
C Regulation of food imports and exports

This appendix describes the framework in place in Australia and New Zealand to regulate food imports and exports, including some of the fees and charges levied on businesses.

C.1 Regulation of imported food

Australian import requirements

Australia imports approximately 10 per cent of its food supply (Agriculture and Food Policy Reference Group 2005). This imported food must comply with two sets of requirements administered by the Australian Quarantine and Inspection Service (AQIS). The first set of requirements, under the *Quarantine Act 1908* (Cwlth), ensures that exotic pests and diseases do not enter Australia through food imports. The second set of requirements, set out in the *Imported Food Control Act 1992* (Cwlth), addresses public health and safety requirements. Food must first meet quarantine (biosecurity) requirements, otherwise it will not be permitted into Australia — only once imported food has cleared biosecurity requirements are the food safety requirements applied (Senate Standing Committee on Rural and Regional Affairs and Transport 2008).

The conditions that must be satisfied for a product to enter Australia are detailed in AQIS's online directory — the Import Conditions Database (ICON). ICON can be used by businesses to determine if a commodity intended for import to Australia needs a quarantine permit and/or treatment or if there are any other quarantine prerequisites. (The Western Australian Department of Agriculture and Food report that the database is 'not comprehensive or complete'¹ (Department of Agriculture and Food (Western Australia) 2007).

¹ While the Western Australian Department of Agriculture and Food comment may refer to incomplete quarantine rather than food safety information, any need for importers to access separate systems to obtain different import requirements for the same product augments the potential for confusion, lack of clarity and increased costs.

Under the *Imported Food Control Act 1992*, AQIS has responsibility for inspection and sampling of imported food to check for safety and compliance with the food standards detailed in the Australia New Zealand Food Standards Code (ANZFS Code). The inspection scheme is risk based and priority is given to those foods that Food Standards Australia New Zealand (FSANZ) considers to pose a medium to high risk to public health.

Risk categories for imported food

The *Imported Food Control Act 1992* provides for the inspection and control of imported food using a risk-based border inspection program — the AQIS Imported Food Inspection Scheme (IFIS). FSANZ advises AQIS on the risk categorisation of foods for inspection under the IFIS. Food groups within each of these categories are listed in the *Imported Food Control Order 2001*, which is updated when the perceived health/safety of a particular imported food changes. It is the responsibility of FSANZ to evaluate and review the risk category of imported food, in consultation with relevant stakeholders (domestic industry, importers, government enforcement agencies). Amended advice is notified to AQIS in writing and AQIS then communicates the change to stakeholders with an Imported Food Notice. The roles of FSANZ and AQIS with regard to imported food are embodied in a memorandum of understanding (MOU).

Foods are referred to AQIS for inspection under the IFIS by the Australian Customs Service (Customs) based on internationally agreed tariff codes. There are currently two² main risk categories for imported food:

- *Risk food* is referred, in the initial instance, to AQIS by Australian Customs at a rate of 100 per cent of consignments. Initially, all risk food from a given producer is inspected and tested at a rate of 100 per cent against a published list of potential hazards—including micro-organisms and contaminants. Once five consecutive consignments from that producer have passed inspection, the inspection rate is reduced to 25 per cent; after a further 20 consecutive passes, the inspection rate is reduced to 5 per cent. Risk food not inspected is automatically released for sale. Risk food that is inspected is subject to ‘test and hold’ direction and is not released for sale until test results are known. Failed inspections for any consignment result in a return to 100 per cent testing of that

² A third category, *active surveillance foods*, which were inspected at a rate of 10 per cent of consignments of that food type from every supplying country, has been used in the past. For example, from December 2005 to March 2007, the following foods were listed for active surveillance: dried or moisture-reduced dates, figs and sultanas, egg pulp and egg powder, honey, and vegetable sprouts. As there have been no foods in this category since March 2007, it is not considered further in the discussion in this report.

food item from that producer until a history of compliance is re-established. Consignments of risk food which fail inspection and therefore do not meet Australian standards cannot be imported. Depending on the type of food and reason for failure, these foods must be destroyed, re-exported or brought into compliance (either through treatment or by downgrading the purpose of the food — for example, from human consumption to animal food or fertiliser). Food types currently determined to be risk foods are listed in box C.1

- *Random Surveillance foods* are considered to pose a low risk to human health and safety and are inspected at a rate of 5 per cent of consignments of that food type. The random selection and referral process for surveillance food is not related to information such as the importer, producer or the country of origin of the goods and is not performance-based. Producers who regularly import consignments of random surveillance foods will, just by the frequency of their imports, have an increased likelihood of having a consignment inspected.

Analyses applied to random surveillance foods include those for pesticides and antibiotics above accepted levels, microbiological contaminants, natural toxicants, metal contaminants and food additives.

As the random surveillance foods are considered to be low risk, they are subject to a ‘test and release’ direction and can be distributed for sale before test results have been received. However, if AQIS receives adverse test results, the relevant state or territory food regulatory authority is advised so they can determine if a recall is required. Any action, such as a recall or withdrawal taken on goods released by an importer is at the importer's expense.

For random surveillance foods that fail an inspection, food will subsequently be inspected at a rate of 100 per cent of consignments until a history of compliance has been consistently demonstrated. These are called ‘holding order foods’. A holding order remains in place until favourable test results are received. Following five consecutive passes, the rate of referral returns to 5 per cent of consignments. There is no published list of foods that are subject to a holding order — AQIS advises the original importer of a failed food that a holding order has been applied to that particular food, but this information is confidential. Other comparable consignments of that type of food from that importer will also be referred to AQIS to ensure that non-compliance has been addressed.

Box C.1 Imported foods categorised as 'risk foods' by FSANZ

Since September 2007, the following food types have been listed as risk foods:

- Beef and beef products (whether cooked or uncooked and whether or not chilled or frozen)
- Cheese, other than cheese that is a New Zealand product, of the following kinds:
 - (a) curd cheese
 - (b) fresh cheese that is not fermented, including whey cheese
 - (c) soft cheese
 - (d) soft smoked cheese
 - (e) surface ripened cheese
- Chicken meat that is cooked (whether or not chilled or frozen) but is not canned
- Coconut that is dried
- Crustaceans, including prawns, that are cooked (whether or not chilled or frozen), but are not canned
- Molluscs Bivalve (whether cooked or uncooked)
- Fish of the following kinds:
 - (a) tuna, including canned tuna (whether dried or not)
 - (b) tuna products
 - (c) mackerel
 - (d) ready to eat finfish
- Marinara mix (whether or not chilled or frozen)
- Manufactured meat that is uncooked or cooked, including meat pastes and pâté
- Paprika and pepper that are dried
- Peanuts, peanut products and any food that contains peanuts or peanut products
- Pistachios, pistachio products and any food that contains pistachios or pistachio products
- Pig meat that is cooked (whether or not chilled or frozen) but is not canned
- Poultry pâtés and poultry livers that are ready for consumption (whether or not chilled or frozen) but that are not canned
- Seaweed — Hijiki only
- Sesame seeds and sesame seed products

Source: Imported Food Control Order 2001 (Cwlth).

Most food imported into Australia and New Zealand is not inspected. This is because Australia and New Zealand are the major source of food imports to each

other. Under the *Trans Tasman Mutual Recognition Arrangement* (TTMRA), only food from New Zealand that is regarded as ‘risk food’ is subject to inspection at the border by AQIS and similarly, the New Zealand Food Safety Authority (NZFSA) only inspects food from Australia if it is a ‘prescribed food’. Equivalence determination of food safety systems covering dairy products was reached in 2007, enabling dairy products to be brought under the TTMRA and the removal of border inspection for these products. Each remaining risk food is now being assessed for equivalence of the food safety management systems in each country (AQIS 2009a).

AQIS inspection and clearance of imports

All food referred for inspection is subject to a visual and label inspection. This may include, for example, a visual inspection of the food and a check of the government to government certification for Bovine Spongiform Encephalopathy (BSE) free status for imports of beef and beef products. Some foods are also subject to analytical testing — for microbial, chemical or other hazards. AQIS Imported Food Notices (IFN) advise what tests are applied to particular foods and there is a separate IFN for each category of food.

The purpose of the testing is to determine if the food: (a) poses a risk to human health; or (b) complies with the ANZFS Code.

During the period July 2008 to June 2009:

- around 13 000 entries of imported food (covering 23 000 product lines) were referred to AQIS for inspection under the Imported Food Inspection Scheme
- around 84 200 tests were applied — including approximately 29 100 label assessments, 25 900 analytical tests and 29 200 other tests.

Analytical tests are carried out by a laboratory on a sample of food taken during an inspection of imported food. At the end of 2008-09, there were 15 testing laboratories around Australia that are approved to analyse imported food for AQIS. Analytical tests undertaken include microbiological, chemical, contaminant and food additive tests. Most microbiological tests are for *Escherichia coli* and salmonellosis.

From these inspections of imported food, AQIS reported that:

- 98 per cent of imported food that was tested complied with Australian standards, with compliance rates not varying significantly between food groups (table C.1)
- incorrect labelling accounts for the majority of non-compliances — 68 per cent of failures are for labelling (figure C.1). Microbiological problems are the main reasons for non-compliance with analytical tests (but note that the non-

compliance of imports due to problems found in analytical tests is much lower than for products recalled from domestic market — see chapter 3 for more detail on FSANZ recall statistics)

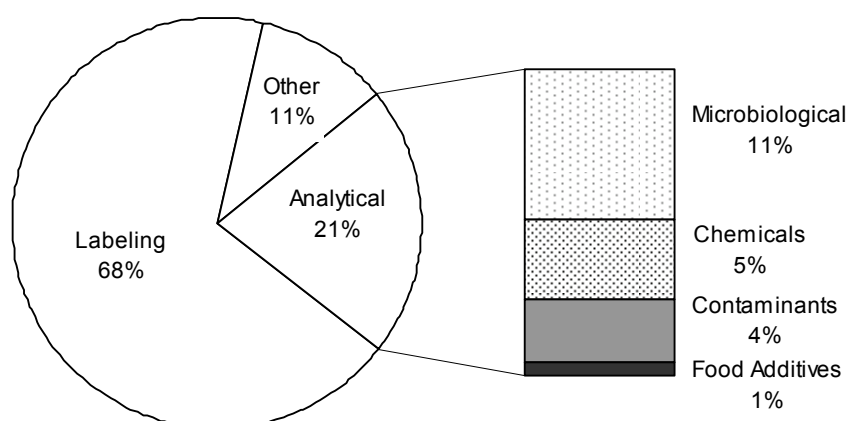
- foods subject to the most analytical tests were seafood and horticulture:
 - seafood accounted for 15 per cent of tests applied. Included under this category are fresh, chilled, frozen and processed seafood products
 - horticulture, including fresh and processed fruit and vegetables, accounted for 14 per cent of all tests applied to imported food.

Table C.1 AQIS inspection and test data by broad food group
2008-09

Commodity	Tests applied	Compliant results	Non-compliant results	Compliance rate
	No.	No.	No.	%
Horticulture	11 750	11 525	225	98.1
Seafood	12 624	12 429	195	98.5
Beverages	6 134	5 939	195	96.8
Dairy	6 471	6 354	117	98.2
Meat	3 418	3 401	17	99.5
Cereals, flours & milled products	2 075	2 052	23	98.9
Other (incl. processed foods)	41 722	40 397	1 325	96.8
Total	84 194	82 097	2 097	97.5

Source: AQIS (2009a).

Figure C.1 Breakdown of test outcomes for non-compliant foods
2008-09



Data source: AQIS (2009a).

Fees to import food into Australia

The Australian Government requires AQIS to recover 100 per cent of the cost of running its inspection system and this is achieved by charging fees for services provided. The *Quarantine Service Fees Determination 2005* and the *Imported Food Control Regulations 1993* provide for the type and level of fees that can be levied on imported food. Specifically, chargeable services provided under the legislation include:

- cargo import clearance related quarantine risk profiling
- inspection, surveillance and treatment of imported goods
- inspection and clearance of sea containers
- fumigation monitoring of imports
- lodgement of quarantine entries
- applications and assessments of import permits
- overtime and shift services by an officer outside the ordinary hours of duty
- registration of premises for the purposes of performing quarantine inspections
- audits to ensure compliance with program procedures and regulations.

The schedule of current AQIS inspection fees is reported in table C.2, and is accessible for businesses from the AQIS website. As import clearance of food can require checks for quarantine and food safety, and AQIS systems are not set up to differentiate between these activities (and importing businesses receive one invoice to cover both activities), the table includes fees that relate to quarantine as well as food safety.

Table C.2 AQIS fees and charges for import clearance

Australian dollars, 2008-09

<i>Category</i>	<i>Sub category</i>	<i>Description</i>	<i>Unit</i>	<i>Fee (\$)</i>
Application fees	Assessment of information	For the entry of a consignment of food	item	30.00
	Import declaration	Customs Integrated Cargo System full import declaration — air or sea	each	10.00
	Lodgement	Lodgement of import declaration	form	7.00 to 12.00
		Lodgement or variation of import permit	form	75.00 to 130.00
	Assessment of import declaration	Goods subject to compliance agreement (includes imported food) and goods not subject to compliance agreement	item	30.00
	Assessment of permit application or variation	Non-standard goods (most food items are in this group) - up to 1 hour - additional ¼ hour	item	80.00
			item	35.50
	Other categories of items (mostly non-food, but includes herbal teas, live animals, animal food)	item	40.00 to 260.00	
	Assessment of application to perform quarantine service offshore	item	120.00	
Inspection fees ^{ab}	Inspection of food	Food safety purposes - for first ½ hour	entry	80.00
		- additional ¼ hour	entry	40.00
	Container	Full or part container	each	4.00 to 16.00
	Tailgate	In-office or at quarantine approved premises	each	35.50
		Other - first container	each	80.00
		- subsequent containers	each	40.00
	Goods	In-office - per officer	¼ hour	35.50
		Out-office - per officer – first ½ hour	½ hour	80.00
		- additional ¼ hour	¼ hour	40.00
		Officer service - for 1 or more working days	day	714.00
	- for 1 or more working weeks	week	2 486.00	
	- for 4 working weeks	week	9 397.00	
Registration fees	Quarantine approved premises (QAP)	Application for approval or renewal - full financial year	form	900.00
		- part financial year	form	450.00
		QAP audit - first ½ hour	½ hour	80.00
		- additional ¼ hour	¼ hour	40.00
Goods storage fees	Released from quarantine	Goods not removed within 7 days of release	m ³	12.00

^a Fees for AQIS services performed during ordinary hours (6:30am to 6:30pm Monday to Friday, excluding public holidays). Additional fees apply outside of ordinary hours. ^b Inspections of food include: time spent arranging for analysis of food; preparing inspection reports; assessing results; and the supervision of treatment, destruction or re-export of food.

Source: AQIS (2009a).

Where a single consignment is made up of multiple food lines, each subject to the Imported Food Inspection Scheme, the consignment clearance fee is applicable for each separate clearance that is granted. The costs associated with laboratory testing performed by AQIS appointed analysts are also payable by the importer.

NZ import requirements

Imported food constitutes 20 per cent (by value) of food consumed in New Zealand. All food and food related products imported into New Zealand for sale must comply with the *Food Act 1981*(NZ) and delegated legislation under that Act. This includes *Emergency Food Standards*, the *New Zealand Food (Prescribed Foods) Standard 2007*, labelling and compositional requirements of the ANZFS Code, and listing of the importer under the *Food (Importer Listing) Standard 2008* and the *Food (Importer General Requirements) Standards 2008*. The NZFSA is the sole body tasked with administering these health and safety requirements for New Zealand's imports.

Following an external review of New Zealand's imported food regulation in 2004, a shift was made away from relying primarily on controls at the New Zealand border to manage the safety and suitability of imported foods, and toward a more responsive and flexible system based on managing food safety issues at an appropriate point in the food chain. Some of the changes to the import programme are subject to the passage of New Zealand's new Food Bill, but others that have been implemented under the existing legislation include: listing and record keeping requirements for importers; and the categorisation of imported foods by level of regulatory interest, with differential risk management based on that categorisation.

Standards for NZ importers

Although Customs, and to a lesser extent, Biosecurity New Zealand, enforce the *Food Act 1981* provisions for imported food on behalf of the NZFSA, ensuring that imported products are safe, and suitable for sale and consumption, remains the responsibility of the importer. Importers have direct responsibility under the *Food Act 1981* to ensure that the products imported by them for human consumption are safe and suitable.

To facilitate this responsibility and ensure that imported food is safe and suitable, the NZ Minister for Food Safety has issued, under Section 11C of the *Food Act 1981*, two standards that apply to food importers:

- *Food (Importer Listing) Standard 2008* — embodies the legal requirement for importers of food to be listed with NZFSA. From April 2009, all importers of

food for sale must be listed with NZFSA before importing food into New Zealand. There is no charge for listing as an importer. Importers are required to submit details such as their company's trading name and physical address, a contact person's name and postal address with NZFSA, for listing purposes

- *Food (Importer General Requirements) Standard 2008* — enhances the Food Act 1981 requirements for importers to ensure food is safe and suitable. The importer is required to keep records that show how the products they import comply with all applicable New Zealand legislation. These records must show how their food products have been produced, transported and stored safely, as well as purchase records and relevant supplier information. For example, the importer must keep, for a period of four years, all applicable food safety certification documentation (including temperature records and other test results) relating to the imported food.

Risk categories for food in New Zealand

All food in New Zealand is categorized by the NZFSA into one of three levels of 'regulatory interest' — low, medium or high. This grouping determines the level of regulatory intervention by NZFSA with a particular food and enables differing import requirements that relate to the potential health risk of products in each group:

- Importers of foods of *low regulatory interest* are required to comply with general obligations as set out in legislation, such as registering with NZFSA, keeping records of imports, and, on request, supplying this information to NZFSA
- Importers of foods of *medium regulatory interest* operate under a Food Control Plan, which involves recording the steps taken to manage the food safety and suitability of their products. Operators need to be aware of any food standards that apply to their products, and options for pre-clearance
- Importers of foods of *high regulatory interest* also operate under a Food Control Plan, but are only able to import from countries/regions that have established pre-clearance arrangements with NZFSA.

In addition to these groupings, New Zealand also lists a number of foods which are considered to present a greater risk to public health and are monitored for specific hazards; these are termed 'prescribed foods' (box C.2). Generally, foods that are prescribed foods are also of high regulatory interest. However, there are some foods that remain on the prescribed list because of a past incident but are no longer considered to be of regulatory interest (NZFSA, pers. comm. 2009).

While most imported foods enter New Zealand without any restriction, prescribed foods are released into the market place only once their safety has been verified as complying with all relevant import requirements.

NZFSA has specific import procedures and requirements that apply to prescribed foods. These procedures are known as Imported Food Requirements (IFRs) — previously termed Standard Management Rules (SMR) (as SMRs are reviewed they are renamed as IFRs).

Border inspection and clearance procedures

The *Food Act 1981* allows sampling and testing of any domestic or imported foods in the marketplace or at the border. However in practice, it is mainly prescribed foods and other food that is of high regulatory interest (because it is suspected of non-compliance) that is inspected at the border.³

The sampling frequency of a specific food imported into New Zealand is based on the sampling and testing history built up by each importer for that specific food. As a compliance history is developed, the frequency of sampling and inspection is reduced for the importer for that specific food. This reduction is governed by a ‘switching rule’, which has the following steps:

- sampling of foods of high regulatory interest initially starts out at a ‘tightened’ level (whereby every import of that specific food is sampled and tested), until 5 compliant imports have been cleared
- sampling is then lowered to the ‘normal’ level (whereby 20 per cent of imports of that specific food are sampled and tested), until another 5 consecutive compliant imports have been cleared
- sampling is then further lowered to the ‘reduced’ level (whereby 10 per cent of imports of that specific food are sampled and tested).

The frequency of sampling returns back to the tightened level if a specific food is tested and found not to comply.

Unless specified in the Imported Food Requirements (IFR) / Standard Management Rules (SMR) for a particular food, the results of tests taken outside New Zealand are not able to be supplied to meet this sampling and testing protocol.

³ These are captured under Schedule 1 of the *Customs and Excise Act 1996*.

Box C.2 Foods categorised as ‘prescribed’ in New Zealand

The following foods, when imported, manufactured, stored, transported, prepared for sale, or sold, are prescribed for the purpose of monitoring certain conditions and contaminants:

- meat or other food product of a bovine animal, and any food product derived from or containing the meat or products of a bovine animal
- bivalve molluscan shellfish (cooked and raw) including clams, cockles, mussels, oysters and scallops
- canned mushrooms, canned tomatoes and tomato products
- crustaceans (cooked and raw) including shrimps and prawns
- dates
- desiccated coconut
- finfish in waters from the tropics world-wide, the extreme south eastern US (including south Florida), and the Bahamian region.
- barracuda, amber jack, horseeye jack, black jack, other large species of jack, king mackerel, large groupers and snappers and mackerel and barracuda in waters from mid to north eastern Australia
- hijiki (Mehijiki, Hiziki, Hijaki) seaweed (*Hizikia fusiforme*)
- ice cream and iced confectionery
- manufactured and minced fish (surimi and marinara mix)
- meat paste, pate and fermented meat products
- nutmeg, paprika, pepper and cinnamon spices
- peanuts, pistachio nuts and peanut butter
- puffer fish and fugu
- raw milk cheese (cheese that has not been pasteurised or undergone cheese treatment according to the *Food (Milk and Milk Products Processing) Standard 2007*), soft cheese and grated cheese
- shark and dog fish; escolar, sword fish, marlin and shark species, tuna, mahi mahi, blue fish, sardines, amberjack, mackerel and herrings
- smoked or smoke flavoured vacuum packed fish
- soy sauce, flavoured soy sauce, and sauce mixtures with a soy sauce base
- tahini or crushed sesame seeds or any food containing these foods (including sesame seed paste, sesame paste, sesame seed butter, sesamum seed, hamas tahini, tahineh, tahina, tahine, halva dessert mix, hummus (halawa), halva, helva and babaganoush).

Source: *Food (Prescribed Foods) Standard 2007* (NZ).

NZFSA specifies to Customs which tariff codes are to be monitored – that is, which food imports are to be stopped by Customs. Each type of food is referred to as a ‘line item’; a consignment may contain several ‘line items’.

If the food is stopped by Customs then the importer will need to apply to New Zealand’s border clearance agency – the NZFSA Verification Agency (NZFSA VA) — for a NZFSA ‘single use permit’. NZFSA VA (based in Auckland) now undertake all clearance related activities, including sampling and verification, for New Zealand imports.⁴ Sampling and testing protocols for imported foods are listed in the appropriate IFR/SMR. The food cannot be released for sale until the appropriate clearance has been received.

The following three procedures are used to clear imports of high and medium regulatory interest. The individual IFRs and SMRs detail which option is available for the associated food.

- Where a government to government pre-clearance arrangement exists (for example, arrangements with AQIS), or NZFSA recognises specific overseas manufacturers, then approved certification will be accepted with imports of a prescribed food under that specific arrangement. In addition to the document check, a food type imported under a specific pre-clearance arrangement is required to be inspected (physical inspection or sampling and testing) at intervals to verify certification.
- Multiple Release Permits (MRPs) are issued for imported foods that are inadvertently captured by the tariff codes monitored by the NZFSA, or are subject to a pre-clearance agreement. MRPs are specific to importer, broker, food type and supplier, are issued for a defined time period and are reviewed on an annual basis for compliance.
- In the absence of approved certification, prescribed foods will be sampled and tested in New Zealand according to the sampling and testing protocol.

Fees to import food into New Zealand

Inspection, sampling, testing and clearance are done at the importer’s expense. The charges for these procedures are listed on the NZFSA’s internet site and detailed in

⁴ Prior to 1 July 2009, the NZFSA contracted the Auckland Central Clearing House to implement New Zealand’s border clearance procedures and relied on inspection and sampling of prescribed imported foods by local Public Health Units. The change to use of NZFSA VA is an outcome of New Zealand’s Imported Food Review in 2004 and is aimed at aligning roles and responsibilities to improve the efficiency of imported food regulation procedures (New Zealand Customs 2009).

table C.3. In addition, all storage, transport, processing activities and testing associated with each consignment is completed at the importer's expense.

Table C.3 Fees for clearance of food imported into New Zealand^a
New Zealand dollars, 2008-09

<i>Category</i>	<i>Sub category</i>	<i>Agency</i>	<i>Unit</i>	<i>Fee</i>
Single use permit fees	Application	Auckland Central Clearing House (ACCH)	Line (food type)	\$48.00
			¼ hour	\$24.00
	Sampling & inspection	Local Public Health Unit	¼ hour	\$24.00
Multiple Release Permit (MRP) fees	Application & renewal	NZFSA	¼ hour	\$34.30
	Sampling, inspection & review	Local Public Health Unit	¼ hour	\$24.00
	MRP audit	Local Public Health Unit	¼ hour	\$24.00

^a Fees are expressed in NZ dollars, including GST. Rates apply for normal working hours, with additional costs incurred if work is undertaken outside of normal hours.

Source: NZFSA (2009n).

C.2 Regulation of food for export

Requirements for the health and safety of Australia's food exports are administered by AQIS. Following a 2000 National Competition Policy review of Australia's *Export Control Act 1982* (Frawley et al. 2009), the Australian Government agreed to use Australian standards for health and hygiene (food safety) as the underlying standard for all exports (referred to as Tier 1). Standards set by overseas governments (Tier 2) and additional market specific requirements (Tier 3) would then apply on top of domestic standards, but only to producers/processors wishing to access those markets (Government Response to the National Competition Policy Review of the *Export Control Act 1982*, 2000). This arrangement ensures that the most stringent controls of one country are not applied to all exports. It also eliminates the additional costs of implementing separate domestic and export food safety systems.

Box C.3 Standards of selected export destination countries

European Union (EU) standards necessitate that countries which wish to export food to the EU have a 'competent authority' responsible for official controls throughout the production chain. The authority must be empowered, structured and have the resources to implement effective inspection, take corrective action, if necessary, and guarantee credible hygiene and public health attestation. In addition, EU hygiene legislation places specific requirements on key aspects of food production and processing. In seafood for example, EU requirements impact on the structure of vessels used in fishing, landing sites, processing establishments and on operational processes, including freezing and storage. The EU standard, among others, allowed imports only from approved vessels and establishments, such as processing plants, freezers, factory vessels and cold storage, which had been inspected by the 'competent authority' of the exporting country and found to meet the EU requirements.

The European Commission Health and Consumers Directorate-General undertook an audit in late 2008 to check the effectiveness of NZFSA as a 'competent authority' in delivering assurances of product safety in the fish products and bivalve molluscs industries.

In the **United States (US)**, the Food Safety and Inspection Service (FSIS) is responsible for ensuring that US domestic and imported meat, poultry, and egg products are safe, wholesome, and accurately labelled. To export meat, poultry, and egg products to the US, Australia and New Zealand are required to establish and maintain inspection systems that are 'equivalent' to those of the US. For these purposes, AQIS and NZFSA are deemed to be 'competent authorities' and are responsible for certifying individual exporting establishments to FSIS and for providing annual re-certification documentation. This process focuses on demonstrated controls in place for five risk areas: sanitation; animal disease; slaughter and processing; residues; and enforcement. FSIS undertakes document and on-site audits of foreign inspection systems and reinspects meat and poultry at the port-of-entry to ensure that equivalent inspection systems have been maintained.

The NZFSA report that during 2004, a FSIS audit in New Zealand included eight meat slaughter operations, five further processing operations, six regional offices and four laboratories, as well as NZFSA in Wellington.

Indonesia and **Malaysia**, with their large Muslim populations, require halal practices to be undertaken for all halal products imported into their countries. Australia currently has eight halal certifiers that are recognised by the Indonesia's Council of Clerics; New Zealand has two halal certifying bodies (New Zealand Islamic Meat Management mainly certify meat and the Federation of Islamic Associations do most of the certification on halal dairy exports).

In March 2009, the Indonesian Islamic clerics council set new standards for halal certifiers to meet. It evaluated the halal certifying bodies in New Zealand and, subsequently, Indonesia announced that it no longer recognised them and would not accept New Zealand beef exports. Consequently, New Zealand has until 1 October 2009 to modify halal practices in order to continue to export its beef to Indonesia. Australian halal certifying bodies were also evaluated — three were temporarily suspended, but all eight were eventually approved.

Sources: European Commission (Health and Consumer Protection Directorate-General) (2006); Radio Australia News (2009).

Some of the commercial requirements of the overseas buyers for Australia and New Zealand's food exports are detailed in box C.3. Of these, the EU standards for food safety in seafood are often viewed as the most stringent of requirements for seafood and similarly, for red meat exports, the US standards are viewed as critical to meet.

Regulation of Australian food exports

AQIS regulates food exports from Australia under the conditions and restrictions of the *Export Control Act 1982* (Cwlth). The Act provides a listing of goods that are 'prescribed'. Prescribed goods have requirements under the Act and associated Regulations and Orders that have to be met in order for the product to be exported (box C.3), but only some of these are relevant to food safety. Foods that are classified as prescribed goods include:

- dairy
- live animals
- fish and fish products
- plants and plant products
- eggs and egg products
- meat and meat products
- grain
- animal food (frozen raw meat)
- food labelled as organic
- fresh fruit and vegetables
- dried fruit.

All other goods are classified as non-prescribed. Some foods that are non-prescribed goods include pasta products, biscuits, jams and confectionery.

As a general rule, AQIS only assists in the export of goods that are prescribed, but will become involved in the export of non-prescribed goods if an importing country requires AQIS or government to government certification.

Box C.4 Australian export legislation

The *Export Control Act 1982* sets out the requirements for businesses wanting to export 'prescribed goods' and the broad responsibilities of AQIS in regulating exports. Specifically, AQIS is empowered to conduct inspections and audits, issue certificates, issue requests for corrective action and apply sanctions for non-compliance.

A general order that is under the act and supports its operation is the *Export Control (Prescribed Goods – General) Orders 2005*. This order covers the administrative areas of legislation that are common to all the export food commodities, including requirements for registration of establishments.

There are also a number of commodity specific orders that require exporters: to comply with specified Australian food standards; to ensure that the exported product is fit for human consumption; and to make sure that statements made in relation to the condition and preparation of the product are accurate:

- *Export Control (Animals) Order 2004*
- *Export Control (Eggs and Egg Products) 2005*
- *Export Control (Fish and Fish Products) Orders 2005*
- *Export Control (Meat and Meat Products) Orders 2005*
- *Export Control (Milk and Milk Products) Orders 2005*
- *Export Control (Organic Produce Certification) Orders 2005*
- *Export Control (Plant and Plant Product) Orders 2005*
- *Game, Poultry and Rabbit Meat Orders 1985*

In addition, there is a range of Acts that enable inspection and charging of exporters (and each of these Acts also has associated regulations and orders):

- *Export Inspection and Meat Charges Collection Act 1985*
- *Export Inspection (Establishment Registration Charges) Act 1985*
- *Export Inspection (Quantity Charge) Act 1985*
- *Export Inspection (Service Charge) Act 1985*
- *Meat Export Charge Act 1984*
- *Meat Export Charge Collection Act 1984*
- *Meat Inspection Act 1983*
- *Meat Inspection Arrangements Act 1964*
- *Australian Meat and Live-stock Industry Act 1997.*

Sources: AQIS (2009a); Australian Customs and Border Protection Services (2009).

Business interaction with AQIS for export purposes

There are a number of AQIS procedures that exporters need to comply with in order to export food products. Depending on the product and its destination, the food exporter may need, for the purposes of demonstrating food safety:⁵

- an export declaration — notification to customs of the nature, destination, transportation means and date of intended export. This is required for all exported commercial goods and is not related to food safety
- an export permit — required for prescribed food products by Customs prior to export clearance being granted to verify that the product is eligible for export to its intended destination (i.e. this is not related to food safety as such). For some food products, export permits can be issued electronically in conjunction with the export declaration (see box C.5)
- an approved arrangement — an arrangement between AQIS and the exporter that details, for each stage of production, controls used to ensure that food safety and other legislative and importing country requirements are met. For food processors, this includes a ‘Hazard Analysis and Critical Control Points (HACCP) plan’
- registration of premises for export — requirements for registration are specified in various orders, instructions and guidelines which cover the construction and operation of establishments, record keeping requirements and the need for approved arrangements. Approved arrangements are necessary for the registration of premises used by businesses under the Meat, Dairy and Fish Export Programs. Registration of premises is required for the preparation of prescribed goods in order to obtain an export permit, and is perpetual (except in the case of a livestock establishment, for which registration is reviewed annually)
- inspection of prescribed goods to ensure that the goods are ‘safe, wholesome, accurately described and meet international market conditions and obligations’ (AQIS 2009a). For example, AQIS is required to inspect all meat carcasses (under the *Export Control (Meat and Meat Products) Orders 2005*)
- export certification — government to government assurance by AQIS to the importing country, that the exported food is wholesome, prepared under hygienic conditions and meets all health and safety standards of Australia and the importing country (box C.5).

⁵ For the export of livestock or meat from cattle, sheep or goats, an export licence may also be required (under the *Australian Meat and Livestock Industry Act 1997* (Cwlth)).

Food safety requirements in export certification and registration processes are delivered through a range of commodity-specific export programs:⁶

- Meat Export Program (includes both red meat and poultry)
- Fish Export Program (includes both fish and egg products)
- Dairy Export Program.

These programs provide inspection, verification and certification services to industry, in addition to operational, policy and technical advice on exporting.

To back up its assurance that approved arrangements are working and food safety requirements are met, AQIS does audits of approved arrangements and/or inspections of products. A combination of announced and unannounced audits is conducted. The frequency of audits for export purposes in each product group is noted in table C.4. In the Dairy export programs, audits are conducted by third-party auditors, usually the state regulatory authorities, on behalf of AQIS. There is appeals policy under the meat, fish or dairy programs to enable businesses to dispute AQIS audit or non-compliance reports.

Table C.4 AQIS regulation of selected exports
2008-09

<i>Export program</i>	<i>Premises registered^a</i>	<i>Audit frequency</i>	<i>Requests for corrective action^b</i>	<i>Export certificates issued^c</i>
	No.		No.	No.
Meat export program	431		2 032	125 677
Abattoirs & boning rooms		Monthly		
Food processors		Every 3–6 months		
Cold stores & container stores		Annual		
US approved cold stores		Quarterly		
Dairy export program ^d	394			31 148
Producers of milk & milk products		6 monthly		
Handlers & storers of milk & milk products		Annual		
Fish export program ^e	764	Annual minimum; maximum monthly		40 080

^a Some establishments are registered under more than one program. ^b Estimated by AQIS based on at least one corrective action request per audit with at least two audits per establishment per year. Corrective actions may include those related to issues other than food safety (such as bio-security or inedible products). ^c In the meat export program, export certificates issued refers to certificates for edible meat only. ^d In addition to these inspections for dairy, 'load out inspections' are carried out on each exporter at least once per year. ^e For products in this group, there is scope to reduce audit frequency based on performance.

Sources: ANAO (2007); DAFF (2008d); DAFF (2009a).

⁶ There are also export programs for horticulture, grain, organics and live animal export, but these are directed, not at food safety, but at meeting importing country quarantine requirements for the absence of specific chemicals, or animal and plant pests and diseases.

Box C.5 Export documentation and certification by AQIS

Export permits and other documentation

AQIS's EXDOC is a business-to-government electronic system that is intended to provide cost savings and faster turnaround times for export documents. EXDOC is used to issue electronic export permits and manage the documentation requirements for the following exported agricultural commodities and their products: meat, game, poultry, rabbit, milk, fish, grain, plant and horticulture. An exporter wishing to send a consignment of one of these products inputs all the relevant information about the type, production, preparation, quantity and destination into a computer and electronically sends the information to EXDOC. If requested, EXDOC automatically transmits some of that information to Customs to obtain an Export Clearance Number (ECN). Obtaining Customs clearance in this way provides efficiencies for exporters because if they went to Customs separately for an ECN, they would need to provide Customs with similar information already held by EXDOC. EXDOC processes the information and electronically transmits information back to the exporter, including an Exporter Permit Number (EPN) and an ECN. In normal circumstances, AQIS guarantees that each electronic transaction will take less than 15 minutes. On an average day it takes less than five minutes. In the absence of EXDOC, exporters fill out forms in quadruplicate and send them by post or courier.

Export certification

Under AQIS's export certification system, an export certificate is provided for food and agricultural commodities, confirming that the product has met all the health and food safety standards and quarantine requirements of the importing country, down to details such as the date and specific boning room of an abattoir where meat was slaughtered. An export certificate can be a *health certificate* (food and live animals), a *phytosanitary certificate* (horticultural products, grains) or an *organic* or *biodynamic* certificate (organic or biodynamic products). Export certificates, in paper form, are usually couriered to importers and they are required as part of the import clearance process.

To streamline quarantine procedures, reduce transaction costs and turnaround times for goods and enhance certification security, AQIS is trialing an electronic system for government-to-government certification of exports. E-cert seeks to replace the paper export certificate with an electronic certificate transmitted directly to the importing government ahead of the goods. The E-cert system originated in New Zealand and was introduced into Australia in 2001.

Source: AQIS (2009a).

AQIS has, for some products (such as horticulture), moved away from final product inspection and now uses quality assurance based systems. Businesses with a Quality Assurance arrangement with AQIS can use an employee (who has been approved by AQIS) to conduct inspections for export purposes. AQIS conducts spot checks on this 'self sign off'. Any failures by a business under the self assessment system see that business fall back to the AQIS inspector system. This places more responsibility for product safety and quality on the exporter and enables exporters to reduce the direct involvement of AQIS personnel in export inspection.

For a meat premises, full export registration entails daily on-site presence of an AQIS veterinarian (and inspectors) and a monthly audit by a senior veterinarian. AQIS had 389 meat inspectors and 202 vets on staff across Australia at the end of 2008-09 (DAFF 2009a). Export abattoirs are also required to be AusMeat accredited and are audited regularly to ensure trade description requirements are met (this is voluntary for premises supplying only to the domestic market).⁷ Livestock supplied to exporting meat premises have to meet strict sourcing requirements, including a supplier declaration (related to the health of the animal and freedom from chemical residues), carry an identification tag and undergo pre-slaughter inspection by a veterinarian (this is not required for domestic supply).

AQIS issued 126 000 certificates for edible meat and meat products in 2008-09, 40 000 certificates for fish and fish products, and 31 000 certificates for dairy products.

Australian government fees and charges to export food

AQIS currently has three basic types of fees: establishment registration (for registration of an export establishment including registration for EXDOC); fees for services (for specific services such as an audit); and documentation fees (for issue of documentation) — see table C.5. Fees vary by type of product and are reviewed annually with the relevant industry export consultative committee.

⁷ AUS-MEAT Limited is an industry-owned, not-for-profit company that is responsible for setting standards for meat exports under Regulation 3 (1) of the *Australian Meat and Livestock Industry (Export Licensing) Regulations 1998*.

Table C.5 AQIS fees for the export of selected food products

Australian dollars, 2008-09

		<i>Unit</i>	<i>Fee (\$)</i>	
Documentation (<i>seafood, eggs, processed fruit & vegetables</i>)	Export permit; certificate of condition; any other document			
	- manual	doc	60	
	- electronic (fee varies with process)	doc	16 to 42	
	- replacement document	doc	202	
	(dairy)	Export permit, govt certificate or any other document		
		- manual	doc	113
		- electronic (fee varies with process)	doc	6 to 15
	(meat)	- replacement document	doc	301
		Meat health certificate		
- manual		doc	31	
	- electronic	doc	12	
	- replacement	doc	305	
Fee for service (<i>seafood, eggs, processed fruit & vegetables</i>)	Service at ordinary place of work	¼ hour	26	
	Service at other location	¼ hour	43	
	(dairy)	Service at other location	¼ hour	67
		(meat)	Meat inspector ^c	hour
			year	53 609
		Veterinary officer ^c	hour	80
			year	82 997
		Area technical manager ^d	hour	182
			day	1 184
		Meat chemical approvals	approval	200
	Registration (<i>seafood</i>)	Application/transfer establishment registration	Application	334
		Storage establishment land/vessel	year	949
Vessel - processing and/or packing ^a		year	1 281 to 1 469	
Land establishment - processing and/or packing ^b		year	1 281 to 1 469	
Vessel – partial preparation		year	543	
Land establishment – partial process/live		year	949	
(dairy)		Application/transfer of registration	Application	300
		Exporting business (fee varies with size of operation)	year	1 468 to 2 654
		Storage establishment	year	625
(meat) ^e				No charge
Exemptions (<i>dairy</i>)	Application		170–567	

^a Fee varies with vessel size. ^b Fee varies with number of lines of product. ^c Rates apply to ordinary hours – higher rates apply for overtime and shiftloading. Rates are also available on a daily, weekly or monthly basis.

^d Area technical manager fees apply to non-compliance followup audits and specific requests for attendance.

^e Under the Australian Government's subsidy arrangements for export fees in 2008-09, there was no charge for export registration of meat facilities. This arrangement has been estimated to be worth up to \$21 000 per year for an export processor and up to \$90 000 per year for an export slaughter facility.

Source: AQIS (2009a).

While a component of some export fees are related to monitoring and assurance of food safety compliance, a significant component of many of the export fees is

related to other factors, such as recovery of expenses for marketing and foreign market access arrangements.

All export inspection and certification charges have been subsidised by the Australian Government, at a rate of 40 per cent, since November 2001 (table C.6). The *Quarantine and Biosecurity Review 2008* found no clear policy objectives for the subsidy and recommended its abolition. However, legislation to implement this recommendation was rejected by the Australian Senate in September 2009. The subsidy is estimated to be worth around \$40 million per year to Australian exporters.

Table C.6 Impact of the 40 per cent export program subsidy

Australian dollars, 2001-02 to 2008-09^a

<i>Export program</i>	<i>\$'000</i>	<i>\$'000</i>
	2008-09	2001-02 to 2008-09
Grain	4 252	
Horticulture	2 590	
Live animals	2 093	
Organic Foods	87	
Dairy	840	
Fish	2 156	
Meat	31 411	
Total subsidy received by business	43 428	279 792

^a Includes budgeted funding for 2008-09.

Source: Senate Standing Committee on Rural and Regional Affairs and Transport (2009).

Regulation of New Zealand food exports

More than 80 per cent of the food produced in NZ is exported, contributing to more than half NZ's total export earnings. The NZFSA is the principal government body responsible for ensuring the safety and suitability of NZ's food exports under the *Food Act 1981*(NZ) and the *Animal Products Act 1999* (NZ).

Registration for export

Exporters must be registered with NZFSA, but there are exceptions – registration is not required if a business is exporting animal products not for human or animal consumption (eg: hides, skins, feathers) and does not require an official assurance; or if export is for non-commercial purposes, is a sample for scientific purposes, or is otherwise exempt under the *Animal Products (Exemptions and Inclusions) Order 2000*. New Zealand had 1054 registered exporters in 2008-09, 207 of which were

for dairy exports (the list of registered exporters is published on the NZFSA website).

General requirements for export

General requirements for export (GREX) are export requirements to safeguard assurances provided by NZFSA for export of animal products. They are specific to a product and/or export market and outline general requirements that animal products must meet to be eligible for export, such as:

- packaging, labelling and branding
- seals on cartons and containers
- transport, equipment and storage (for example, temperature control for road and rail transport, and at wharves)
- verification.

These requirements can be accessed by exporters from NZFSA's website. The number of GREX provisions (not all of which are related to edible food) has increased in recent years from 14 in 2007 to 21 in 2008 and 35 in 2009 (to end November).

Risk management programs for exporters

All primary processors of animal products and some secondary processors (such as butchers dealing in both homekill and regulated meat) are required to operate under a risk management program in order to export. A risk management program (RMP) is a written plan designed by an animal product business to manage its biological, chemical and physical hazards (see chapter 13 for further details). It ensures that the resulting animal product meets relevant standards and is fit for its intended purpose. Businesses that export animal products but are not the processor or manufacturer, need to ensure that all processors and manufacturers involved in the production of their product operate an RMP, or other appropriate risk management system (such as an export approved premise or food safety programme). Businesses that are exempt from the requirement to have an RMP in order to export include:

- primary producers of animal products (eg sheep and beef farmers)
- dairy processors of dairy products consumed on premises
- certain dairy products that are multi-ingredient foods
- egg producers who have 100 birds or fewer and sell all eggs direct to the consumer

-
- primary processors of animal material for purposes other than human or animal consumption (eg skinning and shearing).

Regulated control schemes

Regulated control schemes are imposed by the government (through NZFSA, with industry consultation) to manage food-related risks when:

- an individual risk management program would not be feasible or practicable, or
- it is more efficient for the government to run a programme, or
- they are needed to meet the market access requirements of foreign governments.

Regulated control schemes may be either legislated under regulation, or issued as a notice under the *Animal Products Act 1999*. Regardless of the way a particular scheme is legislated, all relevant manufacturers, both domestic and export, are required to participate. Currently, New Zealand has regulated control schemes for: limited processing fishing vessels; bivalve molluscan shellfish; and contaminant monitoring and surveillance.

Official assurances

In addition to registering exporters, the NZFSA performs the regulatory duties of the “Competent Authority” for the New Zealand Government, providing official assurances that attest to the safety and suitability of exports. An official assurance is a government-to-government certificate confirming that the product is fit for purpose, has met requirements of New Zealand’s legislation, as well as any specific requirements of the importing country.

NZFSA Verification Agency offices around New Zealand or the Dairy Cert Unit in Auckland sign and issue nearly all official assurances issued under the *Animal Products Act*. Electronically-issued export certificates (box C.6) are the most common tool used by NZFSA when providing official assurances, with over 200 000 export certificates issued every year (NZFSA, sub. 2). The majority of these are for businesses exporting animal products (includes meat, poultry and seafood) or dairy.

The need for an official assurance increases the cost to export. This is because an official assurance requires the exporter and processor to meet additional criteria, such as:

- demonstrating how export requirements are managed
- having additional traceability systems

-
- being verified more frequently
 - applying and paying for certificates.

There are currently 228 laboratories around New Zealand that are approved by NZFSA to undertake tests for export assurance purposes (NZFSA 2009I).

Box C.6 E-cert

Electronic Certification (E-cert) is an NZFSA web application used to assist with providing government-to-government assurances that animal products exported from New Zealand comply with the regulatory requirements of importing countries. Specifically, E-cert allows information relating to an official assurance to be independently verified and for the product status and country eligibility assigned to a product to be traced as ownership of that product changes through the supply chain.

There are three different E-cert systems:

- Animal Products E-cert used for exported animal products excluding dairy products (ie meat, seafood, game, poultry, eggs, pet food, bee products, hides, wool and skins)
- Dairy E-cert used for exported dairy products
- Phyto E-cert used for exported plant products. This E-cert system is owned and operated by Biosecurity, MAF.

The primary purpose of E-cert is to track the market eligibility and product status from the time of production until export (verification), and approve and print sanitary export certificates (certification).

Source: NZFSA (2009m).

NZ government fees and charges to export food

The fees and charges for export of food products from New Zealand are set under the *Animal Products (Fees, Charges and Levies) Regulations 2007* (Schedule 1).⁸ These regulations allow for NZFSA and Biosecurity NZ to charge exporters for provision of documentation such as official assurances; provision of inspection, verification and registration services and assessment of applications; and registrations of premises and businesses for export purposes. As in Australia, these fees and charges vary in amount and complexity between industries.

⁸ The *Animal Products (Fees, Charges and Levies) Amendment Regulations 2009* provided updated fees to apply from 1 July 2009.

Table C.7 Fees and charges under NZ Animal Product Regulations
New Zealand dollars, 2008-09

<i>Category</i>	<i>Subcategory</i>	<i>Unit</i>	<i>Fee (NZ\$)</i>
Documentation	Official assurance	Application	36.00
	Replacement official assurance	Application	1 000.00
	Statement of NZ standard	Application	25.00
Fee for service	Assessment of applications for listing, registration, recognition or accreditation by officer of the Ministry	hour	137.25
	- for each hour spent	hour	137.25
	- for each additional ¼ hour in final part-hour	¼ hour	34.31
	Assessment of applications for listing, registration, recognition or accreditation by person not an officer of the Ministry	hour	150.00
	- for each hour spent	hour	150.00
	- for each additional ¼ hour in final part-hour	¼ hour	37.50
	Travel by assessment officer	km	0.69
	Other work-related costs incurred by Ministry	As incurred	
	Use of electronic certification system		
	NZFSA verification services ^a		
	- establishment charge for verifier in export and game sectors	hour	36.84
	- establishment charge for veterinary verifier	hour	65.41 to 69.76
	- circuit charge on primary processors and secondary processors who slaughter and dress animals other than fish	hour	24.13
	- circuit charge on coolstores	year	1 078.00
	- circuit charge on fish processors	year	538.00
	- circuit charge on bivalve molluscan shellfish processors	year	1 517.00
	- circuit charge on fishing vessels	month	20.35
- circuit charge for all verifiers	hour	87.25	
Registration ^b	Registration of risk management program	Application	
	- initial application		137.25
	- amendment/update to program		137.25
	- use of food safety program as risk management program		100.00
	Registration as exporter	Application	137.25
	Application for recognition/accreditation	Application	137.25
	Listing as game estate, homekill or recreational catch service provider, other	Application	137.25
	Application to list/renew/register as transport operator, sorting shed operator, depot operator, limited processing vessel, shellfish harvest operator	Application	137.25

^a Rates are exclusive of GST and apply for normal working hours, with additional costs incurred if work is undertaken outside of normal hours. ^b With each application for registration, there is also an assessment required, with cost as detailed under 'fee for service'.

Source: *Animal Products (Fees, charges and levies) Regulations 2007*.

The cost of E-Cert's ongoing development and operation is also recovered from industry. For industry users required to use Animal Products E-Cert, the cost of use

is NZ\$0.09 per request from the system plus NZ\$0.14 per second of use (excluding GST). For other industry groups not required to use E-cert, the cost of use is lower — NZ\$0.05 per request plus NZ\$0.08 per second of use (excluding GST).