

8 March 2024

Cost Recovery Directorate
Corporate Branch
Ministry for Primary Industries
PO Box 2526
Wellington 6104
via email: costrecovery@mpi.govt.nz

Tēnā koe

Re: Annual Review 2024: Proposed Changes to MPI's Cost Recovery Settings: Discussion Paper No: 2024/01

Apiculture New Zealand (ApiNZ) welcomes the opportunity to comment on the **Annual Review 2024: Proposed Changes to MPI's Cost Recovery Settings: MPI Discussion Paper No: 2024/01**

ApiNZ is the national body representing the apiculture industry in New Zealand covering the full range of sectors, from hobbyist and commercial beekeepers to honey exporters, packers, and suppliers. ApiNZ aims to support and deliver benefits to the New Zealand apiculture industry by supporting a thriving long-term future for New Zealand honeybee products and services, including having a strong bee health and biosecurity position. The sector generates over \$355 million in export revenue and is a key contributor to New Zealand's agri-sector, principally through pollination services.

We note that the Discussion Paper covers cost recovery principles and is then divided is in two parts:

- Part One proposes changes to two fees and one levy. ApiNZ is commenting only one of the fees, that currently applies to circuit verification which is relevant to several members operating food businesses.
- Part Two considers design issues in nine areas. Two issues have relevance (re-establishment of export eligibility & biosecurity).

This submission deals with each of these sections:

Cost recovery principles and overall approach to cost recovery

Question: Do you have any general comments on MPI's overall approach to cost recovery? Yes/No. If yes, please explain.

ApiNZ wishes to make a general comment on cost recovery that has been stated in previous submissions. While recognising the principles behind the need for cost recovery in New Zealand's food legislation, MPI needs to be more conservative in its estimates of cost recovery to reduce the opportunity for large deficits to accumulate, which then historically has resulted in significant over recoveries.

This puts unnecessary pressure on our members, who are facing ongoing cost increases, while operating within a challenging market environment. With this in mind, we urge MPI to be cognisant of the environment and challenges faced by producers and that MPI's cost recovery efforts are carefully considered, fair and consistent in their application.

Part One:

MPI proposes to reduce circuit verification fees from \$230.50 to \$206.70 to eliminate an expected \$2.0 million accumulated surplus, noting that MPI has recognised continuing at the higher rate would exacerbate over-recovery.

ApiNZ supports the reduction in circuit verification fees but makes the point that MPI's monitoring needs to consider making better use of its service performance metrics to inform their decisions around fee changes in future and avoid the significant increases and decreases currently experienced.

Part Two:

Part Two sets out nine design issues. Of the nine activities identified as 'design issues', of most relevance to the apiculture sector is:

Section 14: Re-establishment of export eligibility Section 14.1.2 (B) Beekeeper listings

Honey for export must be extracted from MPI-listed (registered) beekeepers. Listing must be renewed with MPI every year. Sometimes beekeepers fail to update their registration for various reasons (e.g. human error/'forgot'). If a beekeeper whose registration has expired supplies honey to an operator and the honey is extracted, then that honey will not be eligible for export. The beekeeper will need to apply to MPI to update their listing (registration) and to have export eligibility of specific product re-established.

MPI is proposing two options:

Option 1: Status Quo (not cost recovered)

Option 2: Amend the Animal Product Regulations 2007 to introduce a fee of \$135 per application plus \$33.75 per quarter hour beyond the first hour for re-establishing export eligibility.

MPI has since updated this section in relation to beekeeping and advised the following in an email dated 4 March 2024:

"The chapter includes a proposal (Option 2) for MPI to charge to re-establishment export eligibility of honey when beekeepers forget to register their business with MPI. We've had another look at this chapter recently and we are seeking to clarify something (if we decide to proceed with that option following consultation). The change does not affect the proposal in any meaningful way, but we wanted to let you know what it is regardless."

The clarification

In hindsight, 're-establishment of export eligibility' is not the right terminology for the beekeeping situation. Instead, the process to re-allow honey to be exported is called 're-assessment of fitness-for-purpose for bee products' under the Bee Products Export Requirements. The effect of 're-establishment' and 're-assessment' is exactly the same. They both are proposed to be funded by the same charge rate as proposed under Option 2 of the consultation document. To further clarify the situation, the proposed charge will also cover beekeeper listings and renewals, which are already charged for under a different regulation elsewhere but is not explicit in the regulations."

Result

The result of this clarification is that charging for re-assessment of fitness-for-purpose and beekeeper listings would be made clearer in regulations. It would not increase the amount of money proposed to be charged under Option 2 – it is just about transparency.”

Regarding the definition change from ‘re-establishment of export eligibility’ to ‘re-assessment of fitness-for-purpose for bee products’ as proposed in the email above, ApiNZ is comfortable with the clarification made by MPI and agrees the term is a more accurate reflection in this context.

Regarding the Options 1 and 2 in relation to cost recovery fees ApiNZ’s preferred option is retaining the status quo (Option 1). Based on the estimates provided in Fig 28, beekeepers could expect to pay an estimated \$1,215.00 to re-establish exporter eligibility under Option 2. This is a significant increase in costs (from a current zero-cost base) and at a time of considerable financial pressure and hardship.

We urge MPI to work with industry to identify how this could be better addressed in further discussion with industry and ensure beekeepers are very aware of their responsibilities regarding eligibility.

We would be happy to answer any questions you may have.

Ngā mihi nui



Karin Kos
Chief Executive
Apiculture New Zealand