

Border Clearance Costs and Organism Identification Requirements

**Proposed amendment to the Biosecurity (Costs)
Regulations 2003, proposed (biosecurity entry) levy,
and proposed (sea container) levy**

MAF Discussion Paper No: 2006/03

ISBN No: 0-478-29808-0
ISSN No: 1171-8951

April 2006

Notes for Submitters

The Ministry of Agriculture and Forestry (MAF) is revising the Biosecurity (Costs) Regulations 2003 and reviewing organism identification requirements. This discussion paper:

- sets out the rationale for new funding principles for cost recovery, as recently approved by Government, and their implications; and
- details the proposed new costs.

Your submission is invited on the proposed changes. All those making a submission will receive a copy of the submissions analysis along with the final proposals. The Minister for Biosecurity will consider submissions before making recommendations to Cabinet.

Submitters should be aware that submissions may be the subject of requests for information under the Official Information Act 1992 (OIA). The OIA specifies that information is to be made available to requesters unless there are sufficient grounds for withholding it, as set out in the OIA. Submitters may wish to indicate grounds for withholding specific information contained in their submission, such as that the information is commercially sensitive or they wish personal information to be withheld. Any decision to withhold information requested under the OIA is reviewable by the Ombudsman.

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All responses must be received by 24 May 2006
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Summary

The recovery of costs for biosecurity services provided by the Crown occurs primarily under the Biosecurity Act 1993 and specifically the Biosecurity (Costs) Regulations 2003. The Biosecurity (Costs) Regulations 2003 have been in place since May 2003. An update to the regulations is needed to:

- ensure that any changes in practices required at the border are adequately cost recovered;
- avoid under and over recovery of costs over time; and
- ensure the charges remain fair and equitable.

MAF has undertaken a review of the Biosecurity (Costs) Regulations 2003 and is proposing a number of key changes that are designed to make the system simpler and more accurate, which will have implications for importers as follows:

- MAF has rationalised its hourly charging rates for inspection. Currently, there are four charging rates ranging from \$72.30 per hour for a MAF Quarantine Service (MAFQS) inspector to \$130 per hour for a MAF biosecurity adviser. MAF is proposing two hourly charging rates, \$98 per hour for a MAFQS inspector and \$96.10 per hour for animal and animal product inspections carried out by MAF veterinarians. In practice this would lead to an increase for most inspection work from \$72.30 to \$98 per hour to reflect more accurate costs of providing these services.
- MAF is proposing to introduce a levy on all imported sea containers of \$13.00 for full containers and \$5.00 for empty containers to pay for the sea container clearance system costs and for the increased monitoring and verification activities required by the revised import health standard for sea containers.
- MAF is proposing to rationalise the current number of categories of inspection charges for used vehicles down from 15 to 4 categories and to simplify the existing fee structure. Inspection and re-inspection of used vehicles would be charged at the same rates.
- MAF is proposing that inspection of non-complying sea containers, forest produce, unaccompanied baggage or personal effects, and stored produce would be charged at an hourly rate as opposed to set rates currently, so that these fees more closely reflect the actual costs of inspection.
- MAF is proposing to introduce a biosecurity entry levy of up to \$2.25 for the primary screening of goods to determine whether or not the goods are considered risk goods and need further follow up and inspection. The levy would be imposed on New Zealand Customs Service (NZCS) import entries. The levy would fund costs associated with the initial electronic import documentation screening and risk assessment of imported goods to identify goods that pose a biosecurity risk.
- MAF is proposing to introduce a system of memorandum accounting to provide for any under or over-recovery of costs for used vehicles and sea containers to be “carried forward” into subsequent years and if necessary reflected in higher or lower charges over time.
- MAF is undertaking a review of its policy on organism identification. The review will consider an analysis of when organism identification should be required and how it should be funded. The review will be completed by 30 June 2006 and the outcome will inform future charging arrangements for organism identification. MAF is also proposing that the fees for the identification of organisms provided by MAF Investigation and Diagnostic Centres or MAF approved external laboratories would not be set by the Biosecurity (Costs) Regulations but would be contestable and subject to competitive market forces. The charges proposed for the organism identification work carried out by the Investigation

and Diagnostic Centres would fully recover the costs of this work. Currently fees charged are below the true cost of the organism identification work being provided.

The Biosecurity Act 1993 requires that consultation be carried out before regulations are made. This discussion paper explains the proposed changes and seeks comment on them.

Introduction

MAF's border services are designed to prevent or manage the entry of goods that are likely to cause harm or contain material that is likely to cause harm to New Zealand's economy, environment and human health, and to facilitate trade.

The recovery of costs for biosecurity services provided by the Crown occurs primarily under the Biosecurity Act 1993 and specifically the Biosecurity (Costs) Regulations 2003. The objective of the regulations is to accurately and equitably recover the costs of services provided by MAF that are associated with border control and that are appropriately funded by third parties as opposed to the Crown.

Third parties are funding approximately 93%, i.e. \$20.6 million of the cost of cargo clearance services provided by MAF in 2005/06. The other 7%, i.e. \$1.7 million, which is for vessels' clearance, is being funded by the Crown. The cost of cargo clearance will change because both the standards for clearance and the volumes of risk goods imported are likely to change over time.

The cargo clearance services provided by MAF that are currently cost recovered under the Biosecurity (Costs) Regulations 2003 include:

- inspections and clearances of containers, used vehicles and machinery;
- pest and disease identification for border inspection;
- Offshore inspection of ships;
- approval of permits issued under import health standards;
- approval, and audit of transitional and containment facilities, and facility operators; and
- inspections and clearances of unaccompanied baggage or personal effects.

The Biosecurity (Costs) Regulations 2003 have been in place since May 2003. An update to the regulations is needed to:

- ensure that any changes in practices required at the border are adequately cost recovered;
- avoid under and over recovery of costs over time; and
- ensure the charges remain fair and equitable.

The Biosecurity Act 1993 requires that consultation be carried out before regulations are made. This document explains the proposed new cost recovery provisions and seeks comment on them.

Structure of Discussion Paper

This discussion paper has been divided into three parts.

- Part One outlines the Biosecurity Act requirements for recovering costs and results of the recent Biosecurity Funding Review;
- Part Two outlines the implications of the biosecurity funding principles and outlines key changes for third party charges;
- Part Three provides a schedule of the proposed revised fees.

There is a separate paper entitled *Supporting Information to Discussion Paper: Border Clearance Costs and Organism Identification Requirements*, which contains further information on the following:

- costings information;
- activity analysis for the inspection of used vehicles;
- proposed changes for revised regulations; and
- definitions.

The *Supporting Information to Discussion Paper: Border Clearance Costs and Organism Identification Requirements* can be found on MAF's website at www.maf.govt.nz/mafnet/publications/border-clearance-costs or will be made available on request.

Part One: Biosecurity Act Requirements and Biosecurity Funding Review

1.1 BIOSECURITY ACT 1993 REQUIREMENTS

Section 135 of the Biosecurity Act 1993 provides a direction to MAF to recover costs for the administration of functions not funded by Government:

s. 135 The Director-General,.... shall take all reasonable steps to ensure that so much of the costs of administering this Act,... , as are not provided for by money appropriated by Parliament for the purpose are recovered in accordance with the principles of equity and efficiency in accordance with this section and the regulations.

The Biosecurity Act 1993 specifies the purposes for which regulations may be made and the criteria MAF must follow in making regulations. Section 165 of the Biosecurity Act states that:

“165(1) The Governor-General may from time to time, by Order in Council..., make regulations for all or any of the following purposes:

.....

(s) Prescribing matters in respect of which costs are recoverable under this Act and the regulations,... the amounts of those costs or the method by which they are to be assessed, the persons liable for payment of the costs, and the circumstances in which the recovery of costs may be remitted or waived (in whole or in part).”

The Act in section 165 (2) requires the Minister to consult persons representative of those affected before regulations are made:

165(2) Before making any recommendation for the purposes of subsection (1), the responsible Minister must consult to the extent that is reasonably practicable, having regard to the circumstances of the particular case, such persons as the responsible Minister has reason to believe are representative of interests likely to be substantially affected by the regulations.

This discussion paper has been developed to assist MAF to comply with the above consultation requirements.

1.2 BIOSECURITY FUNDING REVIEW

In August 2003 Government directed MAF to review the current funding arrangements for the biosecurity services funded by Government (the Biosecurity Funding Review). The review excluded passenger and aircraft clearance services, which were addressed separately by the Ministerial Committee on funding of border security.

The Biosecurity Funding Review recognised that there are generally three groups who could be charged the costs of biosecurity services:

- those who generate the biosecurity risks targeted by these services “exacerbators”;
- those who benefit from the prevention, mitigation or elimination of these biosecurity risks “beneficiaries”; and
- the Crown, as the funder of public goods and the default or “last resort” funder.

The above groups are also identified for funding the administration of the Biosecurity Act 1993 (sections 61, 77, 92 and 139 of the Biosecurity Act 1993 refer). The Biosecurity

Funding Review considered that a given biosecurity service is most appropriately funded by the group or individual above that is best placed to do at least one of the following:

- change their behaviour to reduce the costs of the service or the risks that give rise to the need for the service;
- assess whether the benefits of the service at its current level of provision outweigh costs and consequently influence the level of service provided; and/or
- determine whether the service at its current level of provision is being delivered most cost effectively.

In effect, the Review found that for cost recovery to provide efficiency gains, the cost recovery regime must either encourage less (biosecurity) risky behaviour, or greater testing of biosecurity actions (i.e. testing whether there is too little/too much effort being made to deal with a pest or disease) or encourage more efficient provision over the status quo. If neither beneficiaries nor exacerbators are well placed to do any of the above then, the Crown is the most appropriate funder – but only as long as it considers the expenditure a priority.

The Review concluded that:

- the Crown remains the most appropriate funder of many services largely due to public health, conservation, environmental or national economic reasons;
- the existing cost recovery regimes for cargo clearances and laboratory fees should continue; and
- costs should be based on consistent recovery of an appropriate share of overheads, and be designed more rigorously to avoid over or under-recovery.

Public consultation was undertaken on the Biosecurity Funding Review's findings. Submissions were generally supportive of the Review's intent, objectives and approach but sought more detail and time to consider the implications of any changes. The results of the Review and summary of submissions can be found on MAF's website at www.maf.govt.nz.

The Government agreed in May 2005 that these funding principles be adopted for the assessment of any future changes to the funding of biosecurity services and consequently they have been applied to this review of border fees.

In light of the Biosecurity Act 1993 and the Biosecurity Funding Review, MAF needs to ensure that charges are structured as closely as practicable according to how actual costs arise. All other things being equal, MAF therefore proposed the following criteria for this review of the Biosecurity (Costs) Regulations:

- costs which are variable should be recovered by charges that reflect this variability, (i.e. costs payable at hourly rates);
- costs which are fixed should be recovered with the least distortion possible, and typically this is costs payable as specific amounts; and
- fees should be kept as simple as possible and those that are very similar will be combined so as to reduce transaction and compliance costs.

1.3 NEW ZEALAND CUSTOMS SERVICE REVIEW OF GOODS CLEARANCE FUNDING

The Minister of Customs directed the New Zealand Customs Service (NZCS) to review funding arrangements for goods clearance funding during 2005. The Review was focused on the mix of funding between the Crown and third parties (importers, exporters, shippers etc) and not on the specific level of fees currently paid for goods clearance services. A discussion paper has been released to serve as a basis for stakeholders to provide input into

Government's review of funding arrangements for NZCS' goods clearance activities. The discussion paper can be found at www.customs.govt.nz/about/news/fundingreview.htm. The Minister of Customs will in turn make recommendations to Government on the funding arrangements to apply to goods clearance from 1 July 2006.

1.4 REVIEW OF BORDER COMPLIANCE COSTS

In 2005 the Biosecurity Strategic Unit of MAF commissioned PricewaterhouseCoopers to undertake a high level assessment of the costs of complying with biosecurity requirements, focusing on the most significant areas of compliance. The key findings of the review indicated that for the most part compliance costs (as defined and limited for the purposes of analysis for the review) are not viewed as being unduly onerous or excessive. The Review findings also indicated that:

- compliance costs are lowest when obligations are clear and relatively stable over time;
- compliance costs increase when obligations are not clear and relatively stable and if:
 - requirements are not consistently applied;
 - requirements are enforced in an inflexible (or “letter of the law”) manner;
 - international standards equivalent to those in New Zealand are not adequately recognised; and
 - border personnel lack relevant experience and/or do not have the resource to process goods in a timely manner.

The changes proposed in this discussion paper have been proposed with these findings in mind.

Part Two: Implications of Funding Principles for Third Party Charges and Key Changes

2.1 INTRODUCTION

This section outlines the implications of the principles in the Biosecurity Act 1993 and the funding principles developed from the Biosecurity Funding Review for cost recovery, the key changes that MAF is proposing for the revised regulations, and the reasons for the change. The accompanying paper *Supporting Information to Discussion Paper: Border Clearance Costs and Organism Identification Requirements* lists each regulation and provides more detail of any proposed changes.

Problems have been experienced with the existing regulations. There has been under recovery of costs in a number of key areas, e.g. organism identification. The regulations have been difficult to administer and monitor for MAF Quarantine Service. In some areas, there has been inconsistency in the application of certain fees, e.g. the current import documentation fee has been inconsistently and inequitably applied and additional compliance costs have resulted associated with the separate invoicing that is sometimes required.

2.2 FORECAST REVENUE IMPLICATIONS OF THE REVISED REGULATIONS

In the 2005/2006 year, the Biosecurity (Costs) Regulations 2003 are forecast to produce a revenue deficit over MAF operating expenditure of \$1.4 million. In 2006/2007, the amended regulations are forecast to increase recoveries from importers by \$3.5 million to \$22.7 million potentially resulting in an operating surplus of \$1.1 million. There is significant uncertainty in forecasting revenue and expenditure outcomes. More recently, MAF has found that cargo volumes have started to decrease. Under the proposed memorandum accounting procedure, MAF will take into account actual operating surpluses or deficits in setting charges for future years. The table below sets out these figures:

Revenue and expenditure impacts from introduction of revised Biosecurity (Costs) Regulations (GST excl)

Financial year (30 June)	2005/06	2006/07	
Inspection categories	Budgeted current charges \$000	Projection proposed charges \$000	Increase (Decrease) \$000
Fresh fruit and vegetables	891	1,208	317
Plants, grains, seeds	228	349	121
Other produce	491	491	0
Animals and animal products	249	249	0
Monitoring of plants, animals in transitional, containment facilities	293	274	(19)
Monitoring transitional, containment facilities	656	892	236
Unaccompanied baggage, personal effects	1,205	849	(356)
Used vehicles and machinery	3,693	3,393	(300)
Containers	4,528	5,076	548
Travel costs for MAF inspectors	2,135	3,120	985
Forest produce	150	152	2
Overseas preshipments	2,730	3,215	485
Import documentation	845	0	(845)
Biosecurity entry levy (new)*	0	2,200	2,200
Organism identification and audit **	686	678	(8)
Permits issued under import health standards	230	270	40
Other items	200	255	55
Total Revenue	19,209	22,671	3,462
Total Expenditure	20,594	21,523	929
Surplus/(Deficit)	(1,385)	1,148	

Note:

* The proposed new biosecurity entry levy would be collected by NZCS on behalf of MAF. The levy is inclusive of NZCS' collection fee.

** Testing fees for level 3 Post Entry Quarantine would be charged on a case by case fee for service basis depending on the particular tests required and has not been included in the above revenue projection.

2.3 KEY CHANGES

Key changes that MAF has proposed for the revised regulations are:

2.3.1 Introduction of a simpler charging structure

MAF has reviewed the 2003 regulations and considers that they may be unnecessarily complex. MAF is consequently proposing a simpler charging structure for the inspection of consignments of used vehicles, unaccompanied baggage or effects and forest produce, so as to reduce the complexity of the current charging regime. These changes should reduce both administration and hopefully compliance costs for industry.

Used vehicles

Under the current regulations, differing costs are applied for the inspection of different size consignments, different vehicle types, and for initial versus subsequent inspections. This has resulted in a complex fee structure.

MAF is proposing to simplify the current 15 categories of charges for used vehicles down to 4 categories as follows:

1. Used motor cycles and mopeds;
2. Used motorcars and motor vehicles (not exceeding a gross laden weight of 3,500 kg);
3. Used heavy motor vehicles (having a gross laden weight exceeding 3,500 kg);
4. Used machinery, craft, operator-propelled vehicles and parts.

An importer of a used vehicle in any of the first three categories would pay a set rate for the inspection of each used vehicle in the consignment, irrespective of the number of units in the consignment. Each re-inspection of a used vehicle would be charged the same amount as the initial inspection. However, the inspection of used machinery, craft, operator-propelled vehicles, parts and used tyres as described in category four would continue to be subject to an hourly rate charge, given the extent to which such costs can vary. The categories and charges are outlined in the “Schedule of proposed revised fees” in part three of this discussion paper.

Inspection of unaccompanied baggage or effects

Inspection of personal or household effects imported by individuals for their own use or as part of their household goods is currently charged on a volume basis, with different charge options depending if it is “full” inspection or “item only” inspection. MAF is proposing that all actions relating to inspection and clearance of personal effects would be subject to an inspection charge at an hourly rate. This proposed change would introduce a simpler fee structure.

Inspection of forest produce

Importers are currently being charged on a volume basis for the inspection of sawn wood and logs or round wood with different charge options under two different regulations, which have been complex to administer. MAF is proposing to introduce a single hourly rate charge of \$98 per hour for inspection of these items as well as other forest produce such as cane baskets, furniture and railway sleepers, wooden packaging material and dunnage etc.

2.3.2 Further moves to more hourly rate charges

On the other hand, some clearance services are charged as set rates even though their actual costs vary considerably. MAF is therefore proposing that the inspection of non-complying sea containers, unaccompanied baggage or effects, sawn timber, logs or round wood, stored produce, fishmeal and other plant material should be charged on an hourly rate basis, so that these fees more closely reflect actual costs of inspection.

2.3.3 Inspection hourly rate charges

Currently different inspection rates are charged depending on the type of inspection undertaken, but the MAFQS general inspector rate of \$72.30 per hour is charged for the majority of tasks that are subject to cost recovery in the regulations. The biosecurity scientist inspection rate of \$104.40 per hour is charged for the monitoring and auditing of transitional and containment facilities. The veterinary inspection rate of \$96.10 per hour is charged for animal and animal product inspection services. The issue and amendment of import permits is charged at the biosecurity adviser rate of \$130 per hour.

MAF is proposing to rationalise the above down to two inspection hourly rate charges, i.e. \$98 per hour for the inspection services carried out by MAF Quarantine Service and \$96.10 per hour for animal and animal product inspection services carried out by MAF veterinarians. The new proposed hourly rate charge for inspection services carried out by MAF Quarantine Service is based on the number of chargeable hours attributable to MAF inspectors. The veterinary inspection hourly rate charge of \$96.10 has remained unchanged from the current regulations as these fees remain prescribed in Annex VIII B of the New Zealand / European Union Veterinary Agreement.

MAF's direct and indirect costs have increased as MAF moves to introduce improved information technology and financial management systems to enable MAF to improve efficiency and respond more effectively to the needs of importers and stakeholders. A breakdown of how the costings for the MAFQS hourly rate charge were derived is contained in the *Supporting Information to Discussion Paper: Border Clearance Costs and Organism Identification Requirements*.

It is proposed that permits issued under import health standards would be charged on a per permit basis rather than an hourly rate basis and the functions previously carried out and charged at the biosecurity scientist hourly rate would be charged at the MAFQS inspection hourly rate. These changes would introduce a simpler charging structure.

Reduced minimum hourly rate

Hourly inspection rate charges currently have a minimum charge of 30 minutes. MAF is proposing that the minimum charge be reduced to 15 minutes. This change is associated with the proposed introduction of the biosecurity entry levy for primary biosecurity risk assessment.

2.3.4 Biosecurity entry levy

MAF is proposing to improve procedures for recovering costs of screening goods imported into New Zealand to determine whether they are a biosecurity risk.

The current regulations, provide for risk assessment to be based on import documentation performed manually and the cost is recovered through the charge of \$28.70 under regulations 7 and 13(a). The import documentation fee was applied to risk goods only rather than all imported goods but the fee has been inconsistently applied.

MAF is proposing to introduce a biosecurity entry levy under the Biosecurity Act 1993 for primary screening of goods to determine whether or not the goods are considered risk goods and need further follow up and inspection. The levy of \$2.25 would be imposed on New Zealand Customs Service (NZCS) import entries and would be collected by NZCS on behalf of MAF.

Goods imported as freight would be levied but passenger accompanied belongings would not be levied because the clearance of those goods is Crown funded. The biosecurity entry levy would replace the current inspection of import documentation fee of \$28.70.

The activities to be funded by the levy are:

- risk assessment of imported goods of different NZ Customs tariff codes to determine if the goods should be tagged through electronic screening as a biosecurity risk good;
- advising NZ Customs to electronically tag certain tariff codes as biosecurity risk goods;
- MAF share of computer costs to update and maintain system of electronic screening;
- regular monitoring of NZ Customs tariff codes to determine if goods included in those codes need or do not need to be electronically tagged as risk goods;
- manual screening of cargo manifests where individual screening is thought to be necessary;
- clearance of goods not requiring further action by MAF Quarantine Service.

A levy is the most appropriate means of funding this activity because all goods would be assessed for biosecurity risk. The current import documentation fee has only been applied to goods that have been assessed as potentially “at risk” from a biosecurity perspective but has proven difficult to administer in an equitable manner.

The proposed levy would lead to:

- reduced transaction and compliance costs to importers;
- enhanced timely and efficient import clearance.

The NZCS has a levy on import entries and consequently the biosecurity entry levy on import entries could be collected at minimal cost. Importers would receive one billing from NZCS that includes the NZCS import entry levy and the MAF biosecurity entry levy.

The proposed biosecurity entry levy is one part of a ‘whole of government’ response to border management needs, which is aimed at more efficient clearance processes. For the importer, the proposed biosecurity entry levy would enable single point government agency lodgement of import documentation, and would assist in streamlining administrative processes between NZCS and MAF leading to reduced compliance costs and more expedient clearance processes.

Both MAF and NZCS envisage that enhanced information sharing and rationalisation of risk assessment processes between MAF and NZCS would lead to improved service delivery and improvements in clearance processes.

2.3.5 Sea container levy

MAF is proposing the introduction of a sea container levy under the Biosecurity Act 1993 on all imported sea containers to pay for the sea container clearance system costs and for the increased monitoring and verification activities required by the revised import health standard for sea containers, implemented in January 2004.

The proposed levy for loaded containers is \$13.00 and for empty containers is \$5.00. Loaded containers require additional activities to clear the goods they contain so would attract a higher levy than empty containers. The levy would replace the current charge of \$8.75 under regulation 10 in the current regulations relating to the monitoring and verification of shipping containers.

It is difficult to forecast container volumes to ensure that precise cost recovery is achieved in each year. The sea container levy that MAF is proposing is based on the estimated MAF cost required to implement the import health standard for sea containers. The rate of levy in subsequent years will be based on the estimated future cost and the over or under charge in the previous year.

Cost items to be included in proposed sea container levy

The levy would cover the costs of:

- monitoring and verifying container compliance with the Quarantine Declaration for Containers¹ and other documentation²;
- identifying high risk containers and notifying the port company;
- auditing the clearance of containers as per Biosecurity New Zealand, MAF Standard: BMG-STD-SCADT Requirements for the Audit of Sea Containers, September 2005;
- paying port companies for moving audit containers for inspection;
- notifying the port company when the container can be moved to a transitional facility;
- responding to accredited persons' enquiries;
- identifying organisms intercepted by accredited persons;
- entering data and issuing biosecurity clearance for compliant containers;
- analysing data sourced from accredited persons and other sources (e.g. Cusmod) to develop container risk profiles;
- providing information (newsletters and manuals) to assist accredited persons, their employers and importers to identify and manage biosecurity risks;
- directing uncleared 'conforming' containers with Biosecurity Authorisation/Clearance Certificate to transitional facilities for devanning when they have uncleared goods in them.

The costs of audit of transitional facilities would be charged directly to the facility. The approval of a decontamination process would be funded as part of the cost of the transitional facility audit. Auditing of those providing training to accredited persons would be charged directly to the training providers.

Information analysis would be conducted by MAF and the results of that analysis communicated to importers of containers. Information would be used to more effectively target the deployment of MAF resources and could be used by levy payers to:

- assess the effectiveness of MAF operations;
- change behaviour to reduce the costs of the service or the risks that give rise to the need for the service over time;
- assess whether the true benefits of the service at its current levels outweigh its costs on an ongoing basis;
- influence whether the service at its current levels is being provided in the most cost effective manner.

¹ A document signed by the manager of the packing or exporter facility that declares that a container was inspected internally and externally and was found to be free of contaminants and specified the type of packing materials and wood packaging used.

² Other documents which include information about:

- Container number
- Origin (where container packed)
- The port at which the container was first loaded aboard a vessel for shipment to New Zealand
- Exporter
- Importer
- Destination in New Zealand
- Contents of the container
- Wood packaging and dunnage

2.3.6 Inspection of non-complying sea containers

Under the current regulations, the inspection of non-complying sea containers that do not meet entry requirements is charged at a fixed rate of \$40.40 per container. MAF is proposing that importers of high risk containers and non-complying sea containers would be charged directly at \$98 per hour for inspection and clearance. This charge would reflect the real cost to inspect containers that do not meet either entry or clearance requirements (given the extent to which such costs can vary). MAF is also proposing to pay the port companies for them to move containers for six sided inspection. MAF would then charge the importer for moving the containers and the importer would receive one invoice for both the inspection and moving of containers.

2.3.7 Memorandum accounts

Uncertainty around the volume of imports means that precise cost recovery is difficult or impossible to achieve each year. Memorandum accounts provide for any under or over-recovery of costs to be “carried forward” into subsequent years and if necessary reflected in higher or lower charges over time.

MAF is proposing to apply a system of memorandum accounts for inspection charges for used vehicles under the Biosecurity (Costs) Regulations and the proposed sea container levy under the Biosecurity Act 1993.

MAF has at times earned surpluses from the fees in these areas but has had no practical mechanism for returning the surplus revenues to those who paid them. Under this proposal any surpluses in one year would be carried forward and netted off the costs of the service in the following year. This process would ensure the money can only be used for the purposes for which it is collected, over time.

The memorandum accounts would be presented in MAF’s Statement of Intent and Annual Report in the interests of transparency. This disclosure would include a summary of movements in each memorandum account and all positive/negative accumulated balances.

2.3.8 Identification of organisms

Current policy

Identification of organisms on biosecurity risk goods is carried out to determine:

- whether the goods should be cleared for entry into New Zealand; and
- to enable risk pathway analysis profiling, which is necessary for the development and review of Import Health Standards.

This identification is primarily performed by the MAF Investigation and Diagnostic Centres, although MAFQS inspectors undertake some organism identification on-site. Where a live organism has been found, importers have been able to have the consignment treated without having to wait for identification of the organism. Importers are required to pay for both treatment and the identification of the organism in this situation. Where a live organism is found by an accredited person at a transitional facility, the accredited person is required to report to MAF and the Crown pays to have the organism identified.

The fees charged for organism identification work carried out by the MAF Investigation and Diagnostic Centres vary according to whether the work is completed during working hours (\$130.55 per specimen) or outside working hours (\$174.60 per specimen). The existing fees are not fully recovering the costs of services, and revenue from fees is substantially below the cost of the services being provided.

Review of policy

MAF is aware of importers' concerns with its policy on organism identification and charging and we are undertaking a review. The review will consider an analysis of when organism identification should be required, who should be undertaking such identification, and how organism identification should be funded. For example, as part of the review, MAF will be investigating organism identification and charges for goods, which are established imports over a period of time. The review will be completed by 30 June 2006 and the outcome will inform future charging arrangements for organism identification with a view to a revised system being implemented by 1 November 2006.

While MAF is unable at this stage to articulate its revised policy until the above work is complete, MAF is seeking feedback on two options for charging for organism identification into the future.

If an importer is required to have an organism identification undertaken:

Option one:

- The importer would *only* be required to pay the organism identification cost, if the organism is found to be regulated, i.e. under official control. *But* the charge would apply, *irrespective* of whether the organism identification is needed for a MAFQS inspector to determine whether the goods can be cleared for entry into New Zealand or it is needed for future risk profiling reasons. The Crown would fund organism identification for an organism found to be already in New Zealand and not regulated.
- Where a live organism is found, importers would be able to have their goods treated without having to wait for identification of the organism, but would be required to pay for both treatment of their goods and identification of the organism.

Option two:

- The importer would be required to pay for the identification of an organism *only* where it is required to determine whether goods can be cleared for entry into New Zealand *but* the identification charge would be applied to *all organisms*, i.e. regulated and non regulated organisms. Because at the time an inspector was considering clearance of the goods, the inspector would not know if the organism was regulated or non regulated.
- Where a live organism is found, importers would be able to have the goods treated and not be required to have the organism identified. The importer would be required to pay for the treatment of the goods but not identification of the organism.

Legal Implications

If option one is put in place, regulation 165(1)(k) (provides for the making of regulations requiring identification of organic material) of the Biosecurity Act 1993 would need to be invoked.

Relative benefits and costs of options

MAF considers that charging for the organism identification costs as outlined in option one would encourage importers to take all practical steps to eliminate the presence of organisms on their goods before the goods arrive in New Zealand, but could impose significant administrative difficulties.

MAF considers that charging for the organism identifications costs as outlined in option two would provide less incentive for importers to take all practical steps to eliminate the presence

of organisms on their goods before the goods arrive here, but would be administratively much simpler and clearer.

MAF is proposing that the following conditions would apply to either of the above two options:

- MAF Quarantine Service inspectors would continue to undertake some organism identification on-site.
- Where off-site organism identification is required, the importer would be able to choose the provider of the identification service – the provider can be a MAF Investigation and Diagnostic Centre or a MAF approved external laboratory.
- MAF Quarantine Service inspectors would be trained to provide greater organism identification, (where this is practical and feasible), to reduce the need for and cost of all organisms being sent to MAF Investigation and Diagnostic Centres or MAF approved external laboratories.
- Where live organisms are found by accredited persons at transitional facilities for containers located outside the port, MAF would recover the cost of identification from the sea container levy.
- Where the importer or “pathway” cannot be identified for a live organism, e.g. for organisms found loose at ports or transitional facilities, Crown funding would be used to fund the identification costs.
- The fees for the identification of organisms provided by MAF Investigation and Diagnostic Centres and MAF approved external laboratories would not be set by the Biosecurity (Costs) Regulations but would be contestable and subject to competitive market forces.

Proposed charges

The identifications undertaken by MAF Quarantine Service inspectors would be charged at \$98.00 per hour. For organism identifications carried out at MAF Investigation and Diagnostic Centres, MAF would seek the following charges per submission and per product line:

- \$370 per submission (single or multiple identifications) for the identification of terrestrial invertebrates; or nematodes; or fungi and bacteria;
- \$490 per submission (single or multiple identifications) for the identification of viruses;
- fees for Level 3 post-entry quarantine would be charged on actual and reasonable costs of tests, examination, and treatments;
- identification work carried out at other MAF approved facilities would be charged at actual and reasonable costs.

MAF is proposing that the above identification charges would apply to each individual homogenous product line; (note that there may be a number of different product lines in a single consignment, e.g. valencia oranges, mandarins, and lemons in a consignment of citrus from Australia or different cultivars of paeony in a consignment of imported plants.)

For example, if an insect, a nematode, a fungus or bacterium and a virus were required to be identified on one product line, the charge would be \$1,600 (\$370+ \$370+\$370+\$490). Or, if five insects and four nematodes were required to be identified on one product line, the charge would be \$740 (\$370+\$370).

These charges reflect the average costs of identifying organisms in each of the different groups, based on MAF’s experience. This experience has shown that the costs of identifying one or more than one organism in the same group are similar. The above charges may be

changed on giving reasonable notice depending on market requirements and the MAF response to market conditions.

2.3.9 Travel costs for MAF inspectors

MAF inspectors required to travel to/from locations to carry out inspections currently charge on a per kilometre basis and hourly rate basis for the time spent away from base.

MAF is proposing a travel zone charging policy comprising four zones. These would be based on the distance travelled from the inspector’s base and the time component involved on a return trip basis. Other actual and reasonable costs associated with the inspector’s activities (including airfares, accommodation and meals) would also be payable by the person, who requires the service. The proposed zone fees would enable MAF to budget for travel costs and provide transparency for such fees.

The proposed zone fees are:

Zone 1	0-10 km	\$45
Zone 2	11-25 km	\$70
Zone 3	26-50 km	\$140
Zone 4	51-75 km	\$200

2.3.10 Offshore inspection of ships

Currently MAF charges an hourly inspection rate for the offshore inspection of ships. MAF is proposing to charge actual travel costs to offshore ships including the travel time involved, and inspection costs.

Costs associated with subsequent visits (relating to surveillance of refuse and meat lockers) would continue to be Crown funded. MAF considers that this would provide a simpler and more practical way of recovering the associated costs.

2.3.11 Individual risk goods

MAF is proposing that a person who imports an item of risk goods in their baggage (whether or not the baggage is accompanied) would be charged the actual and reasonable costs of fumigation or any other treatment by a MAF approved treatment supplier. Payment of all costs of packaging, treatment, storing, forwarding and returning the goods before and after treatment would be required in advance.

MAF is proposing this change as treatment suppliers who collect treatment costs directly from importers have informed MAF that importers frequently do not pay or collect the goods after treatment is performed, having decided that the goods are not worth this cost. Charging the requisite fees upfront for those who choose not to have their goods destroyed will minimise unnecessary fumigations into the future.

The above charging policy does not apply to goods that need on-site cleaning such as dirty tents or footwear, at ports of first arrival or the International Mail Centre, which would continue to be Crown funded.

2.3.12 Monitoring controls on new organisms in containment facilities

Currently the monitoring of controls on new organisms in a containment facility is cost recovered by an hourly rate charge under regulation 37 of the Biosecurity (Costs) Regulations 2003. MAF is proposing to develop a specific regulation to provide that costs for monitoring new organisms in containment facilities would be charged at the hourly rate for a MAF inspector.

2.3.13 Biosecurity clearance at International Mail Centre

Biosecurity clearance of mail at the International Mail Centre is presently funded through Crown funding. However, there are circumstances where MAF needs to charge, e.g. for inspection of any commercial consignments such as seeds or trade samples. Currently this is cost recovered by an hourly rate charge using regulation 37 of the Biosecurity (Costs) Regulations 2003. MAF is proposing to develop a specific regulation to provide that costs for inspection and clearance of commercial consignments at the International Mail Centre would be charged at the hourly rate for a MAF inspector.

2.3.14 Inspection of wood packaging material and dunnage

The import requirements for wooden packaging material and dunnage will be changed in 2006 to reflect the adoption by New Zealand of the *International Standard for Phytosanitary Measures 15, Guidelines for Regulating Wood Packaging Material in International Trade (ISPM 15)*. The main change to the import requirements is that treatment of wooden packaging material and dunnage becomes mandatory. These requirements will be enforced through the use of targeted auditing. MAF is proposing that for containerised consignments the cost of the audits would be covered by the sea container levy. Where non compliance is detected (i.e. untreated wood packaging material and dunnage), in containerised or non-containerised consignments, the inspection costs would be charged at an hourly rate in accordance with the proposed regulation for inspection of non-complying shipping containers, and inspection of forest produce.

2.4 TIMETABLE FOR POTENTIAL CHANGES

MAF is proposing a staged approach to the implementation of the revised regulations and is seeking to have the following proposed changes to the regulations and new levies in place by the following dates;

- the sea container and biosecurity entry levies and revised charges for used vehicles and revised hourly rates to be in place by 1 July 2006 or as soon as possible thereafter;
- a revised system for identification of organisms and charging for organism identification would be implemented from November 2006.

Part Three: Schedule of Proposed Revised Fees

A schedule of the proposed revision of regulations and charges is provided below. Each of the individual regulations in the Biosecurity (Costs) Regulations 2003 with the existing inspection charges has been listed and the corresponding proposed inspection charges for the revised regulations are detailed along with any proposed changes to the regulations.

The paper *Supporting Information to Discussion Paper: Border Clearance Costs and Organism Identification Requirements* contains further detail on the changes that are being proposed for each regulation. Definitions used for the revised regulations have also been listed. The *Supporting Information to Discussion Paper: Border Clearance Costs and Organism Identification Requirements* paper can be found on MAF's website at www.maf.govt.nz/mafnet/publications/border-clearance-costs or can be made available on request.

All charges are payable by the importer unless otherwise specified.

2003 Reg. No	2003 Biosecurity (Costs) Regulations	Inspection charge: 2003 Regulations (GST incl.)	Revised Regulations	Inspection Charge: Revised Regulations (GST incl.)
6	Calculation of costs at hourly rates; hourly rates are charged on a quarter hour (or part thereof) basis; minimum charge of 30 minutes.		Calculation of costs at hourly rates; hourly rates are charged on a quarter hour (or part thereof) basis; minimum charge of 15 minutes.	
7 (a)	Inspection of documents not exceeding 30 minutes.	\$28.70	Biosecurity entry levy covering initial electronic documentation screening and risk assessment of imported goods that pose a potential biosecurity risk.	\$2.25
7 (b)	Inspection of documents exceeding 30 minutes.	\$57.40 per hour		
8	<i>a) off-site laboratory identification of organisms</i>		<i>a) off-site laboratory identification of organisms</i>	
8(a)	An inspection carried out at a MAF Inspection and Diagnostic Centre (IDC) off-site laboratory to identify an organism imported, or present with goods imported, that must be identified by an inspector before the inspector can determine whether or not the goods should be cleared. Specific charge payable by the importer with different rates applying per specimen for work done during:		(refer to section 2.3.8, pg 16)	
	a) usual hours;	\$130.55	MAF is proposing that the fees for the identification of organisms provided by a MAF IDC laboratory or a MAF approved external laboratory would not be set by the Biosecurity (Costs) Regulations but would be contestable and subject to competitive market forces.	
	b) outside of usual hours.	\$174.60	If an organism identification is carried out at a MAF IDC laboratory, costs would be payable as specific amounts as follows;	
8(b)	<i>b) on-site laboratory identification of organisms</i> Inspection as per above carried out in an on-site laboratory by MAF Quarantine Service.	\$72.30	(i) Identification per submission (single or multiple identifications) of terrestrial invertebrates; or nematodes; or fungi and bacteria;	\$370
8(c)	c) In addition to the above, the actual and reasonable costs of any tests etc that are carried out by any person who is not employed at IDC or MAF Quarantine Service are charged.		(ii) Identification per submission (single or multiple identifications) of viruses;	\$490
			Examinations, testing and treatments for L3 crops (including audit testing of crops imported through offshore accredited facilities).	charged on a case by case fee for services basis

2003 Reg. No	2003 Biosecurity (Costs) Regulations	Inspection charge: 2003 Regulations (GST incl.)	Revised Regulations	Inspection Charge: Revised Regulations (GST incl.)
			<i>b) on-site laboratory identification of organisms</i> Identification carried out in an on-site laboratory by MAF Quarantine Service. c) In addition to the above, the actual and reasonable costs of any tests etc that are carried out by any person who is not employed at IDC or MAF Quarantine Service are charged.	\$98 per hour
9	Surveillance of discharge of goods, e.g. bulk fertiliser.	\$72.30 per hour	Surveillance of discharge of goods, e.g. bulk fertiliser.	\$98 per hour
10	Monitoring and verification of sea containers.	\$8.75 per container	Levy to be charged under the Biosecurity Act 1993 to pay for sea container clearance system costs and for increased monitoring and verification activities required by the import health standard.	Loaded containers: \$13 Empty containers: \$5
11	Inspection of non-complying sea containers.	\$40.40 per container	Inspection of non-complying sea containers.	\$98 per hour
12	Offshore inspection of ships. Charge is payable by the owner of the ship.	\$72.30 per hour	Offshore inspection of ships. Charge is payable by the owner of the ship.	\$98 per hour
13	Inspection of unaccompanied baggage or effects		Inspection of unaccompanied baggage or effects	
13 (a)	Inspection of personal effects documentation only;	\$28.70	Biosecurity entry levy would apply to inspection of personal effects documentation and clearance.	\$2.25
13 (b)	Full inspection and volume of consignment is 0.5 m ³ or less;	\$60.85		
13 (c)	Item only inspection;	\$60.85		
13 (d)	Full inspection and volume of consignment is more than 0.5 m ³ : - first m ³ inspected; - each subsequent m ³ or part of a m ³ inspected.	\$60.85 \$18.10	Inspection of unaccompanied baggage or effects would be charged at an hourly rate.	\$98 per hour
14-17	Inspection of vehicles, vehicle parts, tyres and machinery Inspection of used cars or vans		Inspection of vehicles, vehicle parts, tyres and machinery	
14 (a)	Inspection of a consignment of single used car or van;	\$44.30	Four main categories of used vehicle are proposed:	
14 (b)	Each re-inspection after treatment of a consignment of single used car or van;	\$44.30	(i) Used motor cycles and mopeds;	
14 (c)	Inspection of the first used car or van in a consignment of 2 or more vehicles;	\$44.30	(ii) Used motorcars and motor vehicles (not exceeding a gross laden weight of 3,500 kg);	
14(d)	Inspection of each used car or van, after the first car or van inspected in a consignment of 2 or more vehicles;	\$25.85	(iii) Used heavy motor vehicles (having a gross laden weight exceeding 3,500 kg);	
14(e)	Each re-inspection after treatment of a used car or van in a consignment of 2 or more vehicles, if each vehicle is reinspected at the same time;	\$25.85	(iv) Used machinery, craft, operator-propelled vehicles and parts.	
14(f)	Each re-inspection after treatment of a used car or van in a consignment of 2 or more vehicles, if each vehicle is reinspected at a different time.	\$44.30	It is proposed that an importer of any of the above used vehicles would pay:	\$15
15	Inspection of used buses, utility vehicles or trucks		For each re-inspection of a used motor cycle or moped after treatment, \$15 per unit would be payable by the importer irrespective of the number of units in the consignment.	\$15
15(a)	Inspection of a consignment of a single used bus, utility vehicle or truck;	\$49.40		
15(b)	Each re-inspection after treatment of a consignment of a single used bus, utility vehicle or truck;	\$49.40		
15(c)	Inspection of the first used bus, utility vehicle or truck in a consignment of 2 or more vehicles;	\$49.40	\$25 for inspection of each used motorcar or motor vehicle, (not exceeding a gross	\$25

2003 Reg. No	2003 Biosecurity (Costs) Regulations	Inspection charge: 2003 Regulations (GST incl.)	Revised Regulations	Inspection Charge: Revised Regulations (GST incl.)
15(d)	Inspection of each used bus, utility vehicle or truck, after the first bus, utility vehicle or truck inspected, in a consignment of 2 or more vehicles;	\$25.85	laden weight of 3,500 kg) irrespective of the number of units in the consignment.	
15(e)	Each re-inspection after treatment of a used bus, utility vehicle or truck in a consignment of 2 or more vehicles, if each vehicle is re-inspected at same time;	\$25.85	For each re-inspection of a used motorcar or motor vehicle (not exceeding a gross laden weight of 3,500 kg) after treatment, a specific amount of \$25 per unit would be payable by the importer irrespective of the number of units in the consignment.	\$25
15(f)	Each re-inspection after treatment of a used bus, utility vehicle or truck in a consignment of 2 or more vehicles if each vehicle is re-inspected at a different time.	\$49.40		
16	<i>Inspection of used motorcycles</i>			
16(a)	Inspection of consignment of single used motorcycle;	\$40.95	\$50 for inspection of each used heavy motor vehicle, (having a gross laden weight exceeding 3,500 kg) irrespective of the number of units in the consignment.	\$50
16(b)	Each re-inspection after treatment of a consignment of a single used motorcycle;	\$40.95	For each re-inspection of a used heavy motor vehicle (having a gross laden weight exceeding 3,500 kg) after treatment, \$50 per unit will be payable by the importer irrespective of the number of units in the consignment.	\$50
16(c)	Inspection of the first used motorcycle in a consignment of 2 or more vehicles;	\$40.95		
16(d)	Inspection of each used motorcycle, after the first motorcycle inspected, in a consignment of 2 or more vehicles;	\$18.70		
16(e)	Each re-inspection after treatment of a used motorcycle in a consignment of 2 or more vehicles, if each motorcycle is re-inspected at the same time;	\$18.70	The proposed fees for the inspection and re-inspection of vehicles and equipment are for inspection activities undertaken in New Zealand. Costs for the pre-shipment inspection of vehicles and equipment that takes place overseas would be recovered via a contract with the company requesting the service. However, these charges would be based on the Biosecurity (Costs) Regulations as far as reasonably possible.	
16(f)	Each re-inspection after treatment of a used motorcycle in a consignment of 2 or more vehicles, if each motorcycle is re-inspected at a different time.	\$40.95		
17	<i>Inspection of other used vehicles, vehicle parts or machinery</i>		<i>Inspection of used machinery, craft, operator-propelled vehicles, and parts</i>	
17(a)	Inspection of used vehicle parts;	\$72.30 per hour	Inspection of consignments of used machinery, craft, operator-propelled vehicles and parts to be charged at an hourly rate.	\$98 per hour
17(b)	Inspection of used tyres;	\$72.30 per hour		
17(c)	Inspection of used track vehicles, used wheeled tractors, or pieces of used machinery.	\$72.30 per hour		
18-22	<i>Inspection of animals or animal material</i>		<i>Inspection of animals or animal material</i>	
18	Inspection of animals that do not require quarantine, including inspection of animals aboard craft when clearance is anticipated.	\$28.70	Inspection of animals that do not require quarantine, including inspection of animals aboard craft when clearance is anticipated.	\$28.70
19	Inspection and processing of animals held in transitional or containment facility.	\$72.30 \$96.10 \$104.40 per hour	Inspection and processing of animals held in transitional or containment facility.	\$96.10 per hour
20	Inspection of animals on board craft (while in NZ). Charge is payable by the owner of the craft.	\$72.30 \$96.10 per hour	Inspection of animals on board craft (while in NZ). Charge is payable by the owner of the craft.	\$98 per hour
21	Inspection of fish meal.	\$114.75	Inspection of fishmeal.	\$98 per hour

2003 Reg. No	2003 Biosecurity (Costs) Regulations	Inspection charge: 2003 Regulations (GST incl.)	Revised Regulations	Inspection Charge: Revised Regulations (GST incl.)
22	Inspection of other animal material including: a) Trade samples; b) In every other case, e.g. biological products, veterinary medicines, agricultural compounds.	\$28.70 \$57.40	Inspection of other animal material including: a) Trade samples; b) In every other case, e.g. biological products, veterinary medicines, agricultural compounds.	\$28.70 \$57.40
23-28	Inspection of plant material (except forest produce)		Inspection of plant material (except forest produce)	
23	Inspection of nursery stock & fresh-cut flowers.	\$72.30 per hour	Inspection of nursery stock & fresh-cut flowers.	\$98 per hour
24	Inspection of fresh fruit and vegetables.	\$72.30 per hour	Inspection of fresh fruit and vegetables.	\$98 per hour
25	Inspection of seeds (including bulk grain).	\$72.30 per hour	Inspection of seeds (including bulk grain).	\$98 per hour
26	Inspection of other plant material.	\$115.10	Inspection of other plant material.	\$98 per hour
27	Inspection of stored produce.	\$98.20	Inspection of stored produce.	\$98 per hour
28	Inspection and processing of plants in transitional or containment facility.	\$72.30 \$104.40 per hour	Inspection and processing of plants in transitional or containment facility.	\$98 per hour
29-30	Inspection of forest produce		It is proposed that regulations 29 and 30 would be replaced by one regulation "inspection of forest produce", which would include other forest produce such as cane baskets, furniture, railway sleepers, wooden packaging material and dunnage etc. Inspection would be charged at an hourly rate.	
29(a)	Inspection of sawn wood, first m ³ ;	\$50		\$98 per hour
29(b)	Inspection of sawn wood for each additional m ³ ;	\$8.45		
30(a)	Inspection of logs or roundwood, first m ³ ;	\$47.60		
30(b)	Inspection of logs or roundwood for each additional m ³ .	\$8.45		
31-33	Treatment, destruction or disposal of risk goods		Treatment, destruction or disposal of risk goods	
31	<i>Treatment of individual risk goods</i> A person who imports an item of risk goods in their baggage (whether or not baggage is accompanied); through the mail or personal effects, must pay for treatment of the item before clearance; If fumigated; If treated by another means, e.g. heat treatment. Costs (if any) of packaging, storing, forwarding and returning the goods before and after treatment are also to be paid.	\$37.55 \$32.55	<i>Treatment of individual risk goods</i> A person who imports an item of risk goods in their baggage (whether or not baggage is accompanied) through the mail or personal effects, would be charged actual/reasonable costs of fumigation and/or heat treatment by a MAF approved treatment supplier and other treatment if this is required. Charges to be paid before treatment occurs. Costs (if any) of packaging, storing, forwarding and returning the goods before and after treatment are also to be paid.	Actual & reasonable costs of treatment by MAF approved treatment supplier
32	Treatment of other risk goods.	Actual & reasonable costs	Treatment of other risk goods.	Actual & reasonable costs
33	Destruction and disposal of risk goods. Importer is required to pay actual and reasonable costs of destruction and disposal and costs for inspectors involved in supervising this activity.	Actual & reasonable costs + \$72.30 \$104.40, \$130 per hour	Destruction and disposal of risk goods. Importer is required to pay actual and reasonable costs of destruction and disposal and costs for inspectors involved in supervising this activity.	Actual & reasonable costs + \$98 per hour
34-35	Permits issued under Import Health Standards			
34	Permits issued under Import Health Standards.	\$130 per hour	Permits issued under Import Health Standards.	\$105 per permit issued

2003 Reg. No	2003 Biosecurity (Costs) Regulations	Inspection charge: 2003 Regulations (GST incl.)	Revised Regulations	Inspection Charge: Revised Regulations (GST incl.)
35	Amendments to permits issued under Import Health Standards.	\$130 per hour	Amendments to permits issued under Import Health Standards.	\$105 per amendment to permit issued
36	Approval, monitoring, inspecting and compliance auditing of transitional and containment facilities and facility operators. This charge is payable by the facility owner.	\$72.30 \$96.10 \$104.40 \$130.00 per hour	Approval, monitoring, inspecting and compliance auditing of transitional and containment facilities and facility operators. This charge is payable by the facility owner.	\$98 per hour
37-41	Other Provisions	\$72.30	Other Provisions	
37	<i>Costs for additional functions</i> ; payable by the person, whose actions give rise to the need for the function.	\$96.10 \$104.10 \$130 per hour	<i>Costs for additional functions</i> ; payable by the person, whose actions give rise to the need for the function.	\$98 per hour
38	<i>Travel costs</i> ; applicable where an inspector is required to travel to carry out any task required under these regulations; payable by the person who needs the service.	Per km (\$0.54) basis & inspection charged at \$72.30 per hour. Other costs to be recovered on actual & reasonable basis.	<i>Travel costs</i> : applicable where an inspector is required to travel to carry out any task required under these regulations; payable by the person who needs the service. It is proposed to introduce four travel zones based on the distance travelled from the inspector's base and the time component. Where an inspector is required to travel to carry out an inspection where the distance is greater than 75km, this would be charged at an hourly rate. Other costs to be recovered on an actual and reasonable basis.	<i>Zone fees</i> 1) 0-10 km zone: \$45 2) 11-25 km zone: \$70 3) 26-50 km zone: \$140 4) 51-75 km zone: \$200 Where the distance travelled is greater than 75 km, \$98 per hour would be charged, plus actual & reasonable costs.
39	<i>Waiting Time</i> ; charged by a MAF inspector for waiting time or missed appointment; payable by the person who needs the service.	\$72.30 \$96.10 \$104.40 per hour	<i>Waiting Time</i> ; charged by a MAF inspector for waiting time or missed appointment; payable by the person who needs the service.	\$98 per hour
40	<i>Call outs</i> : this charge applies where urgent clearance of goods is requested and it is necessary to recall an inspector to a worksite; payable by the person who needs the service.	Fixed fee/hourly rate combination	<i>Call outs</i> : this charge applies where urgent clearance of goods is requested and it is necessary to recall an inspector to a worksite; payable by the person who needs the service.	\$98 per hour
41	Waiver of costs; provided at discretion of Director-General of MAF		Waiver of costs; provided at discretion of Director-General of MAF	

Appendix 1: Matters to be included in the Order making the sea container and biosecurity entry levies

Section 140 of the Biosecurity Act Contents of Levy Order specifies the matters that are to be included in the Order in Council that imposes the levies. The proposed contents are as follows:

Contents of Levy Order	Proposed Sea Container levy	Proposed Biosecurity Entry Levy
(1) Every order under section 137 of this Act shall specify —		
a) The persons primarily responsible for paying the levy;	Importers of containers.	All importers.
b) The basis on which the amount of levy is to be calculated or ascertained;	The MAF costs of implementing and auditing the IHS for containers (as detailed on pgs 14-15).	The MAF costs of electronic import documentation screening and risk assessment of imported goods for biosecurity risk material (as detailed on pgs 13,14).
c) The persons (if any) to be exempt from paying the levy;	No exemptions.	No exemptions.
d) The persons responsible for collecting the levy from those primarily responsible for paying it;	MAF would invoice importers.	NZCS would collect the levy on behalf of MAF.
e) How the levy is to be spent, in consultation with those persons primarily responsible for paying the levy;	The levy would be spent on the matters included in the IHS for containers.	The levy would be spent on the costs associated with electronic import documentation screening and risk assessment of imported goods for biosecurity risk material and related IT development and maintenance work between MAF Quarantine Service, NZCS and industry IT systems.
f) When and how the levy is to be paid;	The levy must be paid on the 20th of the month after receiving the invoice.	NZCS would determine how the levy is to be paid.
g) The maximum rate of levy;	The maximum rate of levy would be \$20 per full container and \$10 per empty container.	The maximum rate of levy would be \$4.00 per New Zealand Customs Service import entry.
h) How the actual rate of levy is to be set;	The rate of levy in the current year would be stated in the Order and would be based on the estimated MAF cost required to implement the IHS. The rate in subsequent years would be based on the estimated future cost and the over or under charge in the previous year.	The rate of levy in the current year would be stated in the Order and would be based on the estimated MAF cost associated with electronic import documentation screening and risk assessment of imported goods for biosecurity risk material and related IT development and maintenance work. The rate in subsequent years would be based on the estimated future cost and the over or under charge in the previous year.
i) How the rates of the levy and variation of rates are to be notified;	The rate of levy for the first year would be notified in the Order. The rate of levy in subsequent years would be notified by notice in the Gazette.	The rate of levy for the first year would be notified in the Order. The rate of levy in subsequent years would be notified by notice in the Gazette.
j) Whether or not the persons collecting the levy are entitled to recover the cost of levy collection and the estimated amount.	The persons collecting the levy are entitled to recover the cost of levy collection.	The persons collecting the levy are entitled to recover the cost of levy collection.
(2) The order may prescribe any of the following matters:		
(a) The making of returns to the Director-General or some other person or body for the purpose of enabling or assisting the determination of amounts of levy payable:		
(b) The circumstances in which, and conditions subject to which, persons may be allowed extensions of time for the payment of any levy:		
(c) The payment of additional or increased levy when amounts of levy otherwise payable have been paid late, paid in part or not paid at all:		
(d) The holding of funds from which payments of levy are to be made, on trust in separate accounts.		