



Transition from Milk Products E-cert to Animal Products E-cert

Proposed changes to certification of dairy material and dairy product

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Introduction

Certification of dairy products will be transitioned from the Milk Products Electronic certification system (MP E-cert) to the Animal Products Electronic certification system (AP E-cert). MPI made this decision due to —

1. MPI's strategy to promote paperless certification,
2. MPI's intention to use one E-cert system for certification of all animal products,
3. Importing countries requests for system to system data exchange (including border inspector view (BIV)),
4. The hardware that hosts the MP E-cert application approaching 'end of life',
5. A desire to reduce IT costs and hence cost to animal product industries,
6. The need to have an E-cert system which is consistent to UNCEFACT data standards.

MPI's strategy is to promote paperless certification for export consignments of animal products. A number of years ago MPI identified the AP E-cert platform as being in the best technical position to achieve this strategic outcome.

AP E-cert BIV provides the facility for real time online access for importing country competent authorities. There are at least two dozen countries (including Mexico, Taiwan, Singapore, Indonesia, Philippines, Russia and Ukraine) that regularly verify paper certificates against their online version. In addition, China, USA, European Union and Canada rely on system-to-system data exchange with AP E-cert. Jordan has moved to completely paperless certification for sea freight consignments of meat and seafood.

Consignments of dairy product exported to the Ukraine are currently certified within AP E-cert due to Ukraine mandating BIV access.

The hardware that hosts the MP E-cert application is approaching 'end of life'. The older the hardware, the greater the risk that something will fail. The hardware is currently covered by a maintenance contract that ensures any failure will be put right as a high priority. However the current maintenance contract expires at the end of September 2013. Given the age of the server, a new maintenance contract will be at a significantly increased cost and may not provide the same level of certainty to users.

The hardware used by MP E-cert currently hosts about 15 applications with appropriate sharing of costs.

MPI is currently undertaking a number of projects to either retire or move these applications to new hardware and this work is expected to be completed by December 2013. This includes moving AP E-cert to new hardware. MP E-cert will be retired, not moved due to the decision to use one E-cert system for all animal products.

Migration / archiving of historical data and hardware decommissioning will be done once all applications have been moved or retired and will take approximately 2 months.

Regulatory considerations

It is a legal requirement (under s60 of the Animal Products Act 1999) for consignments of dairy material or product to be accompanied by certification from the competent authority of New Zealand where the Overseas Market Access Requirement (OMAR) states that certification is a requirement for the importing country.

Eligibility for an official assurance

All exporters must ensure the dairy material or product for export requiring an official assurance complies with New Zealand requirements, including OMARs, so that it is eligible for an official assurance for the intended destination country, before export commences.

All exporters seeking an official assurance must obtain operator verification information and any relevant test reports for the dairy material or product (which is to be exported) from the RMP operator or dairy processor who manufactured the final material. Additionally, in the case of dairy material or product to which clause 7 of the dairy Official Assurances Specifications applies, the RMP operator of the premises of final control.

In submitting an application for export certification, exporters are attesting that they have appropriate evidence that the consignment complies with New Zealand requirements and is eligible for an official assurance in relation to the intended destination of the dairy material or product.

Infrastructure considerations

Enhancements need to be made to AP E-cert to facilitate dairy certification. These enhancements are included in the Phase 2 rebuild of AP E-cert which is due to be completed by December 2013. For example:

The current AP E-cert system does not have a file repository system in which to store Product Analysis Certificates (PACs) and Foreign Ingredient Certificates (FICs). Such a file repository needs to be created and the repository will need to link to AP E-cert.

Additional fields need to be added to AP E-cert to cover Specification and Estimated Arrival Date details.

The current AP E-cert system does not allow for a 2 step auto-approved EDec (to replace the 2 step Summary of Record (SOR)). This is being introduced as part of the Phase 2 AP E-cert rebuild.

The product description field needs to be amended so that it contains the list of MPI-approved dairy descriptors to select from.

Options

There are two proposed options for managing the transition from MP E-cert to AP E-cert:

1. Staged transition from 27th of January 2014 to March 2014
2. Hard change over on 27th of January 2014

OPTION CONSIDERATION

1. Staged transition from 27th of January 2014 to March 2014

Under this option, selected markets would transition each week from the 27th of January 2014 until the 3rd of March 2014, at which time all certification would be carried out in AP E-cert.

If this option was taken and the transition was staged until March 2014 then:

- The likelihood of hardware failure increases
- The consequences of any system failure will be greater (takes longer to repair or potentially not able to be repaired).
- The costs (maintenance, software licensing etc) will be borne by the remaining applications (likely to be only MP E-cert), further increasing the costs to users.
- The potential for industry to have to submit operator verification information twice (FICs and PACs) increases for operators who send the same product to multiple markets.

2. Hard change over on 27th of January 2014

If this option was taken and a hard change over occurs:

- The likelihood of temporary delays in certification processing times increases due to the volume of requests that would occur within the AP E-cert from the 27th of January 2014.

Preferred Option

MPI's preference is for option 2 – Hard change over on the 27th of January 2014. MPI believe this option will impose the least regulatory burden to manufacturers and exporters.

Fees and Charges Regulation considerations

The Animal Products (Dairy Industry Fees and Charges) Regulations 2007 requires the issuance of official assurances to be changed on a per hour or part hour charge. The Animal Products (Fees, Charges and Levies) Regulations 2007, for non-dairy animal products requires the issuance of official assurances to be charged on a per certificate basis.

Changes to Regulations

In order to harmonise certification changes across users of AP E-cert MPI would need to amend the Animal Products (Dairy Industry Fees and charges) Regulations 2007 and/or the Animal Products (Fees Charges & Levies) Regulations 2007.

This will require separate consultation with affected industry stakeholders. It is intended that this consultation is carried out in 2012/2013 so that it is in place prior to the change over in January 2014.

Next Steps

Submissions are invited on the proposed plan for migrating dairy certification to AP E-cert. Submissions must be received by 5.00pm, **23rd November, 2012**.

Submitters are asked to include the following information with their submission:

1. The title of the discussion document;
2. The name and title of the submitter;
3. Name of organisation where applicable;
4. Submitters address and contact details (phone, fax and e-mail if available); and
5. The title and number of the clause(s) commented on where appropriate.

Submissions or queries should be addressed to:

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Alternatively responses can be emailed to:

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All submissions are subject to the Official Information Act 1982. Therefore if you consider that all or part of your submission is commercially sensitive or should be treated as confidential, please state this clearly when making your submission.