



Cabinet Business Committee

Minute of Decision

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Cost Recovery for Selected Services Provided by the Ministry for Primary Industries: Proposed Updates

Portfolio **Agriculture / Biosecurity / Food Safety**

On 24 April 2018, the Cabinet Business Committee, having been authorised by Cabinet to have Power to Act [CAB-18-MIN-0181]:

Background

- 1 **noted** that on 14 February 2018, the Cabinet Economic Development Committee:
 - 1.1 agreed to the release of a consultation document on proposals to update fees and levies, and to improve the Ministry for Primary Industries' cost recovery arrangements;
 - 1.2 invited the Minister of Agriculture, Biosecurity and Food Safety to report back by 30 April 2018 on the outcome of consultation and with proposed changes to fees, charges and levies;

[DEV-18-MIN-0007]

- 2 **noted** that the Ministry for Primary Industries undertook public consultation, from 21 February to 21 March 2018, on seven cost recovery proposals in the biosecurity and food systems;
- 3 **noted** that the proposals referred to above are considered high priority to avoid unrecoverable deficits accumulating in memorandum accounts, reduce the size of future adjustments to fees and levies, and minimise the risk of unrecoverable deficits;

Proposed changes

- 4 **noted** that the Minister of Agriculture, Biosecurity and Food Safety has considered feedback received during consultation, and proposes the following changes:
 - 4.1 an increase to the maximum levy rate for the Biosecurity System Entry Levy to \$23.00 (rather than \$25.00 proposed during consultation);
 - 4.2 changes to Animal Products Act 1999 levies for red meat, dairy, and fish processors, with effect from 1 July 2018 (the preferred timing option);

- 5 **noted** that maintaining the current rate for circuit verification services will result in a write-off of approximately \$200,000 of historical debt that cannot be recovered after 2018/19, and a further under-recovery of approximately \$1.6 million in 2019/20;
- 6 **agreed** to maintain the current rate set out in regulations for cost recovery of circuit verification services;
- 7 **noted** that as revenue forecasts in Budget 2018 documents are based on current fee levels, approving updates to charges and new policy now would be inconsistent with the Budget moratorium;

Legislative implications

- 8 **authorised** the Minister of Agriculture, Biosecurity, and Food Safety to issue drafting instructions to the Parliamentary Counsel Office to prepare draft regulations and levy orders to give effect to the following revisions, as set out in Appendix 3 to the paper under CBC-18-SUB-0049:
- 8.1 update the Biosecurity System Entry Levy rate and maximum rate;
 - 8.2 extend the Biosecurity Border Processing Levy (BCL) levy period;
 - 8.3 align the Biosecurity Inspection Fees;
 - 8.4 update levies under the Animal Products Act 1999 for red meat, dairy and fish processors;
 - 8.5 introduce new charges under the Food Act 2014;
 - 8.6 introduce a targeted rate over two years for storage premises and fish processors;
- 9 **authorised** the Minister of Agriculture, Biosecurity and Food Safety to make decisions on any further minor or technical issues required to progress the revisions as set out in Appendix 3 to the paper under CBC-18-SUB-0049;
- 10 **invited** the Minister of Agriculture, Biosecurity and Food Safety to seek Cabinet approval to the updated charges and new policy when he seeks Cabinet approval to submit the draft regulations and levy orders to the Executive Council;
- 11 **noted** that for the proposed changes to cost recovery arrangements to be in force by 1 July 2018, the agreed regulations and levy orders must be gazetted no later than 1 June 2018.

Vivien Meek
Committee Secretary

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Present:

Rt Hon Jacinda Ardern (Chair)
Hon Kelvin Davis
Hon Grant Robertson
Hon Phil Twyford
Hon Dr Megan Woods
Hon Chris Hipkins
Hon Andrew Little
Hon Carmel Sepuloni
Hon Dr David Clark
Hon Nanaia Mahuta
Hon Stuart Nash
Hon James Shaw

Officials present from:

Office of the Prime Minister
Department of the Prime Minister and Cabinet

Hard-copy distribution:

Minister of Agriculture
Minister for Biosecurity
Minister for Food Safety