



# Sea Container Hygiene System (SCHS)

## Business Rules and Agreement

*[Facility/Company Name]*

MPI Approved System Number: [ ]

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## Document Version History

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Version 3	February 2014
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## Glossary

Abbreviation/Word	Definition/Description
BNZ	Biosecurity New Zealand (a business unit of Ministry for Primary Industries (MPI).
MPI Officer	A person appointed as an inspector under section 103 of the Biosecurity Act 1993.
Consignment	A consignment comprises of all empty and/or full containers (all types) that arrive on one vessel at one discharge port from a single identifying SCHS approved facility.
Equivalence	The situation of phytosanitary measures which are not identical to, but have the same effect (FAP 2002a) as what is stipulated in the MPI Import Health Standard for Sea Containers.
GAS	Giant African Snail.
General Contamination	Includes: soil, plant matter, animal products, snails (excluding GAS) and non-regulated ants and any other pests.
ICR	An Inward Cargo Report needs to be submitted by the vessel operator for all empty and full containers imported to NZ.
MPI	Ministry for Primary Industries.
Non-Compliance	Not meeting the SCHS requirements and/or the MPI standard of risk management as stated in the SCHS agreement.
Offshore audit	Audits carried out by MPI, to ensure the SCHS is operational and quality management system procedures are in place.
On-arrival inspection	Inspection of the SCHS sea containers, carried out by MPI Officers at a New Zealand port.
Operational Process Manual	Detailed operational processes for washing, storage, treatment of containers and storage areas required by the SCHS industry entity. Includes detailed site maps, training records of staff and ongoing maintenance requirements.
Quarterly Report	MPI issues quarterly reports outlining the cumulative results for the number of SCHS containers imported, inspected and contaminated for each SCHS facility.
Regulated Ants	Ants that have been identified by MPI as being invasive and a biosecurity risk to New Zealand.
SCHS	'Sea Container Hygiene System'. This includes an interconnected offshore process for cleaning, managing pests, storage and quality management of sea containers exported to New Zealand.
SCHS Industry Entity	A person, partnership or business that has a legal ownership of the SCHS for a facility and the associated load port and complies with the SCHS business rules requirements.

TSW	Trade Single Window is a government owned portal where industry (importers, shipping lines, or agents) are able to submit an ICR, enabling the risk assessment of all sea containers imported into NZ.
Verification	On arrival inspections, audits and monitoring to establish and document that the SCHS continues to meet the regulatory standard or specification requirements.
Monthly report	A report generated by MPI that summarises the on-arrival inspection results and highlights any non-compliance for a single calendar month.

## 1. Purpose

The purpose of this document is to provide a transparent view of all system components, including intervention methodology and decision-making processes. It outlines governance arrangements, roles and responsibilities and applicable sanctions for non-compliance actions.

## 2. Overview

Ministry for Primary Industries (MPI) [Import Health Standard for Sea Containers \(SEACO\) July 2009](#) requires that sea containers must be clean and free of biosecurity contamination and pests. The capacity and capability to meet this standard varies between countries and localities and is dependent on infrastructure, biosecurity awareness and willingness to comply.

The Sea Container Hygiene System (SCHS) is a formal agreement between Ministry for Primary Industries (MPI) and the industry entities to manage the biosecurity risk associated with sea containers from high risk ports of loading. The SCHS ensures a high degree of confidence that container processing contractors, at the port of loading, will be shipping clean containers to NZ. These containers, by and large, will not require any additional cleaning or treatment in NZ. Additionally, this allows for reduced intervention rates by MPI on arrival.

The SCHS Business Rules and Agreement is a live document which supports the principles of the system and requires all parties to adhere to the documented roles and responsibilities, upholding the integrity of the system and ensuring effective longevity and compliance of all biosecurity requirements. The SCHS Business Rules and Agreement applies to all SCHS containers arriving at all NZ discharge ports.

Information presented in the SCHS Business Rules and Agreement outlines the requirements for processing SCHS containers at the port of loading, on-arrival inspection and intervention rates, biosecurity risk management, documentation reporting, roles and responsibilities of participating parties. SCHS Business Rules and Agreements may be subject to a suitability review as required.

## 3. System Objective

The objectives of the Sea Container Hygiene System are as follows:

Reducing biosecurity risk to New Zealand through the introduction of robust biosecurity contaminant and pest management systems at the port of loading by:

- Implementation of effective container cleaning processes.
- Prevention of re-contamination of cleaned containers.
- Raising awareness of sea container biosecurity issues at offshore container processing facilities.

## 4. System Components

### 4.1 Operating Agreement

To ensure all parties are aligned with the expectations and the respective roles and responsibilities, a binding operating agreement is included at the back of this document which must be completed and signed by the respective parties prior to the SCHS approval audit.

MPI is willing to discuss a proposed SCHS initiation by any regulatory authorities or industry to ensure that areas requiring clarification are explored. For example, site specific operational or political constraints may need further discussion. Additionally, variations may also be proposed to suit unique operating environments where the same outcomes can be achieved.

#### 4.2 Use of Specialist Consultants (optional)

SCHS industry entities can opt to utilise specialist consultants to develop site and operational specific pest control strategies. The consultants can provide appropriate training for container processing facility staff, develop an Operational Process Manual(s) and conduct internal audits. The option of using an external consultant must be managed by SCHS industry entities and all SCHS related inquiries and reporting will be done between MPI and SCHS industry entities. It is the responsibility of the SCHS industry entities to convey any relevant information regarding audits, SCHS documentation, reporting and concerns directly to their external specialist consultant.

#### 4.3 MPI Personnel

MPI manages the development and administration of the SCHS jointly between the Animal and Plant Health Directorate and Border Clearance Services (BCS) namely;

- Dr Sina Waghorn – Manager, Invasive Species Team, Animal and Plant Health Directorate, SCHS – Business Lead for SCHS establishment, policy advice and government liaisons.
- Mrs. Bridget Roberts - National Sea Container Coordinator, SCHS – Lead advisor for ongoing system management and reporting.
- Mr. Peter Boyack – Sea Container Systems officer, SCHS - – Advisor for ongoing system management and reporting.

#### 4.4 SCHS Industry Entity Personnel

Each associated SCHS entity, must have a nominated central point of contact so that MPI can communicate effectively in relation to vessel and voyage reports, audits, ad hoc issues requiring resolution and administration within New Zealand.

## 5. System Intervention Methodology

### 5.1 Maximum Pest Limits

MPI have established contamination thresholds or maximum pest limits (MPL) for specific pests and general contaminants that are found in or on the inspection sample of sea containers managed through the SCHS. The established thresholds are as follows:

- 5.0 % for containers contaminated with 'general' contaminants.
- 0.5 % contamination with live regulated (quarantine status) ants.
- 0.02 % with live Giant African Snails (GAS).

General contaminants are classified by MPI as either nil, low or high contamination events depending on the type and levels found upon container inspection. Low contamination events are recorded indicating potential problem areas, but do not count negatively (in an official capacity) against the SCHS performance. High contamination events will generally result in a treatment (e.g. wash,

fumigation or heat treatment) and will count towards the statistics recorded against the SCHS performance for compliance purposes.

## 5.2 On-Arrival Inspection Rates

Containers managed offshore under a SCHS will be risk managed (cleaned, treated and inspected) externally and internally at a designated SCHS facility as detailed in their SCHS Operational Process Manual. This negates the need for additional cleaning or further treatment on arrival in New Zealand.

Depending on the history of compliance at any given SCHS facility with a minimum of five containers inspected by MPI per quarter (unless specified in individual agreements), the following on-arrival intervention rates will apply. Movements between rates are based on compliance.

- 100% of all containers landed

Compliance   Non-Compliance

- 50% of all containers landed

Compliance   Non-Compliance

- 20% of all containers landed

Compliance   Non-Compliance

- 5% of all containers landed (Compliance)

Non-compliances that exceeds the established threshold per quarter will result in a corrective action and an increased intervention rate by MPI for a specified period of time.

**Note:** If a SCHS facility has remained on a 5% intervention rate and there have been no SCHS containers (empty or full) imported for a consecutive 6-month period, (unless specified in individual agreements), the intervention rate will increase to 20% for the next quarter. This should provide MPI with enough confidence in detecting contaminants and pests or that container cleanliness meets the SCHS requirements.

## 5.3 Consignment / Vessel Based Risk Management

When the sample of the consignment of SCHS containers has been inspected and the general contamination threshold has been exceeded, if possible, a further 10% sample of the consignment will be inspected. If the additional sample also exceeds the threshold, MPI will inspect all the containers from the consignment that remain at the port. By contrast, if it is suspected that live regulated ants or live GAS are found during the initial inspection, then, all the containers in the consignment remaining at the port will be inspected.

On completion of the container inspections, where the contamination threshold has not been exceeded, the current inspection rate will remain the same for the next consignment.

## 5.4 Quarterly Based Risk Management

If the general contamination threshold is exceeded (cumulatively) at the end of a quarterly period, the on-arrival inspection rate for the SCHS facility will increase to the next highest increment for the following quarterly period.

If live regulated ants and/or live GAS are reported at any time during the quarterly period, then the SCHS facility intervention rate will increase to 100% for one month and /or a minimum of 5 and maximum of 100 containers inspected.

If no further detections are reported (with an adequate sample size inspected as determined by MPI), then the intervention rate will increase to the next highest increment from the previous rate (e.g.: a previous rate of 20% would increase to 50%). However, if the initial intervention rate was 50%, the rate would remain unchanged for the remainder of that quarter. This determination is based on the consideration that a 50% intervention rate would provide MPI with enough confidence in detecting contaminants and pests, and that SCHS requirements would be met.

MPI reserves the right to increase on-arrival intervention rates or suspend a SCHS facility in the event of:

- New or emerging seasonal or other biosecurity threats identified as posing an unacceptable level of biosecurity risk, compromising the integrity of the system.

Un-reported changes to the agreed offshore facilities SCHS Operational Process Manual (s).

## 6. Reporting Requirement

### 6.1 Container Inspection Requirements

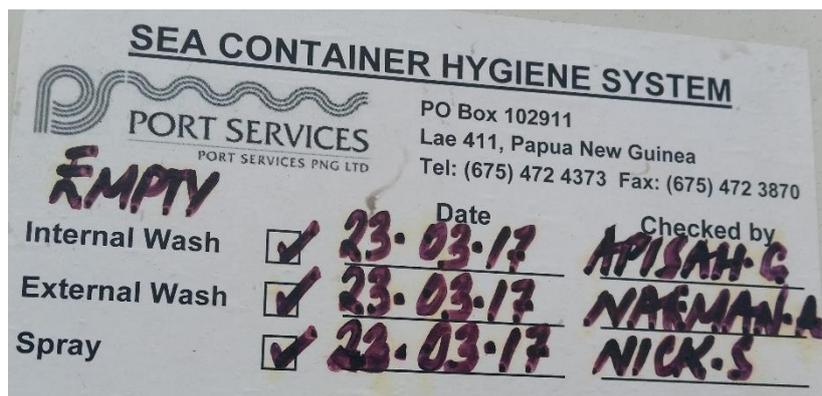
Vessel Operators must provide MPI an ICR (via TSW), no less than 48 hours in advance of vessel ETA at the first NZ port of arrival. This must specify all the containers that have been processed under a SCHS. This will facilitate timely on-arrival container movements and correct intervention rates applied at the NZ border. Failure to accurately report SCHS containers is a non-compliance and may result in increased on- arrival intervention rates.

Any full containers arriving from a high risk port which have been managed via a SCHS, will require a SCHS certificate (see Appendix 2) to be submitted to MPI in conjunction with importers clearance documentation prior to vessel arrival at the first NZ port. This will allow MPI to apply the correct intervention rate for each FCL consignment. Failure to provide this certificate will result in 100% inspection of full containers.

Each consignment of containers landed in NZ that have been declared as processed through a SCHS will be subjected to intervention rate based on facility compliance. Note: All costs associated with 'on-arrival inspection' are charged to the associated Shipping lines.

All containers processed through the SCHS must have an approved SCHS adhesive label or sticker attached to the container doors. The label must be clearly dated and "signed off" for each part of the SCHS process and attached only once these tasks have been completed (Figure 1). Note: MPI considers that an attachment of a "signed-off" sticker to a container prior to the SCHS work being completed as a Critical Non-Compliance.

Figure 1: Example of an approved and completed SCHS Label.



## 6.2 On-Arrival Container Inspection Reporting

The container inspection data collected by MPI for consignments arriving in NZ is collated for statistical analysis and generation of reports. These reports are emailed to SCHS facility managers and stakeholders monthly (unless this is not possible due to unforeseen circumstances). These reports include the number of containers (empty and full) processed through the SCHS facility (based on the shipping lines ICR lodgements) and the number inspected and contaminated.

The on-arrival container inspection results are reviewed on a quarterly basis by the MPI project team and compiled into quarterly reports (see Appendix 1). These provide official notification of system performance for the quarter and drives any adjustments to the applied intervention rate for the new quarter.

## 6.3 SCHS Facility Number

The SCHS facility must provide the local shipping agents with an accurate list of SCHS processed containers which is then provided to MPI via a SCHS facility number declared on the ICR. Any identified errors or discrepancies associated with the facility number will be considered a non-compliance and will be followed up with the SCHS facility and agents. Any on-going documentation errors will result in an increased intervention rate at the border.

# 7. System Auditing

## 7.1 Approval and On-Going Offshore External Auditing

The offshore SCHS facility must be fully operational and the operator must provide evidence of adhering to all SCHS requirements for two months prior to MPI conducting an initial physical approval audit.

Once the approval audit has been conducted by MPI and conforms, the documentation, container cleanliness, and sticker requirements associated with the facility will be monitored by MPI for one month prior to final approval and an SCHS certificate will be issued.

The ongoing external SCHS facility audits will be conducted annually (Preferably a physical audit conducted by MPI, however a remote audit may be required due to travel restrictions). These audits allow the facility operator to give assurances to MPI that all the system components are still in place and demonstrates MPI commitment and ongoing support to the SCHS system participants. The audits

also serve to improve and add value to the system components, as often recommendations are made to add value to current practices via subtle refinements.

MPI reserve the right to increase audit frequency dependent on SCHS facility and port non-compliance levels.

Offshore SCHS audits conducted by MPI which involve travel, accommodation and associated costs must be paid for by the nominated facility/company responsible for operation of the SCHS. MPI currently does not recover the cost of the auditor’s time and any system monitoring and reporting. However, MPI reserves the right to charge the facility/company for the auditor’s time if the SCHS facility continues to have an unacceptable level of non-compliance reported by MPI. This agreement can be reviewed at any stage between parties.

## 7.2 Offshore On-going External Audits

Non-compliances identified during an audit by MPI will be assessed against the matrix table below (Table 1). However, if a non-compliance is noted and the SCHS facility operator takes immediate corrective action during the audit, the MPI auditor may use their discretion when applying outcome.

Table 1: Audit Risk Matrix.

Audit Risk Matrix		Major Non-Compliance				Critical Non-Compliance
		0	1	2	3	1 or more
Minor Non-Compliance	0	PASS	PASS	PASS	FAIL	SUSPENDED
	1	PASS	PASS	PASS	FAIL	SUSPENDED
	2	PASS	PASS	PASS	FAIL	SUSPENDED
	3	PASS	PASS	FAIL	FAIL	SUSPENDED
	4 or above	PASS	FAIL	FAIL	FAIL	SUSPENDED

A corrective action report (CAR) will be issued to the SCHS facility operator for any non-compliances found at the time of audit. If a SCHS facility is deemed to have failed the external audit, the intervention rates at the NZ border will immediately increase to 100%.

MPI will complete a formal audit report within 4 weeks of conducting an audit (unless unforeseen circumstances arise). The report will list all the non-compliances found during the audit and specify any still outstanding.

The SCHS entity is to provide MPI evidence of the corrective action taken (e.g. photos) for the any non-compliances found during the audit (within the agreed timeframes outlined on the CAR).

Once all non-compliances have been actioned and accepted by MPI a follow-up report will be issued by MPI within four weeks.

If MPI identifies a significant breakdown of the SCHS requirements at either the facility, port or in reporting, the SCHS may be suspended immediately and 100% intervention rate will be implemented at the NZ border. The suspended system will be monitored for a period advised by MPI until all non-compliances and any mandatory manual updates are resolved. The seriousness of the system failure may require a follow-up SCHS facility audit by MPI which could be undertaken within 60 days from notification of the completion of all non-compliances outlined on the CAR (time frames subject to

negotiation). Re-instatement of a suspended system will be considered by MPI on demonstration of remedial action and on successful completion of the follow-up SCHS facility/port audit. Inspection and reporting data will be reviewed during the suspension period to assist MPI with confirming an appropriate intervention level on re-instatement of the system.

### 7.3 Mandatory SCHS Manual Updates

Any mandatory SCHS Manual updates reported by MPI will be discussed with SCHS facility operator and agreed upon prior to completion of the audit report. Manual updates must be completed and forwarded to MPI within a timeframe that is agreed. Manual updates that are not completed within the agreed timeframe may be escalated to a non-compliance at MPI discretion.

## 8. Detailed Roles and Responsibilities

### 8.1 MPI roles and responsibilities include, but are not limited to:

- Work collaboratively and provide policy and technical advice with SCHS operators/facilities and other agencies associated with the SCHS to maintain SCHS requirements.
- Available to conduct scoping audits (on request) of SCHS facility/port operators prior to an approval audit being conducted.
- Conduct an Approval audit (post-scoping where appropriate) once the SCHS facility has been operating to SCHS requirements for two months, this is to ensure that all operational and quality management system components of the system are functioning well before the system approval is given and an official SCHS Certificate issued.
- Conduct on-going offshore audits (annually) of the SCHS facility and relevant port areas, based on either a physical visit by MPI or a remote audit may be considered if there are any travel restrictions.
- Audit the SCHS Facilities Quality Manual and Operational Process Manual (or combined document) supplied by SCHS Industry operators and provide updates and recommendations.
- Complete a detailed audit report within four weeks of audit completion (unless unforeseen circumstances arise).
- Monitor the SCHS data provided by the shipping agents via the ICR.
- Inspect SCHS consignments as per current intervention rates at the NZ border.
- Record and report inspection results to MPI and SCHS operators (and other relevant stakeholders) in pre-agreed timeframes.
- Direct appropriate treatment of non-compliant containers.
- Report monthly inspection results as per pre-agreed timeframes.
- Monitor the SCHS results quarterly and adjust intervention rates as per the SCHS agreement.
- Issue a Corrective Action Report (CAR) at the time of the exit meeting for any non-compliances reported.
- Adhere to all requirements outlined in sections of SCHS business rules.

### 8.2 SCHS Industry Entities (with assistance from their External Consultant if required) roles and responsibilities include, but are not limited to:

#### Initial SCHS Requirements

- Scope the facility, and relevant port areas and analyse biosecurity risk in the logistics chain.
- If facility premises are leased, obtain confirmation from owner of the premises that SCHS processes can be carried out (cleaning/storage of containers, use of chemicals etc.).
- Develop a hygiene system, treat critical areas.
- Establish pest, vegetation and rubbish free hard stand storage area for SCHS containers at the facility and the port where relevant (this may require written consent from port authority).
- Training of applicable staff in all relevant areas and include general biosecurity awareness.
- Conduct refresher courses for applicable staff involved in SCHS and train any new staff members.
- Ensure necessary pest control equipment and supplies are available and functional as required.
- Arrange chemical importation, registration, and continued supply of them, equipment and SCHS stickers.
- Formulate and supply for approval to MPI a Quality and Operational Process Manual that covers all procedural and process requirements.
- Develop and implement a pest control programme tailored to manage local pest populations.
- Develop and implement a container cleaning process that effectively removes all biosecurity contaminants of concern to MPI.

#### Ongoing SCHS Requirements

- Keep the SCHS manual(s) maintained and current with any changes as required, for example; updates on new staff, maintaining training records, maps indicating areas to be treated, etc.
- Conduct regular (annual as a minimum) internal audits to maintain system integrity.
- Maintain SCHS records for annual or 6 monthly offshore external audits.
- Promptly recommend appropriate remedial action for non-compliant containers.
- Work collaboratively with MPI, SCHS entities/facilities and associated regulatory agencies to establish and maintain the SCHS requirements.
- Ensure vessel operators/agents/shipping lines adhere to reporting requirements outlined in section 5 of the SCHS Business Rules.
- Report to agents of any deviation from system requirements as soon as they occur so they can inform MPI of any non-system containers.
- Ensure on-going training of staff is conducted accordingly to SCHS requirements.
- Ensure the SCHS facilities (on or off port) adhere to all requirements as per the SCHS Operational Process Manual(s) such as cleaning, chemical treatment of containers and facilities; and that any port based 'designated SCHS storage area' is kept pest, trash and weed free as required in conjunction with port service companies.
- Communicate any pertinent changes or future plans to MPI as soon as possible.
- Adhere to all requirements outlined in all sections of SCHS business rules.

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## Appendix 1: Example of an Inspection/Assessment report

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SEA CONTAINER HYGIENE SYSTEM OPERATING AT [            ]  
 MONTHLY / QUARTERLY ASSESSMENT REPORT – [MONTH YEAR]

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*Report Date:*

*SCHS Facility Number, MPI Approved System (MAS):*

*Inspection Intervention Rates:*

*Number of Empty Containers Imported and Inspected:*

Loading Port	Importer	MAS # 1005 Declared	Imported	Inspected	Contaminated

*SCHS Inspections and Contamination Summary:*

SCHS Facility	Imported	Inspected	Contaminated	Contaminant	% Contaminated
				General	
				Regulated Ants	
				Giant African Snail	

*Comments:*

*Cumulative Contamination Rates: [Date Range]*

SCHS Facility	Compliance	General (Threshold 5%)	Regulated Ants (Threshold 0.50%)	Giant African Snail (Threshold 0.02%)



**Biosecurity New Zealand**  
Tiakitanga Pūtaiao Aotearoa

# Sea Container Hygiene System Certificate

Country of Origin:

Port of Loading:

MPI Approved System Number (MAS):

Container Number(s):

The full container(s) listed on this declaration have been cleaned, sprayed, stored and shipped to NZ in accordance with the Sea Container Hygiene System requirements.

Name of Site Supervisor:

Date:

Approval is conditional on continued compliance with the Import Health Standard “Sea Containers” and will cease when revoked by MPI, or upon closure of the facility.

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## Appendix 3: OPERATING AGREEMENT FOR A SEA CONTAINER HYGIENE SYSTEM

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Ministry for Primary Industries  
Manatū Ahu Matua



**Biosecurity New Zealand**

Ministry for Primary Industries  
Manatū Ahu Matua

**OUTCOME:** To agree to the roles and responsibilities between MPI and [SCHS facility] and associated vessel operators for joint management of biosecurity risk associated with imported sea containers.

**DATED:** [.././.....]

**BETWEEN:** Ministry for Primary Industries (MPI) and [Facility name].

### 1. Purpose of Agreement:

This agreement defines, in broad terms, the roles and responsibilities of MPI and [SCHS facility] regarding the terms of implementation and ongoing operations of a Sea Container Hygiene System (SCHS) that is equivalent to the outcomes specified in the MPI Import Health Standard for Sea Containers (SEACO).

### 2. Scope:

The scope of this agreement covers a SCHS that effectively manages biosecurity risk for sea containers imported to New Zealand from specified countries. All exterior and interior surfaces of unloaded (empty) container types, and may include the cleaning of all exterior surfaces of all loaded (FCL and Freight of all Kinds) container types from the following specified load port/s:

Country:

Port name:

### 3. Sea Container Hygiene System Setup:

[facility name] will:

- a) Adhere to all roles and responsibilities outlined in Section 8 - Roles and Responsibilities in SCHS Business Rules.
- b) Develop and implement a pest control programme tailored to manage local pest populations.
- c) Develop and implement a container cleaning process that effectively removes all biosecurity contaminants of concern to MPI.
- d) Ensure container cleanliness is not compromised by factors such as poor pest management, inappropriate storage conditions, and storage/stowage with non-system containers.

- e) Develop and maintain quality management system that ensures all processes are effectively administered and tracked.
- f) Conduct regular internal audits to maintain system integrity.

#### 4. Offshore Audits

MPI officials will:

- a) Review the processes and systems developed by [facility name].
- b) Conduct offshore audits within Section 7 - System Auditing of SCHS Business Rules.
- c) Conduct subsequent offshore or remote audits using the Quality Manual and Operational Process Manual (or combined document) as supplied by [facility name].
- d) Conduct audits at a minimum of every 12 months by MPI. Audit frequency will increase if facility/port shows continuous evidence of non-compliance (frequency to be determined by MPI).
- e) Aim to supply an audit report to system stakeholders within 4 working weeks of the audit completion.

#### 5. On-Arrival Inspections

- a) MPI will verify SCHS compliance by initially (for the first 3 months of SCHS approval) inspecting 100% of all imported containers and examining all exterior and interior surfaces of empty containers and may also include exterior surfaces of all loaded containers if included in the SCHS.
- b) [facility name] and MPI will adhere to reporting requirements per section 6 of SCHS Business Rules
- c) On-arrival inspection rates will decrease and increase as outlined per section 5.2 of SCHS Business Rules

#### 6. Non-Compliant Containers

- a) Containers that are found to be contaminated with biosecurity risk contaminants, during on-arrival inspections, will be directed for an approved treatment (cleaning and/or fumigation/heat treatment).
- b) Non-compliance issues will be documented in monthly reports and will suggest possible causes for system failures.

#### 7. Three Monthly Reviews

Cumulative contamination rates will be compiled for 3 month periods and compared to the contamination thresholds set by MPI. Compliant 3 month periods will result in a reduction in 'on-arrival inspections'. Non-compliant 3 month periods will result in an increase in 'on-arrival inspections' and may involve other MPI actions (this will be discussed at the time with SCHS Industry Entity Operator and other relevant parties).

#### 8. Charges

Offshore audits

- a) All costs associated with MPI offshore audits will be borne by [facility name].

- b) Additional charges for the auditor's time may be issued if [facility name] has a continuous and unacceptable number of non-compliances that have been reported by MPI (unacceptable number of non-compliances to be determined by MPI).
- c) All costs associated with MPI offshore audits must be paid in full, 90 days after first invoice is issued. Delay in payment will result in cancellation of the SCHS at the [SCHS facility] and the possibility of a MPI service charge being applied.

Onshore Inspections:

- a) All costs associated with 'on-arrival inspection' and or treatments will be borne by associated shipping lines.

## 9. Performance Measures

Critical performance indicators will include:

- a) Outcomes of the offshore audits (compliance with the Quality Manuals and Operational Process Manuals).
- b) Percentage inspected of containers that have been processed through the SCHS.
- c) Percentage of SCHS compliant containers as per contamination thresholds.

## 10. Reporting Requirements

Under the agreement MPI reporting will include:

- a) Audit reports.
- b) Monthly report notifications.
- c) Quarterly assessment reports (Appendix 1).

[facility name] requirements will include:

- a) Notification of any changes in SCHS as they relate to the MPI approved Quality Manuals and Operational Process Manuals.
- b) Notification of SCHS containers via a discharge list and any non-system containers on board.

## 11. Amendment Clause

Amendments to this agreement can be made as agreed by both parties.

## 12. Termination clause

- a) Either party to this agreement can terminate the agreement by giving 45 days' notice in writing to the other party.
- b) Immediate termination can be given in writing if [SCHS facility] has been suspended for three months or more and no evidence of working to conform has been presented to MPI within suspension period.

13. Operating Agreement

Parties to this agreement agree to the terms set out above.

<b>SIGNED for and on behalf of Ministry for Primary Industries (MPI) by a duly authorised representative (acting under delegated authority)</b>
Date:  .....
Name of authorised representative  .....
Signature of authorised representative
<b>SIGNED for and on behalf of [facility Name] by a duly authorised representative</b>
Date:  .....
Name of authorised representative  .....
Signature of authorised representative