

Two page summary on a revised Food Bill to provide business certainty and reduce business compliance costs

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Current State

Food Industry vital to the New Zealand economy

- It comprises 35,000 – 40,000 food manufacturing, importing, retail and service businesses and up to 200,000 additional part-time food premises.
- It provides jobs for 20 percent of the working population.
- According to the Food and Beverage Task Force (August 2006), the retail value of food and beverage was \$13.8 billion per annum, and food service was valued at \$5 billion per annum.
- New Zealand's food sector accounts for at least 10% of Gross Domestic Product (GDP).
- According to the Food and Beverage Task Force (August 2006), food product and food ingredient export revenue earned New Zealand around \$15 billion per annum, thus the food sector represented more than 50% of the total merchandise exports from New Zealand.

Particularly because of its positive contribution to New Zealand's trade balance, food production is likely to be a crucial sector in any economic strategy to lift New Zealand's rate of economic growth. Significantly for an export led recovery for New Zealand, the domestic food regulatory regime is the platform for exports. The New Zealand domestic standard is used as the basis for negotiating equivalence arrangements with our trading partners. This minimises the excessive importing country requirements that may be imposed but which do not go to food safety.

The Domestic Food Review

The DFR, undertaken over a four year period from May 2003, documented a number of problems with New Zealand's current food regime. These included:

- the total cost to New Zealand society from foodborne illness, due to a number of foodborne pathogens, is estimated to be \$86 million per annum. Approximately 90% of this cost is attributable to lost productivity due to absence from the work force.; and
- there are three different food regimes and three separate regulators operating simultaneously, with resulting poor lines of accountability and unnecessary confusion, inconsistency, duplication and complexity.

In October 2006, policy proposals for the drafting of a Food Bill were agreed based on the analysis for the DFR and the completed consultation. A draft Food Bill was prepared based on the then agreed policy.

In April 2009, Cabinet agreed, in principle, to the continued work on a Food Bill subject to the completion of a regulatory review of two identified options, a limited amendment to the Food Act; and a revised Food Bill.

The proposed Food Bill has been included in the Government's Regulatory Review Programme (regulatory review) for 2009.

How can the risk management tools (regulatory and non-regulatory) be used to provide business certainty and reduced compliance costs?

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What must be improved

A regulatory review report has been completed that considered two options requested by Cabinet:

- a limited amendment to the Food Act; and
- amend the drafted Food Bill to increase business certainty and reduce compliance costs

The conclusion of the regulatory review report is that revising the drafted Food Bill is the preferred option because it will:

- shift the regulatory regime to one that is less prescriptive and more outcomes based
- impose the minimum necessary level of regulation in order to achieve these outcomes.
- provide business certainty
- reduce/maintain compliance costs
- deliver a superior and comprehensive legislation regime that has a clear purpose
- deliver the same level of food safety outcomes at lower cost

The New Zealand Food Safety Authority's mandate and the objective of the drafted Food Bill

"NZFSA's mandate is to protect consumers by providing an effective food regulatory programme covering food produced and consumed in New Zealand as well as imports and exports of food products. In pursuing this mandate the overriding priority will always be to protect consumers."

The Food Bill's objectives are to:

- restate and reform the law relating to dealings with food; and
- achieve the safety and suitability of food for sale by instituting:
 - risk-based measures in order to –
 - minimise and manage risks to public health
 - promote and protect public health
 - require persons who deal with food to take responsibility for the safety and suitability of food.

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Revision of the drafted Food bill

How we increased business certainty and reduced compliance costs:

- Extending the use of National programmes to a greater range of food businesses
- Greater transparency on what tools will apply to each business

The drafted Food Bill will provide a comprehensive package that will include:

- an enhanced Import Regime
- mandating risk-based tools
- clarifying the New Zealand Standard
- repealing and replacing the Food Hygiene Regulations 1974
- providing increased auditor capacity
- revised penalties
- an enhanced enforcement regime
- improving the alignment across New Zealand’s food legislation.
- clarifying the roles and accountabilities
- an appeals process
- a greater ability to share information

Food Control Plans (regulatory)

Food control plans will either be based on an “off-the-peg” template (<http://www.nzfsa.govt.nz/policy-law/projects/domestic-food-review/index.htm>) developed by NZFSA or will be “custom made” by a particular food business. Food controls plans can be tailored to manage risk posed by particular business types.

National Programmes (regulatory)

National Programmes will be the primary risk management tool. The scope of national programmes will be around the minimum regulatory requirements that a food business will need to comply with to assure food safety. A national programme will include the core elements of food safety that will deliver the minimum requirements necessary to achieve the objective of safe and suitable food. Because the national programmes are prescribed in regulation there will be a higher level of transparency and scrutiny to ensure good regulatory practises are maintained.

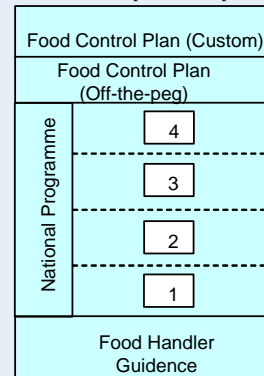
The provision of four levels of national programmes provides an opportunity at a regulatory level to differentiate regulatory requirements faced by groups of businesses based on risk, impact on consumers, expected compliance rate and cost benefit. To be developed in the near future.

Food Handler Guidance (non-regulatory)

Food handler guidance would apply generally to very small food activities and events such as barbecue fundraisers and foods stalls. (<http://www.nzfsa.govt.nz/policy-law/projects/domestic-food-review/index.htm>)

It will generally be suitable for operations selling food where:

- they have a small sphere of impact because they serve or sell food to a comparatively small number of people;
- their frequency is minimal;
- the food risks are at the lower end of the risk scale;
- they are involved with community and/or fundraising activities (e.g. charitable organisations, bed and breakfasts, tuck shops); or
- it is not pragmatic to regulate.



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Response sought

- Approve progression of the drafted Food Bill
- Approve the greater use of national programmes as the primary risk management tool in order to increase business certainty and reduce compliance costs
- Approve the proposed rolling programme of verification for food business
- Approve the proposal to schedule in legislation the specific risk management tool a food business must operate under.

Next Steps

- Drafting instructions issued to Parliamentary Counsel Office
- Revised Food Bill ready for introduction within 6-8 months