



Cabinet Economic Development Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Cost Recovery in the Food System: Proposed Improvements

Portfolios **Agriculture / Food Safety**

On 20 March 2019, the Cabinet Economic Development Committee (DEV):

Background

- 1 **noted** that on 7 November 2018, DEV:
 - 1.1 agreed to the release of a consultation document on proposed changes to fees and levies, and to improve other aspects of the Ministry for Primary Industries' (MPI) cost recovery regime;
 - 1.2 invited the Minister of Agriculture and Minister for Food Safety (the Minister) to report back on the outcome of consultation and with any proposed changes to current cost recovery arrangements;

[DEV-18-MIN-0258]
- 2 **noted** that the 22 submissions received (from 28,000 emails sent) broadly supported the majority of the 11 proposals, with no major issues raised;

Proposed changes

- 3 **noted** that the Minister has considered consultation feedback and proposes the following:
 - 3.1 change *Proposal 6: Update unit charges for export of live animals and animal germplasm under the Animal Products Act 1999* to update only the live animal unit charges and not the ruminant germplasm unit charges;
- 4 **agreed** to implement the following proposals (which are fully detailed in the Cost Recovery Impact Statement and Appendix One to the paper under DEV-19-SUB-0040):
 - 4.1 amend the base hourly rate for 127 fees in the food system from \$155 per hour to \$135 per hour, and replace 51 variable charges with fixed fees, in the following regulations:
 - 4.1.1 Agricultural Compounds and Veterinary Medicines (Fees, Charges, and Levies) Regulations 2015;
 - 4.1.2 Animal Products (Dairy Industry Fees, Charges, and Levies) Regulations 2015;

- 4.1.3 Animal Products (Fees, Charges, and Levies) Regulations 2007;
- 4.1.4 Animal Welfare (Cost Recovery) Regulations 2015;
- 4.1.5 Food (Fees and Charges) Regulations 2015;
- 4.1.6 Wine Regulations 2006;
- 4.2 amend trade name product registration fees under the Agricultural Compounds and Veterinary Medicines (Fees, Charges, and Levies) Regulations 2015 from \$540 for both pre-screening and registering trade name products to a minimum pre-screening charge of \$67.50 for the first 30 minutes plus an assessment charge of \$135 per hour after the first 30 minutes, and \$405 for registering trade name products;
- 4.3 introduce cost recovery for approvals of manufacturers or suppliers of official devices under the Animal Products (Fees, Charges, and Levies) Regulations 2007 as \$135 per application plus \$135 per hour after the first 60 minutes;
- 4.4 amend official assurance (animal products and animal materials) fees under the Animal Products (Fees, Charges, and Levies) Regulations 2007 and Animal Products (Dairy Industry Fees, Charges, and Levies) Regulations 2015 from \$32 plus \$155 per hour after the first 15 minutes to \$33.75 plus \$135 per hour after the first 15 minutes;
- 4.5 amend charges for Animal Welfare Export Certificates under the Animal Welfare (Cost Recovery) Regulations 2015 from \$21.33 plus \$186.30 per hour after the first 15 minutes to \$46.58 plus \$186.30 per hour after the first 15 minutes;
- 4.6 amend charges for official assurances under the Animal Products (Fees, Charges, and Levies) Regulations 2007 from \$32 plus \$186.30 per hour after the first 15 minutes to \$46.58 plus \$186.30 per hour after the first 15 minutes;
- 4.7 amend unit charges for export of live animals and of equine, porcine, cat and dog germplasm in the Animal Products (Fees, Charges, and Levies) Regulations 2007, as set out in Appendix 2 to the paper under DEV-19-SUB-0040;
- 4.8 amend circuit verification charges in the Animal Products (Fees, Charges, and Levies) Regulations 2007 and Animal Products (Dairy Industry Fees, Charges, and Levies) Regulations 2015 from \$165 per hour to \$176 per hour;
- 4.9 amend the levies in the Agricultural Compounds and Veterinary Medicines (Fees, Charges, and Levies) Regulations 2015 and Wine Regulations 2006 to specify a formula to calculate the levy rates and a process for the Director-General of the Ministry for Primary Industries to change the levy rate by Gazette notice up to a regulated maximum;
- 4.10 amend the Agricultural Compounds and Veterinary Medicines (Fees, Charges, and Levies) Regulations 2015 to confirm the levy is payable for each trade name product registration and to ensure it more accurately reflects the services funded by the levy;
- 4.11 amend the dairy levy and thresholds for small processors and exporters under the Animal Products (Dairy Industry Fees, Charges, and Levies) Regulations 2015 so that:

- 4.11.1 the small processor category up to and equal to 51,000 kg milksolids collected annually (previously 16,500 kg) and the levy reduces from \$465 per annum to \$400 per annum;
- 4.11.2 the medium processor category is removed;
- 4.11.3 the small exporter category applies up to and equal to 466,000 kg milksolids collected (previously 636,000 kg) and the levy reduces from \$310 per annum to \$200 per annum;
- 4.12 make minor updates under the Animal Products (Fees, Charges, and Levies) Regulations 2007 and the Animal Products (Dairy Industry Fees, Charges, and Levies) Regulations 2015, as follows:
 - 4.12.1 expand the dairy levy categories to include standalone coolstores or other dairy storage premises;
 - 4.12.2 expand the non-dairy levy categories to include all export approved premises that process animal products not for human or animal consumption in addition to those that process hides and skins;
 - 4.12.3 introduce a charge of \$135 per hour to the non-dairy regulations for services related to market access in line with the provision in the dairy regulations;
 - 4.12.4 amend the fee for infant formula export declarations from a formula calculated each year to a fixed fee of \$33.75 per declaration, plus \$135 after the first 15 minutes;
 - 4.12.5 change reporting requirements for certain businesses, as follows:
 - 4.12.5.1 large fish and shellfish processors to report actual tonnage processed in the previous month or year, in individual commodity categories listed (previously estimated and reconciled against actual volumes);
 - 4.12.5.2 processors of lambs, bobby calves, goats, sheep, pigs, cattle, horses, deer and other animal species to report actual numbers of animals processed in the previous month or year, in individual commodity categories listed (previously categorised as ‘other species (other than fish)’);
 - 4.12.5.3 processors of ostriches, emus, poultry and other bird species to report actual numbers of birds processed in the previous month or year, in individual commodity categories listed (previously categorised as ‘other species (other than fish)’);
- 5 **agreed** to extend the power to waive, exempt, or refund charges under the Food (Fees and Charges) Regulations 2015 (this proposal is unchanged from consultation);

Legislative implications

- 6 **invited** the Minister to issue drafting instructions to the Parliamentary Counsel Office to give effect to the above paragraphs;

- 7 **authorised** the Minister to make decisions on any further minor or technical issues required to implement the revisions as set out in the above proposals;
- 8 **noted** that for the proposed changes to cost recovery arrangements in the food system to be in force by 1 July 2019, the regulations and levy orders must be gazetted no later than 31 May 2019.

Janine Harvey
Committee Secretary

Present:

Hon Kelvin Davis
Hon Phil Twyford
Hon Chris Hipkins
Hon David Parker (Chair)
Hon Nanaia Mahuta
Hon Stuart Nash
Hon Damien O'Connor
Hon Tracey Martin
Hon Willie Jackson
Hon James Shaw
Hon Eugenie Sage

Officials present from:

Office of the Prime Minister
Officials Committee for DEV

Hard-copy distribution:

Minister of Agriculture
Minister for Food Safety