



# Dairy Export Official Assurances

Charging for Use of Animal Products E-cert System

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# 1 Introduction

This paper contains proposals for charging exporters of dairy products for the issue of official assurances using MPI's Animal Products electronic certification system. It sets out the proposed basis for charging, and indicates what the fees will be.

The closing date for submissions on the proposals is **Friday 29<sup>th</sup> March 2013**.

## 2 Background

### 2.1 ELECTRONIC CERTIFICATION SYSTEMS

Currently, dairy products electronic certification and non-dairy animal products electronic certification operate on two different systems. The decision has been made to move dairy export certification (MP E-cert) onto the animal products system (AP E-cert), which is used for all other animal product sectors (meat, seafood).

Dairy industry stakeholders have been consulted on the transition, which is expected to result in:

- Cost efficiencies – system rationalisation to reduce operating and development costs, with resultant reductions in costs to dairy exporters;
- Improved market access – complying with current importing country mandates relating to border inspector access (including data exchange with importing countries) for dairy certificates, and greater flexibility for new market access requirements; and
- Better alignment – standardised certification processes across all products covered by the Animal Products Act 1999.

### 2.2 CHARGING REGIMES

The two E-cert systems have different charging regimes, set under industry-specific regulations:

- The Animal Product (Fees Charges and Levies) Regulations 2007 set fees for issuing non-dairy official assurances and for use of the AP E-cert system; fees are charged per certificate.
- The Animal Product (Dairy Industry Fees and Charges) Regulations 2007 set the fees for official assurances for dairy products; fees are charged on an hourly rate.

## 3 Charging dairy exporters using AP E-cert system

The current and proposed fees are set out in the Appendix. It is proposed that:

1. Prior to 1 July 2013, dairy exporters raising certificates and Edecs in AP E-cert will continue to be charged as per existing dairy certification requirements.
2. As from 1 July 2013, dairy exporters using the Animal Products E-cert system will be charged as follows:

### 3.1 DAIRY CERTIFICATES

It is proposed that the cost will be \$36.80 for the issue of an official assurance, the current maximum under the Animal Product fees and charges regulations. While there are currently waivers in place that reduce this fee for other animal product sectors, dairy certification involves some verification additional to that carried out for other animal product sectors, and thus additional costs.

For re-issue of an official assurance, it is proposed that the cost will be the same as for existing non-dairy animal products. Currently this is \$421.16 per replacement certificate, plus an assessment charge at \$140.28/hour for any hours exceeding 3 hours, to a maximum of \$1,022, plus disbursements at cost.<sup>1</sup>

### 3.2 DAIRY E-CERT TRANSACTIONS RAISED IN AP E-CERT

The cost will be the same as for non-dairy animal product system users. That is, based on the formula:

(cost per request + cost per second) x appropriate percentage.

The “appropriate percentage” depends on whether the request requires MPI Verification Service (VS) use of the electronic certification system or not.

The actual values in the formula are set from time to time via Director General Notice. The current Animal Products (Electronic Certification Costs Specifications) Notice 2011 specifies that, for industry users for which VS use of the electronic certification system is not required (which will be the case for most dairy exporters), the cost per request is \$0.08 and the cost per second is \$0.11.

## 4 Charging Dairy Exporters using MP E-cert system

There will be no change in the charging regime for dairy exporters who use the MP E-cert system until it is decommissioned.

## 5 Changes to Regulations

The charging regime for the AP E-cert system is set under the Animal Product (Fees Charges and Levies) Regulations. In order to implement the above proposals, these Regulations will need to be amended, as they do not currently apply to the dairy industry.

It is proposed that this be done by limiting the exclusion of dairy from the Regulations. For example:

- (a) amending section 3 of the regulations to read “***Unless otherwise stated***, nothing in these regulations requires the payment of any fee, charge, or levy by any dairy processor in respect of dairy processing operations or premises”, and
- (b) adding dairy into the relevant fee sections - Schedule 1 part 6 (E-cert) and Schedule 1 Part 1 items 15 and 16 (fees for official assurances).

The Animal Products (Dairy Industry Fees and Charges) Regulations would also need to be amended, to ensure that it is clear that the official assurance fees therein only apply to those using the MP E-Cert system.

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<sup>1</sup> Note that the proposed fees are GST inclusive and differ from those currently shown in Regulations due to the change of GST rate from 1 October 2010.

These changes will need to be in place by 1 July 2013.

## 6 Next Steps

Submissions are invited on the proposed fees for dairy export official assurances.

The closing date for submissions is 5.00pm, **Friday 29<sup>th</sup> March 2013**.

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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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.

## APPENDIX:

### Proposed Dairy Export Certification Fees<sup>2</sup> from 1 July 2013

1. MP E-cert certification - *under Animal Products (Dairy Industry Fees and Charges) Regulations 2007, Schedule, Part 1:*

Service Area	Type of fee	Fee
Issue of official assurance	Issue fee	\$140.28 per hour or part hour
	Disbursements	Actual cost

2. AP E-cert certification - *under Animal Products (Fees Charges and Levies) Regulations 2007, Schedule 1 part 1 and Part 6:*

Service area	Type of fee	Fee
Certification	Fixed charge	\$36.80
Re-issue of certificate	Fixed charge plus hourly rate, capped	\$421.16 per replacement certificate plus assessment charge of \$140.28/hour for any hours exceeding 3 hours, to a maximum of \$1,022
AP E-cert transactions (EC)	Formula - Cost per database transaction plus cost per second	(currently) \$0.14 + \$0.20
AP E-cert transactions (EDec)	Formula – Cost per database transaction plus cost per second	(currently) \$.08 + \$0.11

### 3. Disbursements

Under Section 120 of the Animal Products Act 1999, disbursements are not required to be specified in the Regulations, but may be charged on an actual and reasonable basis. Proposed fees are:

Item	Cost
Endorsed copy of certificate	\$25
Fax	\$5
Postage	\$5
Courier	\$10
1 hour Courier	Dependent on destination

<sup>2</sup> Fees are GST inclusive; proposed fees may differ from those currently shown in Regulations due to the changes of GST rate from 1 October 2010.