations 2007. These sectors would instead be invoiced at the basic rate instead.
234		(a) coolstores or other storage premises, per coolstore or other premises	\$1,100 per annum		
235		(b) primary processing (including on a fishing vessel) of fish other than bivalve molluscan shellfish	\$549.00 per annum		
		(c) processors of bivalve molluscan shellfish	\$1,547.00		

		Current basis	Current fee	Proposed fee or charge	Comment:
236	D	<i>Monthly charge for fishing vessels</i> Charge per vessel (in addition to any relevant charge under item C)	\$20.35		
237	E	<i>Hourly charges for verifiers</i> (for all verification activities)			APA#18
238	(1)	Verifier –			APA#23 Create new penal rate (2.0 x regular hourly rate) and insert new penal rates into the relevant penal rates for veterinary verifier and supervising veterinary verifier.  New penal rate 2.0
239		(a) Non-penal rates –			
240		per hour (excluding seafood and coolstore premises)	\$93.04	\$120.10	
241		per hour for seafood and coostore premises	\$93.04	\$120.10	
242		per hour at 1½ time	\$128.85	\$180.10	
243		per hour at double time	\$171.80	\$240.10	
244		(b) Penal rates –			
			The relevant rate specified in paragraph (a), plus an additional rate of –		
		(i) \$57.00 per hour per verifier for penal time worked at penal rate 0.5		\$60.10	
		(ii) \$85.90 per hour per verifier for penal time worked at penal rate 1.0		\$120.10	
		(iii) Penal rate 2.0		\$240.20	
245	(2)	Veterinary verifier –			APA#22 Remove the differentiation in the circuit charging regime between veterinarian and non-veterinarian verifiers.
246		(a) Non-penal rates –			
247		per hour (excluding seafood and coolstore premises)	\$93.04	\$120.10	
248		per hour for seafood and coostore premises	\$93.04	\$120.10	
		per hour at 1½ time	\$128.85	\$180.10	
		per hour at double time	\$171.80	\$240.10	

		Current basis	Current fee	Proposed fee or charge	Comment:
249		(b) Penal rates	The relevant rate specified in paragraph (a), plus an additional rate of –		APA#23 Create a new penal rate (2.0 x regular hourly rate) and insert new penal rates into the relevant penal rates for veterinary verifier and supervising veterinary verifier.
250			(i) \$57.00 per hour per verifier for penal time worked at penal rate 0.5	\$60.10	
251			(ii) \$85.90 per hour per verifier for penal time worked at penal rate 1.0 (iii) Penal rate 2.0	\$120.10 \$240.20	
252	3 A	<b>After-hours callout charge</b> <i>Minimum charge</i> Minimum charge for any individual after-hours callout, however long	charge for 3 hours at the relevant rate under item B (plus flat rate \$8.70 breakfast shift charge, if applicable)		No change proposed.
253					
254	B	Hourly charges for verifiers			
255		per hour	\$75.00 (plus flat rate \$8.70 breakfast shift charge, if applicable)	Relevant rate for MPI verifiers who attend, plus shift charge (if applicable)	
256		per hour at 1½ time	\$125.00 (plus flat rate \$8.70 breakfast shift charge, if applicable)	Relevant rate for MPI verifiers who attend, plus shift charge (if applicable)	
257					
258		per hour at double time	\$150.00 (plus flat rate \$8.70 breakfast shift charge, if applicable)	Relevant rate for MPI verifiers who attend, plus shift charge (if applicable)	
259					
	4 A	<b>Disestablishment charges</b> <i>Where verifier employed by operator for less than 12 months</i> Either –			

		Current basis	Current fee	Proposed fee or charge	Comment:
260 261 262  263 264 265		(a) the actual cost of transfer or relocation; or (b) the actual cost of retraining; or (c) the actual cost of the matters specified in paragraphs (a) and (b), if both are applicable; or (d) the lesser of – (i) the actual cost of redundancy; or (ii) the amount derived by multiplying the total ordinary pay during the period employed by 0.04165 – But in no case is the charge under paragraph (a), (b), (c), or (d) to exceed \$55,000.			No changes proposed.
	B	<i>Where verifier employed by operator for 12 months or more</i> Either –			
266 267 268  269 270         271		(a) the actual cost of transfer or relocation; or (b) the actual cost of retraining; or (c) the actual cost of the matters specified in paragraphs (a) and (b), if both are applicable; or (d) the lesser of – (i) the actual cost of redundancy; or (ii) the amount calculated using the following formula: $(a \times 0.08) + (a \times 0.04)(b - 1) + (a \times c \times 0.0333) + (da)$ where a is the verifier's total ordinary pay for the immediately preceding 12 months b is the lesser of 19 or the number of completed years of employment with the operator c is any completed months of employment in respect of an additional period of employment with the operator of less than 12 months d is – 0.10 if the period of employment completed is 1 year or more but no more than 3 years 0.20 if the period of employment completed is more than 3 years but not more than 5 years 0.29165 if the period of employment completed is more than 5 years But in no case is the charge under paragraph (a), (b), (c), or (d) to exceed \$55,000.			No changes proposed.

		Current basis	Current fee	Proposed fee or charge	Comment:
272				<b>Establishment charges</b> Establishing a full-time Verification Services presence at an establishment. Recoverable costs (on an actual and reasonable basis) include, but are not limited to, the following: <ul style="list-style-type: none"> <li>(a) capital items, which include:               <ul style="list-style-type: none"> <li>(i) computer terminals, monitors and printers;</li> <li>(ii) office furniture and storage;</li> <li>(iii) phones;</li> <li>(iv) technical equipment.</li> </ul> </li> <li>(b) expenses, which include:               <ul style="list-style-type: none"> <li>(i) recruitment;</li> <li>(ii) costs associated with transfer or relocation;</li> <li>(iii) induction and training, including salary;</li> <li>(iv) new health and safety equipment;</li> <li>(v) new folders, stationery and lockable cupboards;</li> <li>(vi) inspection stamps, and reject and hold tags.</li> </ul> </li> </ul>	
273					

## Part 8 – Unit charges, hourly rates, and callout charges in respect of export of live animals and animal germplasm

		Current basis	Charge (\$)	Proposed basis and charge:	Comment:
		<b>Unit charges payable for each relevant unit to be exported</b>			
		If an animal is a zoo animal and comes within the description of another animal, only the unit charge for the animal as a zoo animal is payable.			
274 275		Cats and dogs (including semen)(per animal or straw)	33.33	Per animal or semen consignment \$104.94	APA#2 Change the cats and dogs unit fee to per animal or semen straw.
276		Equine animals (per animal)	33.33	\$29.63	
277		Equine semen (per straw)	1.51	\$1.02	
278		Livestock (only bovine, caprine, corvine, ovine, and porcine)	3.69	\$3.85	
279		Bovine semen (per straw)	0.06	\$0.06	APA#4 APA#2 Cap per animal charge on livestock export consignments to a maximum of 5,000 animals.
280		Caprine and ovine semen (per straw)	0.37	\$0.06	APA#4
281		Cervine semen (per straw)	2.96	\$0.06	APA#4
282		Embryos and ova (only equine, bovine, caprine, corvine, ovine) (per embryo or ovum)	2.96	\$0.06	APA#4 Remove equine embryos and ova from this category.
283		Day-old chicks and hatching eggs (only poultry and ducklings) (per chick or egg)	0.0023	\$0.01	
284		Bees packages (excluding queens and bumble bees) (per kilogram)	0.35	\$0.04	APA#2
285 286		Queen bees and bumble bees (other than packages) (per bee)	0.23	Queen bee (including a small number of attendant bees) or bumble bees (per queen or bumble bee) \$0.31	APA#2 Amend the ‘queen bees and bumbles bees (other than packages) (per bee)’ category.
287		Ferrets (per animal)	1.87	\$1.32	
288		Lamoids (per animal)	29.14	\$50.78	

		Current basis	Charge (\$)	Proposed basis and charge:	Comment:
289		Birds (other than wild caught finches and wild caught rosellas) (per bird)	23.87	\$38.00	APA#2 Cap per bird (other than wild-caught finches and wild-caught rosellas) charge on consignments to a maximum of 30 birds.
290		Finches (wild caught) and rosellas (wild caught) (per bird)	0.26	\$0.27	
291		Zoo animals (per animal)	33.33	\$104.94	
292		Other animals and animal germplasm not specified above (per animal, egg, or straw)	8.80	Other animals and animals germplasm not specified (per consignment). \$104.94	APA#2 Amend the 'other animals and animals' germplasm not specified (per animal, egg or straw)' category.
293					
		<b>Hourly rates</b>			
294	(1)	Hourly rate for recognised persons who are employees of the Ministry undertaking specialist functions and activities necessary for the export of live animals or germplasm:		Hourly rate for persons who are employees of the Ministry undertaking specialist functions and activities necessary for the export of live animals or germplasm:	APA#3 Delete the word 'recognised' from 'recognised persons'.
295		(a) for each complete hour	88.87	- \$186.30, plus	
296		(b) for each 15-minute block in a part-hour	22.22	- \$186.30 per hour after the first hour, charged in 15-minute increments	APA#4 APA#5
297	(2)	Hourly rate for services undertaken by an employee of the Ministry, on behalf of an exporter, to negotiate with the importing country alternative measures for meeting access requirements for overseas markets:	121.98	- \$186.30, plus	APA#4 APA#5
298		(a) for each complete hour	30.50	- \$186.30 per hour after the first hour, charged in 15-minute increments	One-hour minimum charge, with additional time after one hour chargeable in 15-minute blocks.
		(b) for each 15-minute block in a part-hour			
299	(3)	Hourly rate for services undertaken by an employee of the Ministry, on behalf of an exporter, to negotiate new access requirements for overseas markets (except for exporters of cats and dogs)	121.98		APA#1
300		(a) for each complete hour	30.50		Recover the costs of negotiating and maintaining market access as part of unit fees rather than hourly rate fees.
		(b) for each 15-minute block in a part-hour			

		Current basis	Charge (\$)	Proposed basis and charge:	Comment:
		<b>Callout charges</b> Callout charges for recognised persons who are employees of the Ministry undertaking specialist functions and activities at any place or premises outside normal agreed hours of work and necessary for the export of live animals or germplasm			
301	(a)	where an employee is entitled, by his or her contract of employment, to time and a half rates	112.92 per hour or part of an hour	\$252.17 per hour or part of an hour	Updated rate.
302	(b)	where an employee is entitled, by his or her contract of employment, to double time rates	136.97 per hour or part of an hour	\$318.04 per hour or part of an hour	Updated rate.
303 304	(c)	where an employee works on a public holiday within the meaning of the Holidays Act 2003	384.62 per day or part of a day, plus 136.97 for each hour or part of an hour worked	\$845.13 per day or part of a day, plus \$211.28 per hour or part of an hour	Updated rates.

## Schedule 2 – Levies

1. The levies set out in this schedule are payable by –
  - (a) operators of risk management programmes in respect of operations under the programme;
  - (b) operators of hides and skins export approved premises;
  - (c) operators of fishing vessels who are operating under –
    - (i) a risk management programme and who undertake primary processing of fish and bivalve molluscan shellfish; or
    - (ii) the regulated control scheme set out in the Animal Products (Regulated Control Scheme – Limited Processing Fishing Vessels) Regulations 2001
2. The levies set out in this schedule are payable irrespective of who performs any verification or other function in relation to the processing operations.
3. The levies per head set out in clause 1 are exclusive of goods and services tax, and goods and services tax on those levies will be added to the total invoice.

	Current basis				Proposed basis and charge:	Comment:
305	1	Levies per head where animals slaughtered and dressed  The following levies are payable by the operators (not being homekill or recreational catch service providers) of premises or places where the animals specified are slaughtered and dressed, on the basis of the number of animals slaughtered and dressed:				The Meat Industry Association (MIA) has provisionally suggested ( <b>prior</b> to seeing the proposed schedule of fees below) that any revised levy could include a further Industry Innovation Fund component of up to 1.5c per lamb equivalent for lambs, sheep, bobby calves and cattle, additional to the 1c per lamb equivalent that is presently used for research supported by that Fund. The 1.5c per lamb equivalent would be additional to the base levy proposed.  Rates based on these proposals are shown below.  MIA and MPI are seeking feedback (concept and level) on this proposal as part of the overall consultation process.
			Operators that process wholly or partly for export	Operators that process only for consumption within New Zealand	Process wholly or partly for export <sup>1</sup> / Process only for consumption within New Zealand*	
306 307		Lambs, bobby calves, goats	\$0.10 per head	\$0.03 per head	\$0.12 <sup>1</sup> per head \$0.04* per head	\$0.135 <sup>1</sup> (excluding goats) with MIA levy
308 309		Sheep	\$0.11 per head	\$0.03 per head	\$0.14 <sup>1</sup> per head \$0.04* per head	\$0.157 <sup>1</sup> with MIA levy
310 311		Pigs	\$0.24 per head	\$0.08 per head	\$0.31 <sup>1</sup> per head \$0.09* per head	As proposed by MPI

		Current basis			Proposed basis and charge:	Comment:
312 313		Cattle, horses	\$0.76 per head	\$0.21 per head	\$0.86 <sup>1</sup> per head \$0.25* per head	\$0.974 <sup>1</sup> with MIA levy
314 315		Deer	\$0.86 per head	\$0.10 per head	\$1.57 <sup>1</sup> per head \$0.19* per head	As proposed by MPI
316 317		Ostriches, emus	\$6.54 per head	\$1.02 per head	\$22.00 <sup>1</sup> per head \$3.50* per head	As proposed by MPI
318 319		Poultry	\$0.004399 per bird	\$0.00255 per bird	\$0.061338 <sup>1</sup> per bird \$0.003925* per bird	As proposed by MPI
320 321		Other species (other than fish)	\$0.20 per head	\$0.20 per head	\$0.27 <sup>1</sup> per head \$0.27* per head	As proposed by MPI
	2	<i>Annual levies for fish</i> The following levies are payable on the basis of greenweight tonnage of fish or bivalve molluscan shellfish processed on the fishing vessel:				
322		(a) primary processors of fish other than bivalve molluscan shellfish		\$0.42 per tonne of fish (a) processed on a fishing vessel that are – (i) filleted at sea for consumption in New Zealand; or (ii) otherwise processed at sea for consumption in New Zealand and that are not delivered to an onshore primary processor (except for the purposes of storage or transport); or	\$0.20 per tonne of fish (a) processed on a fishing vessel that are – (iii)filleted at sea for consumption in New Zealand; or (iv) otherwise processed at sea for consumption in New Zealand and that are not delivered to an onshore primary processor (except for the purposes of storage or transport); or (b) processed by an onshore processor except for fish that are – (c) filleted at sea for consumption in New Zealand; or otherwise processed at sea for consumption in New Zealand and that are only transported or stored by the onshore processor; or	

Current basis				Proposed basis and charge:	Comment:
			(b) processed by an onshore processor except for fish that are – (i) filleted at sea for consumption in New Zealand; or (ii) otherwise processed at sea for consumption in New Zealand and that are only transported or stored by the onshore processor; or		
323			\$0.82 per tonne of fish (a) processed on a fishing vessel that are – (i) filleted at sea for export; or (ii) otherwise processed at sea for the purposes of export and are not delivered to an onshore primary processor (except for the purposes of storage or transport); or (b) processed by an onshore processor	\$0.50 per tonne of fish (a) processed on a fishing vessel that are – (iii) filleted at sea for export; or (iv) otherwise processed at sea for the purposes of export and are not delivered to an onshore primary processor (except for the purposes of storage or transport); or (b) processed by an onshore processor except for fish that are – (iii) filleted at sea for consumption in New Zealand; or otherwise processed at sea for the purposes of export and that are only transported or stored by the onshore processor	

Current basis					Proposed basis and charge:	Comment:
				except for fish that are – (i) filleted at sea for consumption in New Zealand; or (ii) otherwise processed at sea for the purposes of export and that are only transported or stored by the onshore processor		
324		(b) primary processors of bivalve molluscan shellfish		\$3.88 per tonne of bivalve molluscan shellfish processed (if an operator processes only for consumption in New Zealand); or	\$1.50 per tonne of bivalve molluscan shellfish processed (if an operator processes only for consumption in New Zealand); or	
325				\$5.65 per tonne of bivalve molluscan shellfish processed (if an operator processes wholly or partly for export)	\$2.90 per tonne of bivalve molluscan shellfish processed (if an operator processes wholly or partly for export)	
326	3	<i>Annual levy for coolstores and other storage premises</i> Operator of a coolstore or other storage premises, per coolstore or other premises		\$190 per annum	\$207.30 per annum	
	5	<i>Annual levy for primary or secondary animal processing premises or places that do not include animal slaughter</i>			<b>Process wholly or partly for export / Process only for consumption within New Zealand</b>	
327		(a) annual levy for bee products	\$258 per annum*	\$577.50 per annum <sup>1</sup>	\$471.80* per annum	
328					\$1005.70 <sup>1</sup> per annum	

Current basis				Proposed basis and charge:	Comment:
329	(b)	annual levy for egg products	\$191 per annum for all processors	\$527.30 per annum for all processors	
330 331	(c)	annual levy for animal feed products	\$326 per annum*	\$769 per annum <sup>1</sup>	\$684.10* per annum \$769.60 <sup>1</sup> per annum
332	(d)	annual levy for dual operator butchers	\$222 per annum for all processors	\$256.50 per annum for all processors	
333 334	(e)	annual levy for renderers	\$264 per annum*	\$1,252 per annum <sup>1</sup>	\$132.80* per annum \$559.70 <sup>1</sup> per annum
335	(f)	annual levy for export of animal products – non-consumption	\$71.11 per annum for all processors	\$136.00 per annum for all processors	
336 337	(g)	annual levy for primary or secondary processors (processing animal material or animal product not covered under paragraph (a) to (f))	\$848 per annum*	\$1,054 per annum <sup>1</sup>	\$710.10* per annum \$784.50 <sup>1</sup> per annum
* Operators that process only for consumption within New Zealand <sup>1</sup> Operators that process wholly or partly for export.					
338	Levy on listed, or re-listed, homekill and recreational catch service providers			\$100 per year on application for listing or re-listing.	APA#14 Annual levy for listed, or re-listed, homekill and recreational catch service providers under section 76 of the Animal Products Act 1999.

## 9 Proposals that impact across multiple cost recovery regimes

### 9.1 BACKGROUND

The current structure of the Ministry is a result of the merger of different agencies that administered a range of Acts that provide for cost recovery. Because of this there are differences in the approach to cost recovery between sectors.

Some cost recovery issues, or features of them, are common across the different cost recovery regimes. The Ministry is therefore proposing to amend multiple sets of regulations at the same time to standardise some approaches to cost recovery, and the language used to describe them.

As a means of seeking feedback from all affected sectors, these multi-regime issues have been grouped for consultation purposes. Implementation for individual cost recovery regimes will be through the Regulations made under the authority of individual Acts.

### 9.2 POLICY PROPOSALS

*Common#1 – Align hourly rate charges*  
*Common#2 – Use Inland Revenue Department vehicle mileage rates*

*Common#3 – Recover costs for support staff involved in specialist services*

*Common#4 – Recover other costs incurred by MPI*

*Common#5 – Charge for performance of function, power or duty under the Act, Regulations and Notices not prescribed elsewhere*

*Common#6 – Correct use of the term ‘levy’*

*Common#7 – Update references to recognised persons and agencies*

*Common#8 – Align veterinary professional rates across biosecurity and food regulations*

### 9.3 COMMON#1 – ALIGN HOURLY RATE CHARGES

#### 9.3.1 Background

The food safety cost recovery regulations prescribe hourly rate charges using a number of different approaches, for example:

- Animal Products (Fees, Charges, and Levies) Regulations – one hour of time, with time thereafter charged on the basis of an assessment charge at hourly increments until the last half hour, which is done in 15 minute increments;
- Animal Products (Dairy Industry Fees and Charges) Regulations 2007 – similar approach, but prescribed in a different manner;
- Agricultural Compounds and Veterinary Medicines (Fees and Charges) Regulations 2002 – different approach;
- Animal Welfare Export Certificate Regulations 1999 – different approach.

#### 9.3.2 Regimes affected by this proposal

This change would apply to the following regulations:

- Animal Products (Fees, Charges, and Levies) Regulations 2007;
- Animal Products (Dairy Industry Fees and Charges) Regulations 2007;
- Agricultural Compounds and Veterinary Medicines (Fees and Charges) Regulations 2002;
- Animal Welfare Export Certificate Regulations 1999;
- Wine Regulations 2006.

### 9.3.3 Problem definition

The different hourly rate charging approaches under each set of regulations adds complexity for staff performing similar functions under the different Acts as they may be required to follow different administrative processes for charging for services under each Act.

#### *Options considered*

The Ministry considered two options:

- Option 1 — maintain the status quo (inconsistent wording across multiple regulations).
- Option 2 — adopt a common approach across regulations, to the extent possible.

MPI's preferred approach is to establish a common approach across regulations. This will help to ensure consistency (and thereby promote efficiency) for staff performing similar functions under the different Acts.

The majority of cost-recoverable activity falls under the Animal Products Act 1999. Extending the approach prescribed in Part 1 and Part 2 of Schedule 1, of the Animal Products (Fees, Charges, and Levies) Regulations 2007 to regulations under other Acts is considered the most appropriate approach to take. A minimum charge of one hour also allows for the administrative costs associated with invoicing and collection.

### 9.3.4 Proposed alignment of hourly rate charging approach in keeping with the animal products fees

All time spent by an officer or employee of the Ministry would be chargeable at:

- a minimum charge of one hour, at the appropriate rate for the activity;
- an hourly rate, charged in 15-minute increments, for any time in excess of the first hour.

The Ministry proposes to apply this approach to the following regulations, with any necessary modifications:

- Animal Products (Fees, Charges, and Levies) Regulations 2007;
- Animal Products (Dairy Industry Fees and Charges) Regulations 2007;
- Agricultural Compounds and Veterinary Medicines (Fees and Charges) Regulations 2002;
- Animal Welfare Export Certificate Regulations 1999;
- Wine Regulations 2006.

### 9.3.5 Questions for consideration

#### Question 9.3

- 1) Do you support the adoption of a common approach for hourly rate charging under the various food sector cost recovery regimes?
- 2) If not, what is your preferred approach for each of the food sector cost recovery regimes, and what are your reasons for this preference?

## **9.4 COMMON#2 – USE INLAND REVENUE DEPARTMENT VEHICLE MILEAGE RATES**

### **9.4.1 Background**

The Ministry recovers vehicle costs using mileage rates prescribed in the regulations for each regime. A number of different rates are currently in force, and these rates can quickly become out of date.

Similarly, the various regulations prescribe the bases for recovery of other costs incurred by the Ministry when delivering services to users.

The Inland Revenue Department (IRD) collects data on the costs of operating a motor vehicle, and the Commissioner promulgates a standard vehicle mileage rate under section DE12(3) of the Income Tax Act 2007.

The Ministry proposes to remove ‘static’ references in the current regulations and adopt the periodic rate promulgated by the Commissioner of Inland Revenue.

### **9.4.2 Regimes affected by this proposal**

This change would apply to the all cost recovery regulations:

- Biosecurity (Costs) Regulations 2010 — veterinary inspectors only;
- Animal Products (Fees, Charges, and Levies) Regulations 2007;
- Animal Products (Dairy Industry Fees and Charges) Regulations 2007;
- Agricultural Compounds and Veterinary Medicines (Fees and Charges) Regulations 2002;
- Animal Welfare Export Certificate Regulations 1999;
- Wine Regulations 2006.

### **9.4.3 Problem definition**

The vehicle mileage rates are prescribed in various regulations and quickly become out of date. MPI’s collective employment agreement with its verifiers and some other staff provides for charging at the rate published by the Commissioner of Inland Revenue under section DE 12 (3) of the Income Tax Act 2007. The current rate<sup>32</sup> is \$0.77 cents per kilometre.

The difference in employment agreement rates and the regulated rates for mileage and other costs can also lead to a discrepancy in the costs the Ministry recovers from service users and the reimbursements made to Ministry staff for some activities.

### **9.4.4 Proposed change to a common approach for mileage rates and the recovery of any other travel costs**

MPI proposes to amend various regulations to provide for cost recovery of motor vehicle costs at the rate promulgated from time to time by the Commissioner of Inland Revenue under section DE 12 (3) of the Income Tax Act 2007.

This proposal would apply to the travel costs for veterinary inspectors only in the Biosecurity (Costs) Regulations 2010.

This proposal will support efficiency and equity.

---

<sup>32</sup> <http://www.ird.govt.nz/technical-tax/op-statements/os-review-mileage-rate-2014.html>

### 9.4.5 Questions for consideration

#### Question 9.4

- 1) Do you agree with the proposal to harmonise vehicle mileage rates and other travel costs across the various cost recovery regimes?
- 2) Do you agree with the use of the mileage rate promulgated from time to time by the Commissioner of Inland Revenue under section DE12(3) of the Income Tax Act 2007?
- 3) If not, what is your preferred approach to mileage rates for each cost recovery regime, and what are your reasons for these preferences?

## 9.5 COMMON#3 – RECOVER COSTS FOR SUPPORT STAFF INVOLVED IN SPECIALIST SERVICES

### 9.5.1 Background

Support staff members within the Ministry perform essential but non-specialist services that support the delivery of specialist certification. This includes the maintenance and administration of registers and the preparation and filing of documents.

MPI is able to recover costs for these services, but no mechanism currently exists in the various regulations to do this.

### 9.5.2 Regimes affected by this proposal

This change would apply to the following regulations:

- Biosecurity (Costs) Regulations 2010;
- Animal Products (Fees, Charges, and Levies) Regulations 2007;
- Animal Products (Dairy Industry Fees and Charges) Regulations 2007;
- Agricultural Compounds and Veterinary Medicines (Fees and Charges) Regulations 2002;
- Animal Welfare Export Certificate Regulations 1999;
- Wine Regulations 2006.

### 9.5.3 Problem definition

By way of example, as part of the process for issuing live animal and germplasm export certificates, MPI support staff prepare paper export certificates that are issued by recognised persons. This practice is more cost-effective than using specialist recognised persons, and allows recognised persons to focus on technical matters instead of administration.

Part 8 of the Animal Product (Fees, Charges, and Levies) Regulations 2007 does not include a provision for MPI to recover the costs of non-recognised persons involved in specialist functions and activities necessary for the export of live animals or germplasm. Consequently, MPI cannot fully recover the cost of these services.

This problem could be resolved by only using expert staff whose time can be cost-recovered for undertaking this work, but this is a very inefficient use of their time. Another option would be to build administration time into levies, but this does not apportion the costs as directly as a fee to that person or group who caused the costs to be incurred.

A similar problem exists for other cost recovery regimes.

#### **9.5.4 Proposed charges for support staff involved in export certification**

MPI proposes to create a new cost recovery item in each of the relevant regulations to allow MPI to recover for time spent by other employees undertaking functions and activities necessary for the production of certificates or provision of expert services.

#### **9.5.5 Questions for consideration**

##### **Question 9.5**

- 1) What is your preferred method for cost recovery of support staff time across the various cost recovery regimes?
- 2) If you prefer different methods for individual cost recovery regimes, what are these methods and what are your reasons for these preferences?

### **9.6 COMMON#4 – RECOVER OTHER COSTS INCURRED BY MPI**

#### **9.6.1 Background**

Other costs include incidental and additional costs that the Ministry incurs during the delivery of services to users. These costs are often unpredictable and vary depending on the nature of the service provided.

These costs include categories such as external review, expert review, notification, product testing, travel and accommodation, as well as disbursements such as photocopying, printing and stationery, phone, fax, video conferencing, postage and courier charges.

#### **9.6.2 Problem definition**

Inconsistent regulatory approaches add administrative complexity, particularly for staff that work across multiple regimes.

#### **9.6.3 Proposed charges for support staff involved in export certification**

MPI proposes that actual and reasonable costs incurred by an officer or employee of the Ministry may be recovered when they arise from:

- a request by the operator of a risk management programme, or other processor;
- an act, or omission, of an operator or processor.

MPI proposes that recoverable costs include, but not be limited to, costs such as external review, expert review, notification, product testing, travel and accommodation, as well as disbursements such as photocopying, printing and stationery, phone, fax, video conferencing, postage and courier charges.

MPI proposes that a common approach for recovering other costs be applied to the following regulations, with any necessary modifications:

- Biosecurity (Costs) Regulations 2010;
- Animal Products (Fees, Charges, and Levies) Regulations 2007;
- Animal Products (Dairy Industry Fees and Charges) Regulations 2007;
- Agricultural Compounds and Veterinary Medicines (Fees and Charges) Regulations 2002;
- Animal Welfare Export Certificate Regulations 1999;
- Wine Regulations 2006.

## 9.6.4 Questions for consideration

### Question 9.6

What is your preferred approach for the recovery of incidental costs incurred by the Ministry for delivery of services to users for each cost recovery regime (or for all cost recovery regimes)?

## 9.7 COMMON#5 – CHARGE FOR PERFORMANCE OF FUNCTION, POWER OR DUTY UNDER THE ACT, REGULATIONS AND NOTICES NOT PRESCRIBED ELSEWHERE

### 9.7.1 Background

MPI provides a range of functions, powers and duties under various Acts, and subsidiary regulations and notices and standards. The various cost recovery regulations prescribe fees, charges and levies for specific functions, powers or duties under the relevant Act, regulations and notices.

Item 23 of the Schedule of the Biosecurity (Costs) Regulations 2010 enables MPI to recover the costs of performing a function, power, or duty—

- required to be undertaken under the Act or regulations made under the Act; and
- not prescribed elsewhere in the Schedule.

The item is payable as an hourly rate for each adviser involved and is payable by the person whose actions resulted in the specific function, power or duty being required.

The Ministry is proposing to adopt this approach for other cost recovery regimes.

### 9.7.2 Problem definition

The Ministry currently cannot charge for the exercise of functions, powers or duties under Acts, regulations and notices unless they are prescribed for that regime.

It is not practical or possible to specify all of MPI's functions, powers or duties under all Acts and subsidiary regulations and notices, or the associated fees or charges for them, in an exhaustive manner. There are two main reasons:

- The Ministry was not aware of the function, power or duty when the regulations were promulgated.
- The function, power or duty under the Acts, and subsidiary regulations and notices is new. For example, halal-related services were not included in the Animal Product (Fees, Charges, and Levies) Regulations 2007, and were subsequently added by the Animal Products (Overseas Market Access Requirements for Halal Assurances) Notice 2013.

MPI's inability to recover costs for the exercise of functions, powers or duties under the Acts and subsidiary regulations and notices is causing it to under-recover the cost of delivering these services.

### 9.7.3 Proposed fees for performance of function, power or duty under the Act, Regulations and Notices not prescribed elsewhere

The Ministry proposes to include cost recovery for performance of a function, power or duty that is:

- required to be undertaken under the relevant Act, including subsidiary regulations and notices;
- not prescribed elsewhere in the relevant cost recovery regulations.

The hourly rate would be the relevant rate for other services provided under the empowering Act. MPI proposes that this approach be applied to the following regulations, with any necessary modifications:

- Animal Products (Fees, Charges, and Levies) Regulations 2007;
- Animal Products (Dairy Industry Fees and Charges) Regulations 2007;
- Agricultural Compounds and Veterinary Medicines (Fees and Charges) Regulations 2002;
- Animal Welfare Export Certificate Regulations 1999;
- Wine Regulations 2006.

The item would be payable by the person whose actions resulted in the specific function, power or duty being required.

This proposal would support equitable cost recovery and efficient service delivery.

#### **9.7.4 Questions for consideration**

##### **Question 9.7**

What is your preferred method of cost recovery for time spent performing functions, powers or duties not specified elsewhere for each cost recovery regime (or for all cost recovery regimes)?

## **9.8 COMMON#6 – CORRECT USE OF THE TERM ‘LEVY’**

### **9.8.1 Background**

MPI imposes levies on some products to fund industry good services. For historic reasons, when some cost recovery regulations were created, certain charges (industry goods) were described in regulations as ‘standard’ charges, when from a legal perspective these are actually levies.

### **9.8.2 Regimes affected by this proposal**

This change would affect the:

- Animal Products (Fees, Charges, and Levies) Regulations 2007;
- Animal Products (Dairy Industry Fees and Charges) Regulations 2007;
- Agricultural Compounds and Veterinary Medicines (Fees and Charges) Regulations 2002;
- Animal Welfare Export Certificate Regulations 1999;
- Wine Regulations 2006.

### **9.8.3 Problem definition**

The regulations inappropriately describe certain cost recovery items as ‘fees’ and ‘charges’ when, in law, they are ‘levies’.

The options are:

- Option 1: maintain the status quo;

- Option 2: update the descriptions.

The Ministry's preferred approach is to update the descriptions to remove ambiguity and clarify the application of the various types of charges.

#### **9.8.4 Proposed re-categorisation of fixed fees as levies**

MPI proposes to change the terminology used for items recovering industry good costs in the various regulations from 'fees' or 'charges' to the legally correct term 'levies'. This proposal involves no changes to fees.

#### **9.8.5 Questions for consideration**

##### **Question 9.8**

Do you have any concerns about the proposed clarification of use of the term 'levy'?

### **9.9 COMMON#7 – UPDATE REFERENCES TO RECOGNISED PERSONS AND AGENCIES**

#### **9.9.1 Background**

The Agricultural Compounds and Veterinary Medicines Act 1997, Animal Products Act 1999, and Wine Act 2003 have been amended since the relevant cost recovery regulations were last reviewed.

#### **9.9.2 Regimes affected by this proposal**

This change would affect the:

- Animal Products (Fees, Charges, and Levies) Regulations 2007;
- Animal Products (Dairy Industry Fees and Charges) Regulations 2007;
- Agricultural Compounds and Veterinary Medicines (Fees and Charges) Regulations 2002;
- Animal Welfare Export Certificate Regulations 1999;
- Biosecurity (Costs) Regulations 2010;
- Wine Regulations 2006.

#### **9.9.3 Problem definition**

The references in regulations to the relevant parts of the Agricultural Compounds and Veterinary Medicines Act 1997, Animal Products Act 1999, and Wine Act 2003 relating to recognised persons and agencies are out of date.

#### **9.9.4 Proposed amendments**

MPI proposes to amend the cost recovery regulations to update the references to the relevant parts of the Agricultural Compounds and Veterinary Medicines Act 1997, Animal Products Act 1999, and Wine Act 2003 relating to recognised persons and agencies.

This is a minor and technical adjustment to cost recovery regulations to make changes to update the regulations. It involves no changes to fees.

### 9.9.5 Questions for consideration

#### Question 9.9

Do you have any concerns about the proposed updates to references to the Agricultural Compounds and Veterinary Medicines Act 1997, Animal Products Act 1999, and Wine Act 2003 in various regulations?

## 9.10 COMMON#8 – ALIGN VETERINARY PROFESSIONAL RATES ACROSS BIOSECURITY AND FOOD REGULATIONS

### 9.10.1 Background

MPI has a responsibility to service users to ensure that charges for similar activities and services across different regulations are consistent, and that the rationale for differential charging is clear.

### 9.10.2 Problem definition

Veterinary inspectors undertake a variety of activities and functions under biosecurity and food legislation.

Current hourly rates for veterinary inspector activities were set prior to the creation of MPI from its predecessor agencies. These predecessor agencies had different cost (including overhead) structures. As a result, veterinary inspectors undertaking similar work, but now with the same cost structure, are being recovered at different rates for activities undertaken under biosecurity and food legislation.

The options considered were:

- Option 1: maintain the status quo;
- Option 2: amend the veterinary inspector hourly rates in the Biosecurity (Costs) Regulations to align with that specified in the relevant food regulations (proposed rate of \$186.30 per hour).

### 9.10.3 Proposed charges

The proposal is to amend the veterinary inspector rate in the Biosecurity (Costs) Regulations to \$186.30 per hour to align with the rate proposed in the relevant food sector regulations.

### 9.10.4 Questions for consideration

#### Question 9.10

Do you have any concerns about the proposed alignment of charging rates for veterinarians under the biosecurity cost recovery regime and the food cost recovery regime?