



Strengthening the regulatory framework for bee product exports

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Requests for further copies should be directed to:

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

Email: brand@mpi.govt.nz

Telephone: 0800 00 83 33

Facsimile: 04-894 0300

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1 Submissions

The Ministry for Primary Industries (MPI) proposes to strengthen the regulatory framework for bee products intended for export to countries for which official assurances are required.

You are invited to have your say on the proposed changes, which are as explained in this paper and specified in the attached draft notices.

Consultation closes on Thursday 17 December 2015 at 5:00 pm.

1.1 HOW TO HAVE YOUR SAY

You may have your say by answering the questions in boxes throughout this discussion document or comment on any part of the proposals. You may also comment on the attached draft notices, specifically in relation to the proposed amendments, which are highlighted.

MPI encourages submitters to make their submissions electronically so please email your submissions to: food.assurance@mpi.govt.nz.

If you wish to convey your submissions in writing, these should be posted to the following address:

Alipate Camaivuna
Bee Products Export Requirements
MPI Food Assurance Team (Level 12, Pastoral House)
PO Box 2526
Wellington

Please include the following information in your submission:

- the title of the discussion document;
- your name and title (if applicable);
- your organisation's name (if applicable); and
- your address

The following points may be of assistance in preparing comments:

- where possible, comment should be specific to a particular section in the document. All major sections are numbered and these numbers should be used to link comments to the document;
- where possible, reasons and data to support comments may be provided;
- the use of examples to illustrate particular points is encouraged;
- as a number of copies may be made of your comments, please use good quality type, or make sure the comments are clearly hand-written in black or blue ink.

1.2 THE OFFICIAL INFORMATION ACT 1982 (THE OIA)

Everyone has the right to request information held by government organisations, known as "official information". Under the OIA, information is to be made available to requesters unless there are good or conclusive grounds under the Act for withholding it.

If you are submitting on this discussion document, you may wish to indicate any grounds for withholding information contained in your submission. Reasons for withholding information could include that information is commercially sensitive or that the submitters wish personal

information such as names or contact details to be withheld. MPI will consider such grounds when deciding whether or not to release information.

Any decision to withhold information requested under the OIA may be reviewed by the Ombudsman.

For more information please visit <http://www.ombudsman.parliament.nz/resources-and-publications/guides/official-information-legislation-guides>

1.3 WHAT HAPPENS NEXT

A panel of MPI officials will consider all submissions at the expiry of the consultation period and make a recommendation to the relevant decision maker about the final amendments to be adopted and specified in the notice. A paper outlining the analysis of all submissions received will be made available to all submitters.

The new notice will be in place by 8 February 2016.

Key dates	Action
5 November 2015	Consultation starts
17 December 2015	Consultation closes (6 weeks consultation)
11 January 2016 – 22 January 2016	Consideration of submissions (2 week)
25 January 2016 – 5 February 2016	Final review and issue of notices (2 weeks)

2 Executive Summary

This paper seeks submissions from interested parties on proposed requirements for strengthening the official assurances framework for bee products.

Summary of MPI's proposals			
	Proposal	Legal instrument	Affected parties
1	Enhancing traceability (Strengthening the official assurances framework)	Part 7 of the draft Animal Products Notice: Official Assurances Specifications – Animal Material and Animal Products. (Clauses 7.2.1 – 7.2.11)	All RMP operators who process (include storage) bee products for export to countries for which official assurances are required.
2	Listing of beekeepers (Strengthening the official assurances framework)	Part 7 of the draft Animal Products Notice: Official Assurances Specifications – Animal Material and Animal Products. (Clauses 7.4.1 – 7.4.10)	Beekeepers who produce/supply honey for export to countries for which official assurances are required but- <ul style="list-style-type: none"> • do not operate under an RMP; or • are not listed for a market which requires listing.
3	Unlabelled retail packs and bulk products to be indelibly marked with traceability information (Strengthening the official assurances framework) (Labelling/Traceability)	Part 7 of the draft Animal Products Notice: Official Assurances Specifications – Animal Material and Animal Products. (Clause 7.3)	Exporters who export unlabelled retail packs and bulk products and RMP operators who pack such products.
4	Mandate compliance with the labelling requirements of the Food Standards Code (Strengthening the official assurances framework)	Part 1 of the draft Animal Products Notice: Official Assurances Specifications – Animal Material and Animal Products. (Clause 1.2(1))	All RMP operators who process (include transport and storage) bee products for export to countries for which official assurances are required. And all exporters who export to such countries.

5	<p>Increased export verification frequency</p> <p>(Strengthening the export verification framework)</p>	<p>Animal Products Notice: Export Verification Requirements</p> <p>(Clause 2.2(5), Schedule 1: rows 16 – 18)</p>	<ul style="list-style-type: none"> • Beekeepers who produce/supply honey for export and who operate a store RMP. • RMP operators who pack retail-ready bee products for export
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3 Introduction

3.1 GROWTH AND RISKS

New Zealand exported \$187 million of honey (8706 tonnes) in the June 2014 year. This represented a 30% increase from the previous year owing to rises in volumes (8%) and prices. Prices increased for all honey types due to strong global demand. Growing global demands for New Zealand honey have not only led to increased prices but have also attracted unwanted risks resulting from traders intending on fraudulently cashing in on the success and popularity of New Zealand honey.

Risks associated with honey exports include:

- misrepresentation of honey as being of a particular type when such claim cannot be authenticated (for example, misrepresentation of clover honey as mānuka); and
- exportation of adulterated honey; and
- exportation of illegally obtained honey (honey from stolen hives); and
- adulteration of New Zealand honey at export destinations; and
- false labelling of overseas honey as being New Zealand honey.

Recent media reports in New Zealand and certain other major export destinations have raised concerns about the above-mentioned risks to the export of New Zealand bee products. These risks, if not managed appropriately, have the potential to attract the following negative consequences:

- eroding New Zealand's reputation as a credible supplier of authentic high quality animal products;
- smearing New Zealand honey industry generally so diligent exporters and operators become inadvertently tainted by association;
- casting doubt and eroding trust in the regulatory model we have for managing the export of major animal product commodities such as dairy and meat;
- casting doubt and eroding trust in MPI as a credible and competent regulator;
- rejection of New Zealand bee product exports by trading partners.

3.2 CURRENT REGULATORY FRAMEWORK

The current regulatory framework for managing bee product exports is mandated in a number of legislation, as explained below.

3.2.1 Exporter registration

The Animal Products Act 1999 requires the registration of exporters of animal products, with emphasis on ensuring that exporters are fit and proper persons (upstanding citizens with good track record of obeying the law), are identifiable and known to MPI, and are legally eligible to conduct business in New Zealand. Exporters, including exporters of bee products, are required to meet their obligations under the Act.

3.2.2 Risk Management Programmes

Operators who process bee products for export are required to either operate under a risk management programme registered under the Animal Products Act 1999 or under a food safety programme registered under the Food Act 1981 regime. This requirement ensures that animal products are processed in accordance with domestic and internationally recognised standards, by qualified people, within a regulated environment that is properly equipped to manage associated risks.

Where animal products are processed for export to countries for which official assurances are required, operators must operate under a risk management programme, or a food safety programme that has been registered as a risk management programme under the Animal Products Act 1999. This is because the risk management programme regime has tighter controls (for example, regular verification). The tighter controls are justified because in the case of official assurances, there would be an agreement in place between the New Zealand government and an importing country warranting such controls for market access purposes.

3.2.3 Official assurances

The official assurances framework is another tool developed and used by MPI to regulate and monitor animal product exports to countries for which official assurances are required. The framework draws a distinction between dairy and non-dairy products. Official assurances requirements for dairy products are specified under the Animal Products Notice: Official Assurances Specifications – Dairy Material and Dairy Products, which was issued on 27 August 2014. Official assurances requirements for non-dairy animal products, including bee products, are specified under the Animal Products (Official Assurances Specifications) Notice 2013.

The official assurances framework generally mandates traceability and sets out the procedure for obtaining an official assurance. An official assurance issued by MPI for a consignment of animal products generally attests to the competent authority of the importing country that the consignment is fit for its intended purpose, meets New Zealand requirements and any additional specific requirements of the importing country.

3.2.4 General export requirements

There are general export requirements issued under section 60 of the Act for bee products. These are specified under the Animal Products (Harvest Statement and Tutin Requirements for Export Bee Products) Notice 2010.

To ensure the flow of information from beekeepers to RMP operators, the notice requires beekeepers to complete and submit a harvest statement form to RMP operators for every supply of bee products. Bee products that are not accompanied by a harvest statement form are ineligible for export with an official assurance.

Additionally, the notice requires compliance with the Food (Tutin in Honey) Standard 2010 under the Food Act 1981 regime. The notice also requires operators to notify their verifiers of any tutin test results that exceed applicable tutin limits. Bee products that do not comply with tutin requirements are ineligible for export with an official assurance.

3.2.5 Verification

Risk management operators who process bee products for export are subject to ongoing verification by third party official assurances verifiers. Operators are verified in terms of the effectiveness of their risk management programme, and their compliance with:

- obligations under the Animal Products Act 1999; and
- official assurances requirements; and
- general export requirements; and
- applicable overseas market access requirements.

3.3 STRENGTHENING THE CURRENT REGULATORY FRAMEWORK

MPI has reviewed the current regulatory framework. This included an assessment of the adequacy and effectiveness of the current framework in addressing ongoing concerns about risks to bee product exports. MPI believes that additional measures are required to strengthen and tighten the controls within the existing framework. Additional measures proposed by MPI are set out below.

4 Proposals

MPI has formulated a work package for strengthening the regulatory framework for bee product exports. The package includes the following work streams:

- (a) strengthening the official assurances framework for bee products; and
- (b) strengthening the verification framework for bee products; and
- (c) Mānuka Honey Science Programme for formulating an acceptable scientific definition for monofloral mānuka honey; and
- (d) strengthening general export requirements for bee products.

Work streams (c) and (d) are not part of this consultation. They are being progressed separately as they have a comparatively longer timeframe.

Work streams (a) and (b) are part of this consultation. Proposals that form part of these work streams are discussed in this document and are reflected in the following draft tertiary legislation, which are attached to this discussion document:

- (a) Animal Products Notice: Official Assurances Specifications – Animal Material and Animal Products; and
- (b) Animal Products Notice: Export Verification Requirements.

You may make a submission on this discussion document and the attached draft tertiary legislation.

4.1 STRENGTHENING THE OFFICIAL ASSURANCES FRAMEWORK

4.1.1 Enhancing traceability

Problem definition

MPI operates a system-based official assurances framework. This means, that instead of testing every consignment of animal products, a recognised system is set up with emphasis on ensuring that risks associated with animal products are managed by people who are qualified to manage them and within regulated environments that are equipped for managing those risks. Risk management programmes are the centrepiece of this system. As such, all operators and premises involved in processing animal products for export must operate under a risk management programme. MPI generally issues official assurances for animal products that are outputs of this system.

Traceability through MPI's electronic certification system (E-cert) is one of the most important mechanisms used by MPI for ensuring that this system-based approach is being complied with. Traceability enables MPI to demonstrate to countries requiring premises listing that animal products exported to them were handled and processed only within listed RMP premises. Domestically, traceability enables MPI to track the movement of products, ensuring that they are only handled and processed within RMP premises, as required by law. Traceability also enables MPI to track any changes being made to products as they journey through the RMP chain, ensuring that any such changes are consistent with existing standards

and specifications and do not disqualify the products from being eligible for export to their intended destination. Traceability is also a useful recall and data collection tool.

Given its fundamental importance, traceability is one of the first assurance mechanisms that trading partners would look at when issues are being raised about the eligibility or authenticity of products being exported to them.

Currently, there is an inconsistency in the standard of traceability being imposed on bee product exports. A full electronic traceability model is currently used for bee products exported to the European Union (EU) whereas a mixed paper – electronic traceability model is used for bee products exported to all other countries requiring official assurances. This distinction creates the following problems:

- It is challenging trying to reconcile paper documents with electronically generated documents. This could lead to important eligibility information being overlooked or mistakenly left out, thus raising doubts as to the credibility of the resulting official assurance.
- A mixed paper – electronic model makes verification difficult, and could cause long delays in traceback during recall situations; and
- Applying inconsistent traceability standards for different countries could lead to allegations of unfair treatment by countries who are being exported products that were subject to a perceived lower level of traceability.

Proposal

MPI proposes to mandate the full electronic traceability model. This means discontinuing the use of paper operator declarations and mandating the use of E-cert generated eligibility declarations and eligibility documents for all inter-premises transfers. This will result in a unified, consistent and effective traceability model.

The proposed requirements are specified under Part 7 of the attached Animal Products Notice: Official Assurances Specifications – Animal Material and Animal Products.

Question for submitters:

1. Do you support this proposal for enhancing traceability? (Please provide a sentence or two explaining your support or objection).

4.1.2 Listing of beekeepers

Problem definition

Questions have been raised about the ethics and integrity of honey being supplied by beekeepers due to media reports on stolen hives. This leads to the inevitable, albeit reasonable assumption that honey obtained through illegal means could be entering the official assurance chain. There is a reasonable argument for MPI to impose minimum but necessary measures in order to protect the integrity of our official assurance system, maintain its credibility as a regulator.

Proposal

MPI proposes that listing of beekeepers is added as a general eligibility criteria for exporting bee products to countries requiring official assurances. Under this proposal, any beekeeper who supplies honey to an RMP operator for the purposes of export to countries requiring official assurances must be listed with MPI. Obligations will be placed on RMP operators to ensure that any bee products they process for export to countries requiring official assurances are only sourced from listed beekeepers, and to maintain a clear system of separation between eligible and non-eligible honey.

This proposal will at least demonstrate that beekeepers who supply honey for export to official assurance countries:

- are known to MPI and to extracting RMP operators; and
- meet the “fit and proper person” test; and
- have a basic understanding of export requirements.

In terms of the fit and proper person test, consideration would be given to (amongst other things) any conviction of the applicant or any director or manager of the applicant, whether in New Zealand or overseas, for any offence relating to fraud or dishonesty. A police vetting check would achieve this test. This approach is the same as the approach we have for the registration of exporters.

MPI proposes that listing is subject to annual renewal. This is to ensure that information that demonstrates compliance with set listing criteria is kept current.

MPI proposes a transitional timeframe of 6 months from the date of issue of the notice before the listing requirement comes into force. This will allow beekeepers and MPI to make necessary arrangements for implementing the requirements.

Question for submitters:

2. Do you support this proposal to list beekeepers? (Please provide a sentence or two explaining your support or objection).

4.1.3 Unlabelled retail packs and bulk products to be indelibly marked with traceability information

Problem definition

Currently, there is no restriction on exporting unlabelled retail packs and bulk products. As a result, MPI does not have sufficient identity information about this type of product for traceability purposes.

Proposal

MPI proposes that an eligibility criterion is included, which would require unlabelled retail packs and bulk honey to be indelibly marked with the following information:

- the RMP number of the RMP premises that packed the honey; and

- the product's batch code; and
- product description; and
- name and (street) address of the manufacturer; and
- country of origin.

This proposal will ensure that MPI has sufficient identity information about this type of product for traceability purposes.

Question for submitters:

3. Do you support this proposal to indelibly mark unlabelled retail packs and bulk products with traceability information? (Please provide a sentence or two explaining your support or objection).

4.1.4 Compliance with labelling requirements under the Food Standards Code

Problem definition

Export requirements under the Animal Products Act do not directly refer to labelling requirements in the Food Standards Code. The labelling requirements of the Food Standards Code apply to bee products intended for export to all countries because these standards have been adopted as New Zealand's domestic food standards under the Food Act 1981. Since products intended for export with an official assurance must meet domestic standards as well as specific OMARs, these adopted standards must be met accordingly. However, the lack of direct reference under the Animal Products Act may be confusing to RMP operators.

Proposal

MPI proposes that an incorporation by reference provision is included in the Animal Products Notice: Official Assurances Specifications – Animal Material and Animal Products. The provision will incorporate those labelling standards under the Food Standards Code as part of the notice, thus ensuring that operators understand that these standards apply to exports to all countries. The recently issued interim labelling guide provides guidance on how honey operators and exporters may comply with these labelling standards.

Question for submitters:

4. Do you support this proposal to incorporate the labelling requirements of the Food Standards Code by reference? (Please provide a sentence or two explaining your support or objection).

4.1.5 Extending coverage of the official assurance framework to other prominent export destinations

MPI also intends to introduce measures for addressing the issue of *grey trade*. *Grey trade* is where products that are managed outside the official assurance framework are exported to countries that do not require official assurances (gateway countries), and then shipped onwards to countries that do require them. Consequently, MPI has not had the opportunity to confirm whether or not such products were eligible for the final destination countries. Additionally, MPI would not have consignment-specific data on these products that could be used for traceability or reconciliation purposes should a recall issue or fraud allegation be raised.

MPI will analyse export patterns to certain markets that could be gateway countries for grey trade and look to implement overseas market access requirements (OMAR), which would bring these countries within the ambit of the official assurance framework. This would ensure that bee products intended for these countries are subject to existing official assurance controls, allowing MPI to attest that a product has met all applicable export eligibility requirements when departing New Zealand. Therefore, where an allegation of fraud is made against any such product in a foreign country, MPI could at least argue that the alleged fraud could not have occurred in New Zealand as the product was fully compliant when it departed New Zealand shores.

Consultation on any proposed OMARs will be held at a later date.

4.2 STRENGTHENING THE VERIFICATION FRAMEWORK

Problem definition

Verification is a fundamental aspect of New Zealand's official assurances system. This is where independent and impartial third party verifiers verify RMP operators' compliance with the requirements of their RMPs, their obligations under the Act, official assurances requirements, general export requirements and applicable overseas market access requirements. Currently, performance based verification of RMP operators processing bee products for export to countries for which official assurances are done annually. This is quite infrequent in comparison with RMP operators processing other animal products for export and disproportionate to the issues currently facing the industry.

Proposal

MPI proposes that the existing verification frequency regime is strengthened as follows:

- bee product processors requiring risk management programmes and beekeepers who operate an RMP export store will have an initial verification frequency of one audit per month from the commencement of RMP registration, with a ceiling frequency of one audit every 6 months. This proposal will provide consistency as RMP operators of export stores from other animal product sectors are already subject to this frequency steps.
- packers of retail-ready bee products operating under an RMP will have an initial verification frequency of one audit per month from the commencement of RMP registration, with a ceiling frequency of one audit every 3 months. The verification frequency for packers of retail-ready products is tighter due to the fact that it is the final point where manipulation could happen.

Existing RMP operators will either move to the new verification ceiling step appropriate for their operation or remain on their current step, if that falls within the steps available once the verification notice is issued.

Question for submitters:

5. Do you support this proposal to increase the frequency of verifications in relation to bee product exports? (Please provide a sentence or two explaining your support or objection).