



Meat Industry Association of New Zealand (Incorporated)

Submission on:

Regulatory Standards Bill

13 January 2025

1. Introduction

- 1) The Meat Industry Association (MIA) is a voluntary, membership-based organisation representing processors, marketers, and exporters of New Zealand red meat, rendered products, and hides and skins. MIA represents 99 percent of domestic red meat production and exports, making the meat industry New Zealand's second largest goods exporter with exports of \$9.9 billion.
- 2) The meat processing sector is New Zealand's largest manufacturing sector that employs over 25,000 people in about 60 processing plants, located mainly in the regions. The sector is a significant employer in many of New Zealand's rural communities and contributes over \$4 billion in household income.
- 3) A list of members is attached (Appendix A). In drafting this submission MIA members were consulted. Individual members, however, may have also made their own submissions.

2. Executive Summary

- I. MIA is appreciative of the opportunity to provide feedback on the proposals.
- II. MIA is supportive of legislation needing to meet objective standards, being properly reviewed and there being a right of recourse if the standards may not be being met.
- III. MIA believes that the principles for good legislation should include transparency in the setting, collection, and allocation of fees and levies. Where cost-recovery regimes operate, opportunities to provide feedback and to influence the efficiency of service provision must also be provided for.
- IV. MIA considers that the concept of '*Proportionality*' is sufficiently important to be elevated to a stand-alone principle.
- V. MIA recommends that a principle referring to '*Compliance*' be included in those applicable to legislative design.
- VI. Regarding good law making, MIA recommends that carefully evaluating potential '*unintended consequences*' is necessary.
- VII. MIA proposes that tertiary legislation – Notices, Codes, Guidelines, Standards, Rules etc – be categorically exempt from consistency requirements for reasons of administrative efficiency.
- VIII. As an alternative to establishing a Regulatory Standards Board, MIA recommends that consideration be given to expanding the scope of the terms of reference for Parliament's Regulations Review Committee.
- IX. For entities that are not wholly funded by central government, MIA recommends that the Ministry for Regulation should pay the costs associated with providing information for the purpose of informing regulatory reviews.
- X. MIA recommends that the Ministry also considers how the *effectiveness* of legislation, and its implementation, can be systematically *evaluated* against its original purpose / desired outcomes, and whether the Bill represents an opportunity to progress this.

3. Overview

- 4) MIA welcomes the opportunity to comment on the proposed Regulatory Standards Bill ('the Bill').
- 5) Meat processing is a heavily regulated industry. MIA seeks to ensure that the regulatory framework within which meat processors and exporters operate:
 - I. Protects and enhances New Zealand's reputation for delivering safe and high-quality red meat products
 - II. Exemplifies regulatory best practice in that (where applicable) it is:
 - (i) outcome focussed,
 - (ii) risk-based,
 - (iii) underpinned by science, and
 - (iv) cognisant of costs imposed relative to benefits
 - III. Reduces barriers to trade: bilateral and multilateral technical and non-technical barriers to accessing markets are addressed
- 6) MIA notes that the proposals, with their focus on legislation, do not define *how* a good regulatory system should operate i.e. implementation and administration.

4. Commentary on the current state of regulation in New Zealand (questions 6 to 11)

- 7) MIA agrees with the commentary presented that in some areas regulatory oversight arrangements as are under-developed compared with some other countries.
- 8) In particular, there appears to be significant room to improve the timeliness of reviews and to address systemic under-evaluation of the outcomes driven by legislative changes.
- 9) Further, MIA notes that too frequently, regulatory agencies do not adequately characterise the costs and benefits associated with legislative proposals, nor consider proportionality with respect to balancing impacts imposed by regulation.
- 10) In a number of areas, the regulatory system would also benefit from increased transparency, especially relating to compliance and enforcement activities. MIA believes that better communication of these has the potential to act as a 'force multiplier', noting that behaviour change is more strongly influenced by fear of detection than by the size of potential sanction¹.

¹ Teodorescu et al (2021). Frequency of enforcement is more important than the severity of punishment in reducing violation behaviors. PNAS Vol. 118 No. 42 e2108507118 <https://doi.org/10.1073/pnas.2108507118>

- 11) The 'policy shop model' prevalent in many government departments, although efficient, may lead to circumstances where legislative design relies heavily on input from business functions staffed by officials with limited understanding of regulatory best practice.

MIA recommends that the Ministry considers the costs and benefits of investing in improving the general level of knowledge and understanding of good regulatory principles, and the appropriate role of government and the public service, among non-frontline officials.

5. Comments on the Proposals

Discussion area one: Setting standards for good regulation (questions 12 to 16)

It is proposed that the Bill would set out a set of principles that the Government would consider when developing legislative proposals or exercising stewardship over regulatory systems. The principles would be in primary legislation.

What are your views on setting principles out in primary legislation? (Q12)

- 12) MIA agrees that setting principles in legislation will provide these with sufficient weight to be effective.

Do you have any views on how the principles relate to existing legal principles and concepts? (Q13)

- 13) MIA notes that some principles appear to overlap with rights set out in the Bill of Rights Act (1990) (BORA).

- 14) Discussion area three of these proposals envisages a mechanism (the Regulatory Standards Board, 'RSB') enabling people to challenge the consistency of legislation with the principles. By overlapping with some of the rights enshrined in the BORA, this may provide public, commercial, and not-for-profit entities with a low-cost alternative to seeking judicial review when challenging the appropriateness of legislation they are concerned by.

Do you agree with the focus of the principles on:

- *rights and liberties?*
- *good law-making processes?*
- *good regulatory stewardship? (Q14)*

- 15) MIA agrees that these principles are appropriate and desirable.

Do you have any comments on the proposed principles themselves? (Q15)

- 16) For the principles relating to *Taxes, fees and levies*, MIA considers that transparency relating to the setting, collection and disbursement of fees and levies must be included. Where cost-recovery regimes operate, opportunities to

provide feedback and to influence the efficiency of service provision must also be provided for.

In your view, are there additional principles that should be included? (Q16)

- 17) MIA considers that the concept of ‘*Proportionality*’ is sufficiently important to be elevated to a stand-alone principle. It is proposed this principle be defined as: *regulatory impost must be proportionate when considered in the context of the risk it is seeking to prevent, and where the magnitude of the risk is characterised using empirical evidence.*
- 18) MIA recommends that a principle referring to ‘*Compliance*’ be included in those applicable to legislative design. People must understand and generally be willing and able to comply with the law. Legislation that is not enforceable is of little value.
- 19) Regarding good law making, MIA recommends that carefully evaluating potential ‘*unintended consequences*’ is necessary.

Discussion area two: Showing whether regulation meets standards (questions 17 to 20)

This proposal would provide for both new legislation and existing regulation to be assessed against the principles of responsible regulation.

Do you agree that there are insufficient processes in place to assess the quality of new and existing regulation in New Zealand? If so, which parts of the process do you think need to be improved? (Q17)

- 20) MIA agrees with the consultation proposal that legislation should be assessed against a set of predefined principles – this is not currently the case.

Do you think that the new consistency checks proposed by the Regulatory Standards Bill will improve the quality of regulation? Why or why not? (Q18)

- 21) The impact of consistency checks on improving the quality of regulation over time is likely to be strongly influenced by at least two facets of the system:
- i) the wording of the principles, i.e. the standard set, being sufficiently detailed, specific and robust, and;
 - ii) the degree of transparency given to/ expected for assessments against the standard

Without meaningful standards, or visibility and accountability where they are not met, consistency checks may degenerate into a pointless ‘box ticking exercise’ that encumbers the regulatory system rather than improving it.

Do you have any suggested changes to the consistency mechanisms proposed in this discussion document? (Q19)

22) Referring to the answer provided for Q18 (above), MIA recommends that the publication of consistency assessments on departmental websites be made mandatory.

Which types of regulation (if any) do you think should be exempt from the consistency requirements proposed by the Regulatory Standards Bill (for example, regulation that only has minor impacts on businesses, individuals, and not for-profit entities, legislation that corrects previous drafting errors, or legislation made under a declared state of emergency)? (Q20)

23) MIA agrees that the list of examples provided in the question are appropriate cases for exemption from consistency assessments.

24) Retrospective oversight and scrutiny of legislation made under a declared state of emergency is a useful function that the Ministry for Regulation could perform.

25) MIA proposes that tertiary legislation – Notices, Codes, Guidelines, Standards, Rules etc – be categorically exempt from consistency requirements for reasons of administrative efficiency. However, the nature and performance of these should be within the scope of any assessment of the empowering legislation itself.

Discussion area three: Enabling people to seek independent assessment of whether regulation meets standards (questions 21 to 25)

The proposed approach would aim to complement current mechanisms for hearing complaints about regulation. It proposes that a Regulatory Standards Board be established to consider the consistency of regulation with the principles in response to complaints.

Have you used any of the existing mechanisms ... to raise issues or bring complaints about the quality of regulation to the Government? If so, did you find them effective? (Q21)

26) It is a core part of MIA's role to discuss the design, performance and improvement of the regulatory systems that affect member companies with regulatory agencies and Ministers.

27) MIA's experience of the effectiveness of these interactions has been varied, depending upon the nature of the issue and the entity engaged. Most frequently, these interactions are constructive, seek win-win solutions and involve advocacy related to policy or legislative settings to further the interests of the red meat sector and New Zealand in general.

Do you think that New Zealand needs a new structure or organisation to consider complaints about the quality of regulation? Why or why not? (Q22)

28) No – see answer to Q23(b) below.

If a new structure is created specifically to consider complaints about regulation (Q23):

a) do you think a Regulatory Standards Board would be the best mechanism to do this?

29) MIA has no strong view on the best mechanism, should a new structure be created.

a) are there any alternatives that you think would be preferable to the proposed Board for investigating complaints about regulation?

30) Yes. MIA recommends that consideration be given to expanding the scope of the Terms of Reference for Parliament's Regulations Review Committee. Relative to a stand-alone Regulatory Standards Board, this may be:

- i) more efficient, utilising an existing structure with a purpose that is aligned with the concept of the proposed Board, and
- ii) more likely to be perceived as impartial, where members are not appointed directly by the Minister for Regulation

Do you have any views on the detailed design of the proposed Board, including how it would operate and the proposed number of members? (Q24)

31) If a Board is established, then there should be clear criteria for the appointment of members to ensure that it is able to function effectively and be perceived as independent and authoritative.

In your view, what individual skills or experience should Board members have? (Q25)

32) MIA agrees with the consultation proposals that members of any Board should include those with legal and economic expertise. MIA suggests that at least one member having experience in public sector administration is also necessary.

Discussion area four: Supporting the Ministry for Regulation to have oversight of regulatory performance

The proposal includes setting some new expectations for Ministers and agencies in the Bill to help improve the quality of regulation by:

- *supporting the measures discussed earlier in this discussion document*
- *helping the Ministry for Regulation to take on a strong regulatory oversight role.*

Do you support the proposals in this section for strengthened regulatory stewardship expectations on agencies to be set out in a Bill? (Q26)

33) Yes, MIA supports this component as necessary for 'the package' to be effective.

34) However, the extent and rigour of these expectations should themselves be subject to assessment of the likely administrative costs, relative to the potential benefits, and the expectations placed on government agencies prioritised accordingly. It would be contrary to the purpose of the Bill for delivery of essential public services to become stymied by competing and unduly burdensome regulatory stewardship requirements.

Do you agree that there may be some situations where a power for the Chief Executive of the Ministry for Regulation to obtain information will be required to help decide whether a regulatory review is warranted and to inform regulatory reviews? (Q27)

35) MIA agrees that such situations may occur.

Do you agree that the proposed information gathering powers are justified for the purpose of informing regulatory reviews? Do you think the powers should apply to all the types of entities listed above, or only some? (Q28)

36) Yes.

Do you think the information gathering powers are broad enough to enable the Ministry for Regulation to undertake regulatory reviews effectively and efficiently? (Q29)

37) Yes.

Do you think any safeguards or procedures should be applied to limit how the information gathering powers are used by the Ministry for Regulation? What safeguards do you think should be put in place? (Q30)

38) MIA notes that some entities that may be subject to these powers are jointly funded by industries or other private entities (e.g. OSPRI Ltd). For entities that are not wholly funded by central government, MIA recommends that the Ministry for Regulation should pay the costs associated with providing information for the purpose of informing regulatory reviews.

Do you support the proposals in this section in relation to the Ministry for Regulation's broad oversight role? (Q31)

39) Yes.

Are there any other measures you think a Bill should contain to support the quality of regulation? (Q32)

40) MIA recommends that the Ministry also considers how the *effectiveness* of legislation, and its implementation, can be systematically *evaluated* against its original purpose / desired outcomes, and whether the Bill represents an opportunity to progress this.

MIA Contact

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Appendix 1

MIA members and affiliate members as at 12 April 2024

Members	Affiliate members
Advance Marketing Ltd	Abattoirs Association of New Zealand
AFFCO New Zealand Ltd	AgResearch Ltd
Alliance Group Ltd	Alfa Laval New Zealand Ltd
Ample Group Ltd	Americold New Zealand Ltd
ANZCO Foods Ltd	AON New Zealand Ltd
Ashburton Meat Processors Ltd	AsureQuality Limited
Auckland Meat Processors Ltd	Auspac Ingredients Pty Ltd
Bakels Edible Oils (NZ) Ltd	Beca Ltd
Ballande New Zealand Ltd	Centreport Ltd
Black Origin Meat Processors	CMA-CGM Group Agencies (NZ) Ltd
Blue Sky Meats (NZ) Ltd	Cooltranz 2014 Ltd
BX Foods Ltd	G-Tech New Zealand Ltd
Columbia Exports Ltd	Haarslev Industries Ltd
Crusader Meats New Zealand Ltd	Hamburg-Sud New Zealand Ltd
Davmet (New Zealand) Ltd	Hapag-Lloyd
Evolution Foods Limited	Intralox Ltd
Farmlands Mathias International Ltd	Kemin Industries NZ Ltd
Fern Ridge Ltd	Liqueo (HB) Ltd
Firstlight Foods Ltd	Maersk NZ Ltd
Garra International Limited	MJI Universal Pte Ltd
Global Life Sciences Solutions NZ Ltd t/a Cytiva	Moda Systems New Zealand Ltd
GrainCorp Commodity Management NZ Ltd	Oceanic Navigation Ltd
Greenlea Premier Meats Ltd	Port of Napier Ltd
Harrier Exports Ltd	Port Otago Ltd
Integrated Foods Limited	PrimeXConnect
Kintyre Meats Ltd	Pyramid Trucking Ltd
Lowe Corporation	Rendertech Ltd
Ovation New Zealand Ltd	Rockwell Automation (NZ) Ltd
Peak Commodities Ltd	SCL Products Ltd
Prime Range Meats Ltd	Scott Technology Ltd
Progressive Meats Ltd	Sealed Air (New Zealand)
PVL Proteins Ltd	SHICO Limited
SBT Group Ltd	Suncorp New Zealand Ltd
Silver Fern Farms Ltd	Visy Industries Australia Pty Ltd
Standard Commodities NZ Ltd	Wiley New Zealand Limited
Taylor Preston Ltd	
Te Kuiti Meat Processors Ltd	
UBP Ltd	
Value Proteins Ltd	
Waimarie Meats Partnership	
Wallace Group	

Members	Affiliate members
Wilbur Ellis (NZ) Ltd	
Wilmar Gavilon Pty Ltd	