



The New Zealand Dairy Herd Improvement Industry Consultation – Frequently Asked Questions

What is the Dairy Herd Improvement Industry?

The dairy herd improvement industry includes herd testing, herd recording, artificial breeding and information services relating to dairy cows and bulls, including information collected for the Dairy Core Database (regulated under the Dairy Industry Restructuring Act 2001 and associated regulations).

Who should be interested in these issues?

Dairy farmers and any person or company who provides services to dairy farmers that can improve dairy production. This includes artificial breeding service companies, veterinarians, herd testers (including those who provide automated herd testing equipment) and industry representatives.

How long is the consultation period?

4 weeks.

When do submissions close?

Friday 23 May 2014, 5pm.

How do I submit?

You can submit your views online at <http://maf.govt.nz/news-resources/consultations/consideration-of-restrictions-on-lic>, by email to dairyconsultation@mpi.govt.nz or by post to Dairy Consultation, Ministry for Primary Industries, PO Box 2526, Wellington 6140.

Where can I get more information?

Check out MPI's website www.mpi.govt.nz, which contains the discussion document and further information related to the consultation. You can also call the Ministry for Primary Industries contact centre on **0800 00 83 33**.

Public meetings will also be held in various locations in New Zealand, and details of these are provided on MPI's website.

Haven't we already been consulted on these issues?

No. In 2012 the Ministry for Primary Industries consulted industry on the regulatory regime for the New Zealand dairy herd improvement industry in the context of the proposed transfer of the Dairy Core Database. That consultation was very broad and aimed at identifying feedback on potential problems and options. It received wide industry support.

The current consultation is focused on the possible removal of restrictions on Livestock Improvement Corporation (LIC) that will remain in place after the transfer of the Dairy Core Database. These restrictions are on Livestock Improvement Corporation's ability to make changes to its corporate form, constitution and provision of dairy herd testing services. The Ministry for Primary Industries considers that the reasons for these restrictions go beyond Livestock Improvement Corporation holding the Dairy Core Database and should therefore be considered separately.

Why are there additional restrictions on Livestock Improvement Corporation? Aren't there other general laws to regulate market power?

While there are general laws to address competition and market dominance in New Zealand, there are also specific areas of service delivery and corporate dominance where the Government historically has decided it is desirable to regulate certain parts of the dairy industry further than the general laws provide.

Why is Government consulting on Livestock Improvement Corporation's corporate form and constitution? Aren't these decisions for LIC and its shareholders?

As noted earlier, in some areas of service delivery and corporate dominance, the Government historically has seen fit to regulate these matters. We are consulting with you to seek feedback on whether this should continue, and (if so) how that could be done, and what areas regulation could cover.

LIC has already changed its corporate form over time, why are you consulting now when you didn't then?

Livestock Improvement Corporation has remained a co-operative, even with the changes to its share structure. These changes were approved by the Minister of the day under authority provided to him in the Dairy Industry Restructuring Act 2001.

This consultation is focused on the restrictions in the Act that require Livestock Improvement Corporation to seek ministerial consent for changing its corporate form.

April 2014

Why is Livestock Improvement Corporation able to retain a copy of the Dairy Core Database after the transfer?

Livestock Improvement Corporation has a lot of its own data in the Dairy Core Database. For this reason, it is not possible to remove the whole Dairy Core Database from Livestock Improvement Corporation's database system. We do, however, recognise concerns about the continued use of the Dairy Core Database information from Livestock Improvement Corporation's copy and we are consulting on this issue.

What is the significance of this consultation to NZ's dairy industry?

Any potential changes to the restrictions on Livestock Improvement Corporation would impact on the dairy herd improvement industry. This is an opportunity for Livestock Improvement Corporation, farmers, businesses and other stakeholders to identify issues that may arise as a consequence of these changes.

If those legislative restrictions are imposed on LIC because of its market position why is MPI consulting on their removal?

The restrictions on Livestock Improvement Corporation have been in place for 13 years and it is reasonable to review their effectiveness because:

- » we need to test Livestock Improvement Corporation's market position;
- » as a regulator, we are interested in promoting efficient and competitive markets to encourage innovation and deliver economic benefits to New Zealanders; and
- » the restrictions affect Livestock Improvement Corporation's business operation.

When will the transfer of the Dairy Core Database from Livestock Improvement Corporation to DairyNZ take place?

Timing for the transfer is not yet confirmed. DairyNZ is currently building systems to support the Dairy Core Database. Once this work is complete and has been tested, all other elements to support the transfer are aligned and verified, then the transfer will proceed.

After the consultation what are the next steps?

After the consultation ends, the Ministry for Primary Industries will assess feedback and make recommendations to the Minister for Primary Industries. Depending on the feedback and recommendations, the Minister will consult his Cabinet colleagues on any further proposed changes to the Dairy Industry Restructuring Act 2001 and/or the Dairy Industry (Herd Testing and Dairy Core Database) Regulations 2001.