



Regulatory Stewardship Strategy

October 2016

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Foreword

I am delighted to present MPI's first published Regulatory Stewardship Strategy and information on the current state of our Regulatory Systems.

Regulation is important. It helps achieve outcomes and is one of the tools that governments use to protect people and their interests. MPI's regulatory responsibilities are diverse; the social and economic impact of our regulations is significant. It is important that our policy advice, and any regulations that follow, are of the highest quality.

Good Regulation is fundamental to our vision - to grow and protect New Zealand. Achieving that can be complex. There are often differences of opinion regarding what the appropriate level of regulation should be. Sometimes, things change. New issues, risks and technologies emerge that may impact on our lives and in turn, may require regulation. Our role is to be aware of the changing environment and be ready to respond.

While this Strategy says we are taking the appropriate steps to address any issue, it highlights parts of our organisation where Regulatory Stewardship needs to be approached differently.

MPI is committed to improving the performance of our Regulatory Systems and the performance of the Ministry in terms of how we manage those systems. With this renewed focus in mind, this Strategy will provide evidence that our regulatory management is improving for the benefit of all New Zealanders.



Martyn Dunne
Director General

MPI's Regulatory Stewardship Strategy

This regulatory stewardship strategy outlines how the Ministry for Primary Industries (MPI) acts as the steward of its regulatory systems. The strategy sets out:

- how we gather and use information to improve our systems
- our organisational approaches to support and enhance our stewardship
- our judgements on the ¹fitness for purpose of these systems; and
- our resulting regulatory priorities.

MPI's regulatory systems are important to New Zealand's prosperity

The primary sector accounts for one in six jobs nationwide, and the estimated export revenue for the year ending 30 June 2016 was nearly \$36.7 billion. In the food sector there are approximately 45 000 food providers operating from about 85 000 premises. ²Overall the food manufacturing turnover reached \$44 billion for the year ended June 2016. The scale and significance of our biosecurity system is illustrated by the almost \$100 billion worth of total goods that crossed New Zealand's border in 2014/15.

MPI supports the primary, food safety and trade sectors through the following regulatory systems.

- Food safety
- Biosecurity
- Animal welfare
- Fisheries management
- Forestry and Emissions Trading Scheme (ETS)
- Enabling primary sectors.

These systems are made up from the 52 Acts of Parliament, around 360 secondary instruments and many hundreds of tertiary instruments that we administer.

The regulatory systems have been put in place to:

- maximise export opportunities for New Zealand's primary industries
- improve sector productivity and value
- increase sustainable resource use
- protect New Zealand from biological risk
- appropriately manage Animal Welfare
- protect consumers by requiring that food for sale is safe and suitable.

The systems and the ways we operate them have significant impacts on New Zealand's reputation as a producer of primary products and exporter of food. They are major tools to help achieve the Government's priorities and they support MPI's organisational purpose of 'Growing and protecting New Zealand'.

²Statistics New Zealand Quarterly Manufacturing Survey.

Our regulatory stewardship model

We aim to have regulatory systems that are well designed, well understood, well operated, and fit for purpose.



We support and enhance the delivery, understanding and improvement of our regulatory systems with three key approaches:

- We are a cohesive and connected organisation.
- We put the customer at the centre.
- We pursue continuous improvement.

Delivering, understanding and improving MPI's regulatory systems

MPI's delivery of its systems is intended to help us to understand and improve, and this understanding and improvement in turn enhance our delivery.

We know about our systems by working in our systems

Ideally, our operation of the systems and our contact with system actors means we are well attuned to the systems' performance, and aware of the issues that require attention. Recently we received media attention focusing on several of our systems. It served as a timely reminder our regulatory regimes need to be well designed, regularly reviewed and maintained. As regulators we collect and analyse information on an ongoing basis. Sources of information include feedback from our ³customers, our own front-line staff and other operators in the system (for instance, third party verifiers in the food safety system). Our system audits and our ongoing risk assessments provide performance information, especially in the biosecurity and food safety areas. We are subject to ongoing and regular international audits by overseas countries as part of our trade system. System scrutiny is also provided through independent reviews of our operations such as the State Service Commission's Performance Improvement Framework reports. We commission regular surveys of the main business users of our systems, as well as periodic testing of the views of the public. We know there is work to do in this space. We are committed to understanding what we can do better.

We engage with industry associations, businesses, and sector groups

We have many stakeholder mechanisms. We have established formal groups of MPI and industry representatives in the dairy, meat, seafood, plant and fisheries sectors. These groups meet regularly to discuss regulatory issues. Other examples are: the recreational fishing forums where MPI meets with representatives from fishing clubs or organisations to discuss fisheries management in their areas; our engagement with Seafood New Zealand, which is the umbrella organisation for commercial fisheries, and the Food and Beverage Forum, which represents businesses along the manufacturing, service and retail continuum.

We have formal mechanisms to engage with and get advice from industry leaders and experts

The Director-General meets twice each year with a strategic advisory group that provides direct access to high quality industry perspectives and unfiltered external advice. Also significant is the periodic primary sector boot camp where the Minister for Primary Industries and Director-General gather with industry leaders. In animal welfare there are two independent statutory advisory committees: the National Animal Welfare Advisory Committee and the National Animal Ethics Advisory Committee. The Food Safety and Assurance Advisory Council provides independent expert advice to support MPI's system leadership. Regular input on technical issues is provided through consultation with the Meat Industry Association Strategic Directions Group and working groups, the Dairy Products Safety Advisory Council, Plants Market Access Council, and the Seafood Standards Council.

³ We define our customers as the users of our systems. These may be groups of individuals such as travellers to New Zealand or recreational fishers. Customers are also groups of businesses, such as fishing companies, farming interests, food exporters, and importers of all kinds.

We work with other Government agencies with shared interests and key roles in our systems

We work alongside the Ministry of Foreign Affairs and Trade on trade agreements, climate change and international fisheries. Other examples are our work with the New Zealand Customs Service at the border, and with the Ministry for the Environment in respect of fresh water management, marine protection, and the forestry aspects of the Emissions Trading Scheme. In the biosecurity and food safety systems we work with territorial and regional authorities.

We use environmental scanning to inform our medium and longer term planning

We have identified the following trends and issues for our systems:

- Consumer profiles are changing as populations and incomes increase in our premium markets and traditional consumption patterns change.
- New trade relationships with new markets bring both benefits and challenges for the primary and food sectors.
- New and more complex trade requirements pose challenges to MPI's core systems.
- Increasing volumes of traded goods, vessels, and passengers are moving around the world.
- The public is becoming more aware of biosecurity, food safety, animal welfare, chemical and environmental issues, and we need to continue to maintain our social licence to regulate by meeting their increased expectations of transparency and credibility.
- Environmental pressures on our land and water resources are increasing the pressure to manage production within tighter environmental limits.
- The recent Heron Report, while describing staff as experienced/professional and noting that the decision not to prosecute was flawed but understandable, has provided for significant lessons to be learnt - all aspects of fisheries: regulation, management and fishing will require a different operating paradigm.
- Innovations in technology, science and new research mean challenges and opportunities are accelerating rapidly.

We are developing our monitoring and evaluation capability

As part of good regulatory stewardship, we are working to further instil and continuously improve the practice of evaluation, monitoring and review of our regulatory systems. This includes establishing a more planned and coordinated approach to evaluation across MPI and piloting templates and guidance for our staff.

How we prioritise our regulatory proposals

We prioritise effort towards the regulatory proposals that add value, address risk, and contribute most towards our organisational purpose of ‘Growing and protecting New Zealand’. We discuss proposals with the Ministers for Primary Industries and for Food Safety, who then determine the regulatory priorities for their respective portfolios.

When developing proposals for discussion with our Ministers we take a range of factors into account as set out below:

- The existing priorities of the Minister for Primary Industries and the Minister for Food Safety.
- The Government’s Business Growth Agenda (BGA), in particular Building Export Markets; Building Innovation; and Building Natural Resources (<http://www.mbie.govt.nz/info-services/business/business-growth-agenda>).
- The insights we gain through our work with other agencies, such as the Ministry of Foreign Affairs and Trade, the Ministry of Business Innovation and Employment, the New Zealand Customs Service, and Ministry for the Environment.
- The information we collect through operating our systems, from our customers and from national and international environmental scanning, which we analyse to inform our practice and to determine where and how regulatory adjustments may be made.

The focus of our regulatory work

Our regulatory work is focused on three areas:

- Forward-looking regulatory reviews of significant legislation.
- Maintenance of current regulatory instruments.
- Updating international rules surrounding market access.

Our regulatory principles

While we are guided by the principles outlined below, we acknowledge these principles describe an ideal position for which, putting the customer at the centre and continuous improvement (our second and third key approaches) are mechanisms for delivery.

- We regulate only where necessary using science and risk-based evidence.
- We prefer outcomes-focused regulation over a prescriptive approach.
- Our general principle is that those who create risks and/or benefit from a service will meet the associated costs.
- We work with industry to ensure regulation is practical and enabling, and to remove unnecessary barriers.
- We design our regulation with a whole-of-system focus.
- We recognise our customers are subject to multiple regulatory systems.
- We recognise that any regulatory burden should be in proportion to its corresponding benefit to both the customers and the regulators.
- We strive to make complex things as simple to understand as possible.
- We provide incentives to encourage the right behaviours, so as to make compliance the default position.

- We design and operate our information management systems in accordance with the New Zealand data and information management principles.

Our three key approaches

1. We are a cohesive and connected organisation

Each of our regulatory systems is governed by a board that takes a ‘whole of organisation’ view in its strategic approach, analysis and decision-making. The boards include senior managers from across our business. This assists us to manage our legislative instruments alongside the people, work processes, and technology needed to develop the policies, implement the regulations, foster compliance, and monitor and evaluate the impacts, and assess what needs to change.

The boards are examining the current and future pressures for each system to help inform decision-making and prioritisation.

Examples of cross-system improvements

- The first principles cost recovery review is developing the framework of principles and policy considerations to guide our approach to cost recovery, specify how these will be applied, align our approach with best practice, and improve transparency.
- Our science strategy provides the strategic direction for planning and prioritising the science that informs our regulatory settings and our delivery, both now and into the future.
- We are developing procedures to help ensure that our tertiary legislation and associated guidance is developed in a clear and consistent way, is easier to find, and easier to understand.
- We are building our capability to meet current and future needs through a concerted career and capability development programme which creates a career structure for staff at MPI.

2. We put the customer at the centre

MPI is working to enhance the service experience of our customers. We define our customers as the users of our systems. These may be groups of individuals such as travellers to New Zealand or recreational fishers. Customers are also groups of businesses, such as fishing companies, farming interests, food exporters, and importers of all kinds.

Being customer-centred means aiming for win/win solutions where both government and business reap greater efficiencies, effectiveness and value. We do acknowledge balancing the interests all customers can at times be challenging and while there are numerous examples of the win/win solutions described, there are also examples of where we could balance those interests better.

Examples of customer-centred work

- As part of implementing the Food Act 2014, we have been testing different prototypes of forms, templates and guidance to determine what works best for our customers.

- We are interviewing exporters about their ‘pain’ points and needs to help us determine how we could operate differently.
- We continue to make a big investment in consultative forums and other processes, and are aware of the need to keep improving our stakeholder engagement.

3. We pursue continuous improvement

All regulatory systems operate in an ever-changing context, so we cannot stand still. As stewards of these systems we recognise the need for continuous improvement.

Part of continuous improvement is being aware of the trends and issues that impact our systems.

Examples of continuous improvement

- Quality policy analysis is a key tool for driving improvement in our regulatory systems. We are focused on improving our regulatory impact analysis (RIA) through training and collaborating with other agencies.
- We are using the findings of customer research to improve our communication with customers and the public. We understand the effects of new forms of communication, such as social media, on levels of compliance, and overall social licence, and work to improve our practice.
- We have many existing forums for collaboration with other agencies, for instance with other border and biosecurity agencies, in the food sector, with Business Growth Agenda agencies, in the Natural Resources Sector, in science and regional economic development, and in trade relationships. We continue to build our relationships and ways of working with other agencies.
- We recognise that our customers are subject to multiple regulatory systems and have a variety of touchpoints with MPI. We aim to appropriately connect information within and across systems, and to standardise and streamline business processes for the benefit of our customers and MPI.

Information on MPI's regulatory systems

The following pages set out information on each of our regulatory systems, including our qualitative ‘fitness for purpose’ statements, information on the issues the regulatory systems face, and what we’re doing.

The information signals that systems are generally sound, notwithstanding earlier commentary. We need to keep aware of the trends and issues that are changing the context within which these systems operate, illustrating how important monitoring for continuous improvement and learning is. For this reason, we have reviews underway, in preparation, or being completed.

The following systems information is a starting point and a way to prompt feedback from our stakeholders. This feedback will further inform our understanding of our systems’ performance. At the same time, we continue to develop our assessment frameworks in the context of the Government’s regulatory stewardship expectations.

The following sections also include background information on each of the systems, including objectives, key legislation and system descriptions.

Food safety regulatory system: Key points

Fitness for purpose

The food safety regulatory system is consistent with international principles. It is effective at managing risk and delivers safe and suitable food.

However, some legislation covering food safety is also designed to achieve other outcomes. This can make operating difficult particularly for those business that need to operate under different Acts.

Issues

The legislation is spread across multiple Acts, leading to some overlaps and duplication.

Food businesses that process and export both animal products requiring official assurances and non-animal products, including multi-ingredient products, must operate under more than one Act, creating unnecessary compliance costs.

Globally, consumers are demanding more information and greater transparency from producers about their food, and overseas regulators are imposing more stringent market access requirements.

There are emerging intentional threats to food safety, for instance misrepresentation of food products for financial gain (food fraud) or threats of adulteration for ideological purposes (food defence).

There may be an opportunity to strengthen current legislation. There may also be an opportunity to reduce compliance costs and regulatory burdens, while maintaining essential protections.

Our regulatory priorities and our business-as-usual system maintenance and continuous improvement approach respond to these issues.

What we are doing

The Future of Food

The Future of Food is a multi-year project aimed at enhancing our food regulatory system. The work will focus on our food regulatory framework, and will look for opportunities to improve the services we deliver to businesses. This work aims to ensure our food system continues to align with best international practice. It is part of the Government's ongoing programme to ensure New Zealand has a forward-looking food system (including for on-farm inputs) that will continue to underpin our access to offshore markets and maintain our reputation as a trusted trading partner.

Food Safety Law Reform Bill

This Bill implements the recommendations from the Whey Protein Contamination (WPC) Inquiry⁴ that require legislative change. Those provisions will support New Zealand maintaining its reputation as a producer of safe, high quality food. The Bill also improves the design of the delegated legislation under the three main food safety Acts by removing duplication and providing for best practice use of regulation and notices. Subject to the Bill's passage, MPI will work systematically over the next few years to bring these regulations and notices into line with the new legislative design.

⁴ The Government launched the WPC Inquiry following an incident in 2013 involving suspected contamination of whey protein concentrate with *Clostridium botulinum*. After extensive tracking and a precautionary recall, MPI found that no products had been contaminated. See <https://www.dia.govt.nz/Government-Inquiry-into-Whey-Protein-Concentrate-Contamination-Incident>

Agricultural Compounds and Veterinary Medicines Bill

The Bill supports primary sector productivity and encourages competitiveness and innovation in the provision of agricultural compounds and veterinary medicines. The amendments change data protection provisions, and are supported by the users and suppliers.

Implementing the Food Act 2014

The Food Act 2014 became fully operational on 1 March 2016. It places an obligation on all food businesses to ensure the food they are producing is safe and suitable. Food business are regulated according to the level of risk they present – there are more requirements on higher risk businesses than lower risk businesses. Implementing the Food Act is a strong focus over the medium term, and a significant opportunity to strengthen the food safety culture of food businesses. We have a significant programme in place to support businesses to transition to the new Act, and we are planning for evaluation and monitoring of implementation.

Wine Act export requirements review

The review is examining record keeping requirements for New Zealand wine to assist in traceability and to manage risks to reputation. It links with proposals in the Food Safety Law Reform Bill to redesign the structure of delegated legislation, including under the Wine Act 2003.

Strengthening food traceability

The Dairy Traceability Working Group recommended new traceability requirements for dairy. We are using the context of these recommendations to strengthen traceability across the food system.

Dairy Capability

We are working to implement recommendations from the Dairy Capability Working Group, which was established following the WPC Inquiry. The recommendations are for MPI, industry and education providers. There are three flagship recommendations that MPI is working on: guidelines and training on food safety governance for board directors; developing a targeted programme of secondments between MPI and industry to promote stronger partnerships and capability; and establishment of a dairy food safety award.

Food health claims

In this growing area we continue to work closely with other major countries and with international risk assessment and regulatory bodies towards a common understanding of the science behind these claims.

Further information on the food safety regulatory priorities and expected consultation opportunities can be found at: <http://www.mpi.govt.nz/food-safety/>

Food safety regulatory system: Background information

Ministerial Portfolio Food safety

Objectives

The overriding objective is the safety and suitability of all food and beverages sold for human and animal consumption. This applies to food produced in New Zealand for both domestic consumption and export, and imported food. The system includes regulation of farm inputs, i.e. agricultural compounds and veterinary medicines. Contributory objectives:

- Food is safe and suitable.
- Public health is protected.
- Risks from pathogens, chemical contaminants, natural toxins and residues are identified and managed.
- New Zealand's good reputation increases access to overseas markets.
- Market access is facilitated.

Key legislation

Food Act 2014; Animal Products Act 1999; Wine Act 2003; and Agricultural Compounds and Veterinary Medicines Act 1997

System description

The food safety system operates on a risk-based approach to promote decisions that are appropriate and proportionate to the risks posed by hazards associated with biological, chemical and physical contaminants in the food supply and food supply chain. The legislative framework requires and enables food businesses to take responsibility for producing safe and suitable food.

MPI is the lead regulator. Its main roles are:

- Providing technical and policy advice and supporting the development of legislation, regulations and notices.
- Developing and setting the standards that food businesses must meet: domestic, joint trans-Tasman and international.
- Approving and registering food businesses/risk based programmes (Territorial authorities also have registration roles under the Food Act 2014.)
- Defines the competency criteria for and approves or recognises agencies and individuals to undertake specialist roles, e.g. evaluation, verification, laboratory analyses.
- Developing resources, providing information and guidance to promote food safety, and enabling other players to deliver their responsibilities.
- Monitoring the safety of food produced in New Zealand and imported food.
- Verification, i.e. assessing whether food businesses are following their risk based programmes. (Territorial authorities or third party verifiers perform this role for many food businesses).
- Providing official (government) assurances that exported products meet New Zealand standards, and any special standards or requirements negotiated with export markets.

- Conducting compliance activities, including prevention, investigation and response.
- Auditing and monitoring the performance of the overall system
- Initiating, coordinating and providing information on food recalls.

Recent improvements

The system has recently been strengthened by:

- The Food Act 2014 which was the product of extensive review and engagement with the food sector. All of our domestic food safety law now has a consistent risk-based approach: a big step in promoting a food safety culture.
- We have made good progress with implementing the recommendations of the WPC Inquiry. These recommendations were improvements to help the system meet future challenges, and to renew international and domestic confidence following the incident. Most have been implemented operationally. Those requiring legislative change are being progressed through the Food Safety Law Reform Bill.
- The Food Safety and Assurance Advisory Council has been established to provide independent expert advice to support MPI's system leadership.
- The Food Safety Science and Research Centre has been established to promote, coordinate, and deliver food safety science and research.

Information on the system

As regulators, we collect and analyse information on an ongoing basis. Our science and risk assessment identifies emerging food safety risks, and is a key input into standard setting. We gain information from verifiers and from our systems assurance audits. These functions, along with compliance activities, help to build up our overview of issues and pressure points across the system.

We engage with our stakeholders to seek information, feedback and advice. This happens through vehicles such as the Food and Beverage Forum (which represents businesses along the manufacturing, service and retail continuum), and through our ongoing work with industry associations, councils, businesses, and other key actors such as verifiers. We establish and work with groups on specific issues, and we take part in industry meetings and forums.

We formally track system performance using a range of key performance indicators (KPIs), for instance:

- The incidence of human cases of food borne campylobacteriosis: preliminary figures show a positive downward trend since 2014.
- The percentage of food business operators operating at unacceptable compliance levels: latest results indicate the percentage is trending down, i.e. an improvement.

We use surveys to gain insights into how others experience and perceive our services. In 2015, a sample of the **main business users** of food safety approvals and verification services found:

- High levels of confidence in the safety of both exported food and food produced in New Zealand, but lower confidence in the safety of imported foods.
- High levels of satisfaction in respondents' dealings with MPI.
- Moderate levels of trust in MPI.
- Average reported effort to work with MPI is in the moderate range.

The **Performance Improvement Framework Review (PIF) 2016** [see <https://www.ssc.govt.nz/mpi-pif-review>] assessed MPI's delivery of the food safety systems as:

- **Well placed** to deliver value to customers and New Zealanders.
- **Strong (excellent)** in demonstrating increased value over time.

The regulatory system is consistent with international principles. New Zealand's food safety system was the first to achieve systems recognition with the United States, we have full mutual recognition with Australia, and equivalence with the European Union for our animal products, i.e. these countries accept that our system delivers a comparable level of food safety as their own. Like many other countries New Zealand's food regulatory system needs to keep pace with emerging food safety risks and international trends. Therefore, a continuous improvement approach is necessary.

The **Whey Protein Concentrate (WPC) Contamination Incident Inquiry** found that New Zealand's dairy food safety regulatory system continues to be among the best in the world.

Biosecurity regulatory system: Key points

Fitness for purpose

Our biosecurity system does an outstanding job, but it is coming under pressure. Growth and diversity in trade and tourism, and other influences such as established pests and climate change, all put stress on the system. A forward-looking direction for the biosecurity system is needed to ensure that the system will remain resilient in the face of future challenges.

Issues

Growing trade, tourism and parcel post volumes, and the increasingly diverse origins of imported goods are creating greater pressures on the border.

There are increasing impacts on New Zealand's requests for access to overseas markets because of the length of time it takes us to develop Import Health Standards in response to trading partners' requests for access to New Zealand.

Established pests cost New Zealand millions of dollars each year. Influences such as climate change, social licence and loss of tools will increase the challenges of managing these pests.

The complex nature of pests and diseases means there is a lot to learn about the potential of many species to become pests or pathogens.

Emerging technologies have the potential to revolutionise how we detect and manage biosecurity risks, including by facilitating faster and more accurate risk management, communication and information management.

Increasingly businesses and the public are sharing responsibility for activities that in the past were seen to be the province of government. Along with the rising popularity of citizen science, social media and online tools, this trend creates opportunities for mass mobilisation and collaborative decision-making, and means every New Zealander could become a biosecurity surveillance officer.

What we are doing

Biosecurity 2025

This review aims to ensure the biosecurity system remains resilient in the face of the increasing pressures from trade, tourism, climate change and to support biosecurity efforts across multiple organisations.

The key output is development of the Biosecurity 2025 Direction Statement to provide guidance to all participants of the system. It will replace the 2003 Biosecurity Strategy for New Zealand – Tiakina Aotearoa Protect New Zealand. The Direction Statement will include:

- **A mission for New Zealand's biosecurity:** to ensure that we are all working towards a common goal.
- **Guiding principles:** to guide the way we work.
- **Five strategic directions:** to drive change across the system, enabling us to address challenges and take advantage of transformative opportunities.

Although at this stage the focus is not on regulatory change, the outcomes will be checked against the Biosecurity Act to ensure that it is fit for purpose, or amended as appropriate over the next 10 years.

Import Health Standards (IHSs)

We are working with MFAT to prioritise the backlog of unprocessed IHS requests from trading partners, so that we work on those that will deliver most benefit to New Zealand. We are also reviewing resource needs and pressures within MPI to speed up delivery of new IHSs, and to address the large number of IHSs that have not been reviewed for many years.

Pest management

MPI is implementing processes to ensure that pest management is aligned and consistent across New Zealand, and that decision-making roles for pest management are clear and consistent.

National Animal Identification and Tracing (NAIT) system

MPI and industry stakeholders are carrying out a review of the NAIT system which will assess the system in accordance with its stated aims. The review will make recommendations operational and regulatory changes to improve the NAIT system by April 2017.

Further information on the biosecurity regulatory priorities and expected consultation opportunities can be found at: <http://www.mpi.govt.nz/protection-and-response/biosecurity/>

Biosecurity regulatory system: Background information

Ministerial Portfolio Primary Industries

Objectives

The biosecurity system prevents or manages risks from harmful organisms, like pests and diseases. The system helps protect:

- New Zealand's economy, including primary industries, trade and tourism.
- Our environment, including indigenous and valued exotic species, ecosystems, and landscapes.
- Cultural values, including Maori values.
- Social values, including New Zealanders' health and wellbeing, lifestyles, national identity and recreational and historic values.

It does this by stopping pests and diseases before they arrive, dealing with them if they do enter the country and managing long-term pests that have already established.

Key legislation

Biosecurity Act 1993, Airports (Cost Recovery of Processing of International Travellers) Act 2014, National Animal Identification and Tracing (NAIT) Act 2012.

System description

The biosecurity system is multi-layered, beginning off-shore, incorporating the border and continuing post-border. MPI is the leader of the system, in collaboration with many other players. In particular, Regional Councils have statutory responsibility for developing long-term Pest Management Plans and industry bodies that have signed government industry agreement, work with MPI on readiness and response activities.

Pre-border

Pre-border activities result in the vast majority of biosecurity risks being managed offshore as exporting countries take action to ensure their products meet our biosecurity import requirements. The aim is to reduce the risk of new pests and diseases entering and establishing, to an acceptable level. Activities in this area include understanding global risks, co-operating in multilateral forums, determining trade conditions and agreeing on offshore measures with our trading partners (Import Health Standards), gathering intelligence and undertaking risk analyses.

At the border

Border activities verify that imported goods, craft and people meet the rules and requirements set out in our import health standards at airports, seaports, mail centres and along the coastline. They include the inspection of passengers, goods, vessels and mail, verification activities to make sure offshore measures have been properly applied, import permit decisions, educating travellers and traders, and post-entry quarantine.

Post-border

There are two aims in this area: to reduce the likelihood of harmful pests or diseases from establishing in New Zealand; and to reduce or contain the harm caused by those that have. Activities include monitoring and surveillance, developing preparedness and response plans, running response exercises, and responding to eradicate or contain pest incursions. Established weeds and animal pests are managed through containment or control at national, regional and local scales.

Many participants are involved in this part of the system including industry, iwi, community groups, the public and local and central government.

Recent improvements

The system has recently been strengthened by the following:

Pre-border

- The **Emerging Risk System** allows risk organisms to be proactively identified before they reach New Zealand and is crucial in making timely decisions on measures to keep them out of the country.
- **Increased offshore audit capability** within MPI provides greater assurance that import requirements are being met by trading partners and risks are mitigated prior to arriving at New Zealand's border.
- New Zealand is at the forefront of developing **electronic exchange of official assurances**, which will reduce fraud and better enable automated risk profiling and targeting of high-risk goods.

At the border

- **Greater investment in border biosecurity**, such as improved screening tools and more x-ray machines and detector dogs, ensures more tools are available to deal with increased volumes of passengers and goods crossing the border.
- **Risk-profiling** has been developed to allow biosecurity interventions to be targeted at the areas of highest risk.
- **Recovering costs** from many biosecurity activities enables funding to be linked to the volume of passengers and goods crossing the border

Post-border: surveillance, readiness and response

- **The Government Industry Agreement for Readiness and Response (GIA)** is a partnership approach between industry and the government to prepare for and respond to biosecurity risks impacting primary industry groups. Industry partners are continuing to join the GIA.
- The **National Biosecurity Capability Network**, the only system of its kind in the world, has 144 signatory organisations available to mobilise in a biosecurity response event.
- Building of the new **National Biocontainment Laboratory** began in late 2015. The laboratory will protect public health, diagnose and help control the spread of animal diseases, and give international and trade assurances about New Zealand's animal disease status.

Post-border: pest management

- The **National Policy Direction for Pest Management** for regional councils and pest management agencies aims to improve the alignment, consistency and effectiveness of pest management plans and programmes across New Zealand.

We have developed the **National Pest Pet Biosecurity Accord** to reduce the risks of the domestic trade in pets leading to new pests.

Information on the system

We collect and analyse information through our pre-border, border and post-border day-to-day operations. For instance, samples are collected from our surveillance programmes (eg, fruitfly); from notification of suspected exotic pests and diseases from the general public, regional councils, crop consultants, vets and the scientific community; and from incursion responses (eg, bacterial canker of kiwifruit). These samples are then tested by MPI's laboratories for new pests and diseases affecting the environment. Third party service providers also provide information to MPI (eg, OSPRI, which manages the NAIT and TBfree programmes, reports to MPI on a quarterly basis).

On-going engagement with our stakeholders and customers to seek information, feedback and advice. For instance, as part of our response readiness, we have an ongoing joint MPI and industry Foot and Mouth (FMD) Preparedness Working Group, which analyses gaps in levels of preparedness and prioritised actions required. We also have a number of standing committees, such as the Germplasm Advisory Committee (Germac) which consults with industry, and other key agencies on New Zealand's germplasm import programme.

We track systems measures. For instance, our 2014-15 Annual Report passenger and pathway surveys indicate that import clearances completed within agreed timeframes are starting to trend upwards, which reflects improved processes and staff development.

In 2015, **the Office of the Auditor-General (OAG)** concluded that MPI had made very good progress with how it prepares for, and responds to, biosecurity incursions. (October 2015,

OAG report: Ministry for Primary Industries: Preparing for and responding to biosecurity incursions - follow-up report, <http://www.oag.govt.nz/2015/biosecurity/docs/biosecurity.pdf>.)

The OAG noted that MPI needs to work further to embed improvements, but it has laid the groundwork and is continuing with improvements as it learns from responses to incursions. (This report followed up on a 2013 review).

The **Performance Improvement Framework 2016** [<https://www.ssc.govt.nz/mpi-pif-review>] assessed MPI's delivery of the biosecurity system as:

- Well-placed to provide value to customers and New Zealanders.
- Strong in terms of providing increased value over time.

We use surveys to gain insights into how others experience and perceive our services. A survey of the main users of the biosecurity system in 2015 indicates that 64% of those users expressed confidence that MPI helps to protect New Zealand against new and unwanted pests and diseases from overseas. We note, however, that our 2014/15 performance measures showed 98.7% of international air passengers complied with biosecurity requirements by the time they left the airport.

New Zealand was ranked 4th overall (out of 138 countries) in the World Economic Forum's 2014 Enabling Trade Report, and 6th in the border administration category, reflecting the efficiency and transparency of our border processes.

Animal welfare regulatory system: Key points

Fitness for purpose

New Zealand's animal welfare system is highly regarded internationally and domestically.

The Animal Welfare Act 1999 was recently reviewed to keep it fit for purpose. Fundamental principles of the Act were confirmed – but the review identified some enforceability, clarity, and transparency issues. These issues were addressed through the Animal Welfare Amendment Act (No 2) 2015 – with most of the benefits of the Amendment Act realised through new regulations.

Issues

Animal welfare is a complex and multifaceted issue which involves scientific, ethical, economic, cultural, social, religious and political dimensions. The perspectives of a diverse range of groups with differing expectations include the New Zealand public, livestock farmers, animal owners, the science community, overseas markets, and consumers - all helping inform animal welfare regulatory settings.

Positive animal welfare has the potential to differentiate and add value to New Zealand's animal products. However, even isolated cases of poor animal welfare could have a negative impact on our reputation.

The number of animal welfare complaints is increasing year on year as animal welfare gains a more public profile. This puts pressure on the current reactive investigation model. Additional resources have been allocated but this will need to be monitored if demand for investigation continues to grow.

What we are doing

New Animal Welfare Regulations

Developing regulations to implement the 2015 amendments to the Animal Welfare Act 1999, which enhance enforcement tools (including infringements) and strengthen New Zealand's reputation as a responsible and ethical primary producer.

A suite of 99 regulatory proposals have been consulted on publicly, with consultation closing in May 2016. New regulations relating to young calves were delivered by 1 August 2016. In addition, changes made to the primary Act to enable the Director-General to require reports on the welfare of exported animals came into effect on 25 August 2016. New regulations transferring the existing conditional prohibition on the export of livestock for slaughter from the Customs and Excise Act to the Animal Welfare Act will take effect on 21 December 2016. The remaining 77 proposals will be progressively developed during 2016/17.

Codes of welfare

Codes of welfare are developed by the National Animal Welfare Advisory Committee, and issued by the Minister for Primary Industries. They can be amended in light of new information or changes to scientific knowledge, good practice, available technology or societal views.

Safeguarding our Animals, Safeguarding our Reputation

We are continuing work under the *Safeguarding our Animals, Safeguarding our Reputation* programme to improve voluntary compliance with animal welfare laws, including:

- developing resources to support farmers and veterinarians

- educating people who work with production animals through workshops and conferences
- improving awareness and use of the codes of welfare.

Further information on animal welfare regulatory priorities and expected consultation opportunities can be found at: <http://www.mpi.govt.nz/protection-and-response/animal-welfare/>

Animal Welfare regulatory system: Background information

Ministerial Portfolio Primary Industries

Objectives

Care of animals – we meet the needs of our animals and avoid causing unreasonable or unnecessary harm to animals through our activities.

Reputation for integrity – New Zealand’s animal welfare practices add value to our exports and contribute to our reputation as a responsible agricultural producer.

Key legislation

Administered by MPI - Animal Welfare Act 1999, Agricultural Compounds and Veterinary Medicines Act 1997, Animal Products Act 1999, Veterinarians Act 2005.

Wildlife Act 1953 (DOC), Marine Mammals Protection Act 1978 (DOC), and Dog Control Act 1996 (DIA).

System description

Animal welfare covers the care and management of production, domestic, wildlife, zoo and other animals. MPI leads and facilitates the management of animal welfare policy in New Zealand. MPI promotes policies for the humane treatment of animals and is a key participant in the ongoing animal welfare debate.

The Animal Welfare Act 1999 provides the main framework for regulating the welfare of animals. MPI and the Royal New Zealand Society for the Prevention of Cruelty to Animals jointly enforce the Act. MPI primarily focuses on production (farm) animals, with the SPCA focusing mainly on urban areas and on companion (pet) animals. The SPCA also has a significant role in enforcing the Act on small holdings often called “lifestyle blocks”.

The Act is supported by regulations and codes of welfare. There are currently 18 codes of welfare in force for most uses of animals, which are flexible enough to be modified and improved as community expectations, good practice, scientific knowledge and technical advances allow.

The Act requires two independent advisory committees to be in place – the National Animal Welfare Advisory Committee and the National Animal Ethics Advisory Committee. The committees give the Minister for Primary Industries independent advice relating to the welfare of animals.

In 2013, the *Animal Welfare Matters: New Zealand Animal Welfare Strategy* was agreed, setting the two core outcomes related to ‘care of animals’ and ‘reputation for integrity’. It sets the expectation that all New Zealanders, as well as stakeholders and the Government, have a role in maintaining and enhancing animal welfare.

Fisheries management regulatory system: Key points

Fitness for purpose

While New Zealand's fisheries management system is generally sound, the Fisheries Act 1996 has been in place for 20 years, and the Quota Management System (QMS) for 30 years. There are concerns about adherence to fisheries rules, along with how incentives are operating, and these need to be addressed. Technology has advanced and society's expectations of how fisheries management should operate have changed over that time.

Issues

New Zealand's marine areas are increasingly busy and likely to become more so over time as our population grows. An increasing number of diverse stakeholder groups share an interest in the management of our fisheries but sometimes compete for the same space or resources.

Recreational fishers, tangata whenua and local communities are seeking greater involvement in managing local areas.

Interest in environmental impacts has grown and there is more interest in the redesign and incentives for discards and future proofing.

International seafood markets are seeking assurances that seafood products are sustainable and can be traced.

Fisheries management has become more complex and costly as a growing number of 'one off' arrangements are established, such as local recreational rules for the Kaikōura marine area.

Improving the fishing management system's ability to respond to local interests can place new demands on information, decision-making and compliance systems.

There is a growing demand for transparency around fisheries management.

What we are doing

Future of our Fisheries review

The Future of our Fisheries review will build on the foundations of the Quota Management System and Fisheries Act 1996 and aims to ensure that the system is future-proofed to maintain sustainable fisheries for current and future generations.

An enhanced fisheries management system will:

- maintain and enhance the fisheries sustainability while delivering benefits for recreational, commercial and customary fishers
- build public confidence in our fisheries
- further reduce the incentives for commercial discarding
- be cost effective and fair.

Quota Management System Notices

To maintain the sustainability of wild catch fisheries, notices are reviewed annually to set total allowable catch limits. Deemed values are also reviewed as part of the fisheries quota management system. MPI undertakes two separate reviews each year – one for implementation in April, the other in October.

National direction for aquaculture

MPI is leading a project to develop a nationally consistent framework for the sustainable management of aquaculture space. The aim is to provide greater certainty for aquaculture investment while supporting better environmental outcomes and community confidence in the industry. The Ministry for the Environment and the Department of Conservation are also involved in the project.

Marine protected areas

MPI is contributing to a Ministry for the Environment led review of the ways we protect the marine environment within New Zealand's territorial sea.

Further information on the fisheries management regulatory priorities and expected consultation opportunities can be found at: <http://www.mpi.govt.nz/travel-and-recreation/fishing/>

Fisheries management regulatory system: Background information

Ministerial Portfolio Primary Industries

Objectives

Providing for utilisation while ensuring sustainability.

Key legislation

Fisheries Act 1996 (including the Quota Management System), Fisheries Act 1983, Fisheries (Quota Operations Validation) Act 1997, Driftnet Prohibition Act 1991, Kaikoura (Te Tai o Marokura) Marine Management Act 2014, Māori Commercial Aquaculture Claims Settlement Act 2004, Māori Fisheries Act 2004, Treaty of Waitangi (Fisheries Claims) Settlement Act 1992.

System description

MPI is responsible for managing fisheries policy and practice in New Zealand. This involves making sure fisheries are managed sustainably. We monitor fisheries resources and control fishing to ensure there are enough fish for now and the future for customary, recreational, and commercial users.

A diverse range of individuals, groups and organisations have an interest in the management of our fisheries resources, each with their own view of the benefits available from that resource, including ecological, cultural, social, and financial.

The Fisheries Act 1996 provides a framework for balancing the often competing interests so that all can benefit. The Act includes law about:

- the application and administration of the Quota Management System (QMS)
- measures that contribute to the sustainability of fisheries resources and avoiding, remedying or mitigating any adverse effects of fishing on the aquatic environment
- recognition of the Treaty of Waitangi (Fisheries Claims) Settlement Act 1992 and the creation of tools to provide for customary use and fishery management practices

- provisions for allocating the Total Allowable Catch (TAC) between Māori customary non-commercial fishing, recreational, and commercial interests.

Information on the system

Our management of the fisheries system requires us to collect and analyse a wide range of information on fisheries stocks and fisheries practices. The MPI website includes the following information related to fisheries management:

- The ‘legal overviews’ of fisheries includes information on: the health of New Zealand’s fisheries, sustainable fisheries management and allocation, the status of the fisheries resources, and MPI’s fisheries management initiatives [see <http://mpi.govt.nz/law-and-policy/legal-overviews/fisheries/>].
- The ‘protection and response’ of sustainable fisheries includes information on: shared fisheries for the future, managing our catches, and how we count fish [see <http://mpi.govt.nz/protection-and-response/environment-and-natural-resources/sustainable-fisheries/>]

Forestry and Emissions Trading Scheme (ETS) regulatory system: Key points

Fitness for Purpose

Several aspects of the system are currently being reviewed or are in the process of being improved: the National Environmental Standard for Plantation Forestry, the forestry aspects of the Emissions Trading Scheme, and the Permanent Forests Sink Initiative. The operation of the regulatory framework for the export of swamp kauri was improved in 2015. Other aspects of the Forests Act 1949 may be in need of review given the age of the Act.

Issues

The forestry aspects of the Emissions Trading Scheme need to evolve to ensure that they continue to support New Zealand's future emissions reduction targets. With the right changes to the Emissions Trading Scheme there is the potential to increase the role that forestry can play in helping New Zealand in meeting its emissions reduction targets. There are also a range of operational issues faced by MPI and forestry stakeholders that should be addressed.

Participation in the Permanent Forest Sink Initiative has been low, so the levels of long-term carbon storage, and the wider environmental and sustainable land management benefits are not as great as expected.

There is a need for greater consistency in approaches to how plantation forestry is regulated under the Resource Management Act.

The Forests Act 1949 is prescriptive and administratively cumbersome for both the regulator and the regulated industry. The Act has not been reviewed since key components were amended in 1993.

What we are doing

The Emissions Trading Scheme Review under the Climate Change Response Act (MfE-led)

Parts of this review is considering changes to the forestry aspects of the scheme to support New Zealand in meeting future emissions reduction targets and its ongoing transition to a low emissions economy.

Permanent Forest Sink Initiative

This review aims to increase the area of permanent forest to achieve long-term carbon storage, and wider environmental and sustainable land management benefits; to increase total economic benefits for participants; and to improve the administration of the scheme for both participants and Government.

National Environmental Standard for Plantation Forestry (MPI-led with MfE)

This work seeks to maintain or improve the environmental outcomes associated with plantation forestry activities nationally; and to increase efficiency and certainty in the management of plantation forestry activities. New regulations to give effect to the standard are expected in 2017.

Export of swamp kauri

In 2015 we made changes to operational procedures under the Forests Act to improve transparency, clarity and accountability. We are continuing to work with councils and other

relevant agencies to progress suggestions for ongoing improvements that were made by the Auditor-General in a report in September 2015.⁵

Further information on the forestry and ETS regulatory priorities and expected consultation opportunities can be found at: <http://www.mpi.govt.nz/growing-and-producing/forestry/>

Forestry and Emissions Trading Scheme (ETS) regulatory system: Background information

Ministerial Portfolio Associate Primary Industries

Objectives

An innovative and profitable forestry sector that takes full advantage of market opportunities for timber and wood products.

A sustainably managed forest resource providing valued environmental services and wood products.

Meeting international obligations around climate change and reducing New Zealand's net emissions of greenhouse gases to below business-as-usual levels.

Key legislation

Forests Act 1949, Forestry Encouragement Act 1962, Forestry Rights Registration Act 1983, and the Forests (West Coast Accord) Act 2000, Climate Change Response Act 2002 (Act administered by MfE).

System description

MPI is the Government's principal adviser on forestry, including policy development and engagement at the domestic and international level. We work with the forestry sector to support its contribution to New Zealand's economic growth. We are also responsible for information and statistics on forestry production and trade.

Work under the Forests Act 1949 principally involves the sustainable management of indigenous forestry activities on private land and the administration of the Permanent Forest Sink Initiative.

With respect to sustainable management of indigenous forestry, the Act provides options for the sustainable management of timber production from privately owned indigenous forests, and places controls which MPI implement on the harvest, milling and exporting of indigenous timber. This includes our regulatory responsibilities under the Forests Act relating to export of swamp kauri.

MPI administers the Afforestation Grants Scheme (AGS), Erosion Control Funding Programme (ECFP), and the Hill Country Erosion Programme (HCEP).

MPI administers the Emissions Trading Scheme (ETS) for forestry under delegated authority from the Environmental Protection Authority (EPA). This includes assessing forest land eligibility, processing claims for and surrender of New Zealand Units (carbon credits), conducting compliance audits and monitoring deforestation. (The Ministry for the

⁵ In September 2015 the Auditor-General released a report that concluded there was no evidence that MPI was allowing the export of illegal timber or timber products (<http://www.oag.govt.nz/media/2015/swamp-kauri>).

Environment (MfE) and the EPA also have responsibilities for the scheme, which is governed by the Climate Change Response Act 2002).

These roles sit alongside our administration of the Government's interests in commercial forestry through MPI's Crown Forestry unit, representing forestry leases on Māori land, residual Crown forest assets and a portfolio of forestry encouragement loans.

Enabling primary sectors regulatory system: Key points

Fitness for purpose

MPI administers a number of Acts that support the governance, operations and capability of the primary industries. Three of these regulatory frameworks are currently being improved, and we are proposing one redundant Act for repeal. A number of the other Acts have been in place for some time, and may require reviews to check that they are fit for purpose.

Issues

The Acts in this system are quite disparate because each has its own specific purpose and relates to a particular aspect of the primary sector. In addition, the Acts were made across a number of years, and therefore reflect the approaches of their time.

Our ongoing engagement with the primary sector provides us with feedback on the performance of these regulatory frameworks, and we prioritise these against Government's wider objectives.

What we are doing

New Zealand Horticulture Authority Act Amendment Bill

This Bill responds to industry requests to provide horticultural exporters with greater flexibility, allowing for more focused market strategies and reducing entry barriers to lower value markets.

Kiwifruit Industry Review

This review responds to the findings of the industry-led Kiwifruit Industry Strategy Project and a government-commissioned independent review of Kiwifruit New Zealand. While the regulations are generally fit-for-purpose, the review has resulted in some specific amendments to enable Zespri to continue to innovate and grow, to ensure the interests of kiwifruit suppliers are protected, and to ensure that the checks and balances on the industry structure are robust.

Dairy Industry Restructuring Act review

The current review of the Dairy Industry Restructuring Act 2001 responds to a statutory review of the state of competition in the New Zealand dairy industry.

MPI contributions to the Statutes Repeal Bill (led by Treasury)

The Statutes Repeal Bill is based on a review of primary legislation that is redundant and therefore can be repealed. MPI identified the Royal New Zealand Institute of Horticulture Act 1953 for inclusion in this Bill, which was introduced to Parliament in September 2016.

There may be other Acts in this system that could be repealed in a future exercise of this type.

Further information on the enabling primary industries regulatory priorities and expected consultation opportunities can be found at:

<http://www.mpi.govt.nz/law-and-policy/legal-overviews/primary-production/>

Enabling primary sectors regulatory system: Background information

Ministerial Portfolio Primary Industries

Objectives

To enable primary industries to:

- Improve sector productivity.
- Maximise export opportunities.
- Enhance capability in the primary industries.

Key legislation

Agricultural and Pastoral Societies Act 1908, Animal Control Products Ltd Act 1991, Commodity Levies Act 1990, Dairy Industry Restructuring Act 2001, Hop Industry Restructuring Act 2003, New Zealand Horticulture Export Authority Act 1987, Meat Board Act 2004, Pork Industry Board Act 1997, Primary Products Marketing Act 1953, Public Works Act 1981 (Part 19 – Irrigation), Royal New Zealand Institute of Horticulture Act 1953, Irrigation Schemes Act 1990, Kiwifruit Industry Restructuring Act 1999, Taratahi Agricultural Training Centre (Wairarapa) Act 1969, Veterinarians Act 2005, Wool Industry Restructuring 2003.

System description

The primary sector drives New Zealand's economy and provides employment to over 350,000 people. MPI provides policy advice and supports the development of legislation and regulations designed to support the structure and operation of the primary sectors. That support enables new growth and efficiency gains to be realised as investment in science, research and development takes place, innovation progresses and markets develop.

This system includes a range of legislative instruments relating to sectors within the primary industries. Most Acts are about the organisational structure of sectors, for example, how industries operate, incentive structures and regulatory oversight. The Commodity Levies Act 1990 provides a framework for industry organisations to establish levies to fund industry good activities on behalf of their producers. Industry organisations make levy requests following votes by potential levy payers and MPI supports the Minister to enact the levies through Order in Council.

MPI works closely with the primary sectors in its operation of this system. Our policy and legislative roles are integrated with our wider work with other government agencies, local government, farmers, corporations, banks, Māori, and industry-level bodies to support increased productivity across the primary sector, increased sustainable use of resources, such as water and soil, and regional economic development. We also have a wider programme of work to support primary industry skills and capability.

Cross-systems work: cost recovery

Context and issues

MPI is one of many government agencies that recovers costs for some of the services it provides. The total cost of all MPI services was \$451 million in 2015/16. In 2015/16 cost recovery is forecast to exceed \$150m. While this amount is in the context of total primary sector exports of \$37.6 billion it is a significant cost for industry and a large part of MPI's business. It is important that stakeholders have confidence in the way charges are determined and how funding is managed and reported.

In 2014/15 MPI completed a wide ranging review of biosecurity and food safety charges. This was the first cost recovery review since the formation of MPI and resulted in updates to more than 254 charges.

In undertaking that work, it became clear that there were still opportunities to improve our charging practices so that they work better for our customers and stakeholders, and to promote confidence in the way charges are determined and how funding is managed and reported.

What we are doing

Cost recovery framework for MPI

This work aims to improve the ways MPI sets and reviews its cost recovery charges so that we can improve transparency, communication, and certainty for stakeholders.

Consultation on a proposed new cost recovery framework took place during June and July 2016. The finalised framework will be used to develop specific proposals.

Further information on the cost recovery review and expected consultation opportunities can be found at: <http://www.mpi.govt.nz/news-and-resources/consultations/developing-a-cost-recovery-framework-for-mpi/>