Report to the Environmental Protection Authority Board

Summary of submissions on the consultation document “Our fees are changing”, and responses

July 2018

	Summary of Submission	Submitter	EPA Response
Question 1 Please provide your comments on the overall fees proposals	23 submitters provided feedback.		The Environmental Protection Authority (EPA) welcomes the acknowledgement from a number of submitters that there is justification for a fees increase. As set out in the consultation document "Our fees are changing" [the consultation document], the fees have not been changed for over a decade. We agree that it is undesirable that there has not been a fees review and revised fees for such a long time. The consequence is that some of the proposed fees increases are substantial. This said, in most cases, the fees increases will still be well below the private benefit an applicant obtains from a successful application. We have made a commitment to undertake more regular reviews of our fees, including a review within three years (see also the responses to questions 2 and 3). Whilst one approach could have been to consider a fees change to reflect changes in costs and inflation, as suggested by Horticulture NZ, the review of the fees was not undertaken from this position. The costs to process applications was only one parameter considered. Considerable weight has also been placed on the consideration of private, industry and public benefits associated with applications, and factors such as other government costs. The baseline review identified that an increase to the fees is justifiable. The current fees are significantly below the costs of processing applications.
	Support for the proposed fees increase Jason Orlop supported the proposed fees increase.	Jason Orlop	
	Support for the fees being increased, but not at the levels proposed Nine submitters were supportive of a fee increase, but did not support the proposed level of fees increase. • Interchem Agencies Ltd (Interchem) stated a large jump in fees was an unfair burden on industry, and suggested more regular and smaller fees increases to smooth the effect on industry. • Foundation for Arable Research (FAR) objected to the significant fees increases proposed, but said it would reluctantly accept a modest fees increase. It noted a significant increase in fees will likely discourage new chemistry registration. • Maintrac Group stated the proposed fees increase was a very large jump at once. • Botry-zen (2010) Ltd (Botry-zen) and Chrisco Hampers Ltd (Chrisco) were concerned that small businesses and importers would be very negatively affected by the proposed fees increase. • Horticulture NZ supported a fees increase provided the increase is fair and reasonable, and in line with the general rate of inflation (which they noted was 35.7	Interchem Agencies (Interchem) Foundation for Arable Research (FAR) Maintrac Group Etec Crop Solutions (Etec) Horticulture NZ Zoetis New Zealand (Zoetis) Animal Remedy and	

	percent from first quarter 2003 to first quarter 2018). The increase should be realistic to make sure crop growers remain competitive internationally, and to ensure the long term security of New Zealand's horticulture industry, biosecurity status, and conservation efforts. • Animal Remedy and Plant Protectant Association (ARPPA) recognised the need for a fee review and potentially some reasonable fee increases, but they were opposed to the dramatic increase as proposed.	Plant Protectant Association (ARPPA) Botry-zen (2010) (Botry-zen) Chrisco Hampers (Chrisco)	Consequently, general tax payer funding is being used to fund the application process, which means less government funding is available for other important hazardous substances and new organisms work supporting New Zealanders. This includes: reassessments of chemical approvals and group standards to ensure they are in line with current knowledge: promoting awareness about keeping people and the environment safe when using, storing, and disposing of chemicals; compliance monitoring and enforcement; and international chemicals and new organisms work. The proposed revised fees still provide for a substantial proportion of the costs to be covered by tax payer funding in order not to discourage applications, and to recognise public benefits where appropriate.
	Support for clear and fixed fees • The University of Auckland Biological Safety Committee (UABSC) stated that they are in broad agreement with the use of a fixed fee structure that gives applicants certainty in costs involved in making applications to EPA.	University of Auckland Biological Safety Committee (UABSC)	
	Concern about processing efficiencies 11 submitters expressed concern about the EPA's current processes and services. • Syngenta and Technical Compliance Consultants (NZ) Ltd (TCC) stated that, if there is going to be an increase in the fees, then businesses would like to see an improvement in the services – streamlined processes, improved efficiency, consistent decision-making. TCC referred to section 26 applications as an	Syngenta Technical Compliance Consultants (NZ) (TCC) Wah Lee	The EPA has committed to a hazardous substances modernisation programme over the next few years. This is a significant programme of work that includes reviewing systems and processes to identify and make changes that will lead to processing efficiencies. The EPA is committed to working with both our customers and stakeholders and will be testing improvement ideas and seeking input as part of this programme.

	example and stated that the current process has an open ended time period, which is a barrier to trade. They need to be faster and more efficient with realistic timeframes. • Wah Lee Ltd stated that the problem is not with the cost structure, but is the low speed of response and asked whether a higher fee would speed up the application process. • Agcarm disagreed with the proposed 'blanket' fee increases, based on the need for greater efficiencies, transparency, more accountability, and improved performance. They said they expected increased fees should result in extra service and improved systems, and believe the EPA should state how improved efficiency will be measured. They suggested the EPA develops and reports Key Performance Indicators to them, and develops a system of benchmarking applications. Agcarm offered to provide input to the EPA hazardous substances modernisation project, for example via an industry reference group. • Biotelliga commented that considering the amount of work that has been put into analysing the time and costs to the EPA for processing applications, it would be reasonable for the applicant to receive clear timeframes as to how long their applications may take. They commented that there is a lack of transparency to applicants about which areas of the process the EPA is aiming to streamline, and to thus reduce processing costs.	Renovo Technologies (Renovo) Agcarm Biotelliga Adama New Zealand (Adama) ARPPA Food and Grocery Council (FGC) David Colsell Zoetis	The generalised nature of the criticism makes specific conclusions difficult, and we will continue to seek specific examples to inform our process improvement work.

	• Adama did not support any fees review before a full analysis of potential efficiency gains from the Hazardous Substances Modernisation Project has been undertaken. • ARPPA commented that the internal costs for the EPA appear to have been inflated by inefficiencies and inconsistencies, and that opportunity exists for a more consistent, efficient, and cost effective approach. They considered that an independent audit of costs associated with processing of applications should have been completed and made publicly available for transparency. • The Food and Grocery Council (FGC) stated that there have been repeated complaints raised about EPA timelines, duplication, and unnecessary extensiveness of the services provided. The value for money of the current fee structure has degraded to such an extent that they fail to see how an increase in fees could deliver benefits. • David Colsell believed that the fees increases would not improve the EPA's current service inefficiencies, and instead effort should be made to identify the root causes of these. • Zoetis stated the EPA should commit to improving efficiencies and streamlining processes. It also commented that the service being paid for should result in robust and practical outcomes within reasonable timeframes, and should not pose a barrier to innovation.		

	Concern that the fee increase proposal is not transparent • Renovo and Agcarm suggested the EPA should improve engagement with industry (such as stakeholder workshops) and other parties including the Ministry for Primary Industries (MPI) regarding fee proposals and process improvement. • Agcarm was unclear about the EPA's cost assessments and asked for more information on how the estimated average costs, including the details of indirect costs, were determined. • Zoetis commented the EPA should provide a breakdown of proposed new fees including pre-application screening cost, total assessment time per application with hourly rates, administrative costs, and publication costs.	Renovo Agcarm Zoetis	The EPA considers it has been transparent about its costs. The consultation document notes the costs to process each application type. There is full disclosure of the spread of costs for the main application types outlined in the Cost Recovery Impact Statement. There is transparent disclosure that indirect costs comprise 70 percent of the EPA's costs. As well, two stakeholder workshops were held, one in Auckland and one in Wellington. At the workshops, we had the opportunity to engage with stakeholders and answer questions and have discussion. We also had a Fees submissions email that people could use to ask any questions. Several people took advantage of this opportunity. With respect to future engagement with industry, as part of the hazardous substances modernisation programme of work, a stakeholder reference group has been established.
	Concern that higher fees will discourage innovation and compliance 10 submitters were concerned that the proposed fees may discourage innovation and/or compliance. • Horticulture NZ, FAR, Etec, and Accord were concerned that the proposed fee increases would discourage the introduction of new and softer products, resulting in less innovation. Accord suggested that New Zealand's small market size, compared to Australia, needs to be considered when fees are reviewed.	Interchem Horticulture NZ FAR Etec ARPPA University of Otago	Submitters have suggested that the level of the proposed fees increases will discourage applications and innovation. The EPA has no evidence that the current low fees are incentivising or encouraging applications. With respect to the impact that increased fees will have on compliance, this was noted in the consultation document as one of the specific considerations in determining the proposed revised fee for section 26 hazardous substances determinations. Having a hazardous substances and new organisms regulatory system that is supported by industry and users is a very important part of achieving compliance. This includes industry trusting that the fees for applications are fair and reasonable. The consultation

	• ARPPA commented that the significant fee increases proposed and the current inefficiencies would impede the development of softer chemistry. • Interchem and Zoetis stated the proposed fees increase has the potential to deter innovation and result in a lack of compliance. • University of Otago suggested that the proposed increases in fees should be applied to applications that have a commercial outcome, but there should be a lower increase for those that have a public good outcome. They were concerned that Crown Research Institutes or other research institutes would be negatively affected by the increase in fees. Increasing the cost of fees will encourage New Zealand researchers to seek more collaboration internationally, or take their research overseas. • Biotelliga commented that the significant fees increases, and the new approach to section 28 Category C applications (with a base fee, hearing costs, and specialist costs), could mean that projects with substantial benefits to society could be abandoned due to an application becoming out of budget. • David Colsell emphasised that the proposed changes will have a negative impact on the chemical products industry and its employees, while also raising entry costs, restricting growth and competition, and placing the industry at risk. The proposed fees will also	Zoetis Accord Australasia Ltd (Accord) Biotelliga David Colsell	process is an important part of the EPA making final determinations on the fees, including that they are fair and reasonable.

	increase the costs to retailers and importers, and the New Zealand. • David Colsell also expressed concern that the change of fees would mean less applications were sent to the EPA, which could mean that fewer products end up going to market, there could be less demand for individuals who possess skills in product development or chemistry areas, and there would be an increased risk of people trying to circumvent the system leading to dangerous products becoming available in the market.		
	Cost recovery rate needs to be clarified • Accord referred to the government's agreement in 2003 on the EPA cost recovery rate of 17 percent - the proposed fees place costs on the applicant ranging from 19 percent to 50 percent, while the government has not articulated a new approach to cost recovery since 2003.	Accord	In 2003, the EPA's HSNO Act fees were set on the basis that it would obtain recovery of an average of 17 percent of its processing costs. At that time, Crown funding to the EPA was increased to allow for this lower cost recovery rate. Currently, fees revenue meets just 13 percent of the costs of processing applications. Ministers (Cabinet) considered the 2018 proposed consultation on revised fees and noted that revised fees could obtain a maximum of 60 percent of the costs of processing applications, and overall could result in fees recovering 23 percent of overall processing costs.
	Current level of fees is appropriate Two submitters opposed the proposed fee increases. • Etec stated the current level of fees is already close to appropriate cost recovery levels. It commented the size of the proposed increases are shocking • Novother Cancer Research opposed the proposed fee increases, expressing concerns about the application processes for genetically modified organisms.	Etec Novother Cancer Research	The EPA disagrees with these views.

Question 2 What are your views on a possible two-step increase in fees?	13 submitters provided feedback.		The EPA is committed to undertaking regular fee reviews, including a further review within three years. This is in line with the recommended practice of Audit New Zealand. These reviews may not necessarily result in any changes to the fee levels, but are a good financial discipline. We have referred to the review in three years' time as the second stage fees review. However, it will be undertaken as a separate stand-alone review. This second step fees review will take into account the hazardous substances modernisation programme underway. The consultation document gave an indication in some areas of fees that might be considered as part of a second stage review in order to allow for any initial feedback.
	Support for two-step fee increase • Seven submitters supported the proposed two-step increase in fees. • Horticulture NZ and Syngenta's support is subject to the fee review being conducted in good faith as a genuine review of fees as opposed to a scheduled increase. FAR endorsed Horticulture NZ's submission.	Maintrac Group University of Otago TCC Syngenta Horticulture NZ FAR Jason Orlop	
	First stage of the review should be completed before the second stage • Five submitters stated the EPA should focus on and conduct a full review before moving on to the next stage of the fee review. This is to make sure that opportunities for efficiency and process improvements are explored. • Zoetis and Agcarm considered the EPA needs to complete further evaluation of the proposed fees	Syngenta Horticulture NZ Etec Zoetis Agcarm	

	increases. They would support the two-step increase only if the initial review results in streamlining of processes, greater transparency, more robust time-recording, and improved compliance.		
	A minimum of 12 months' notice in advance is desirable • Accord suggested that fees are increased incrementally with at least 12 months' notice to allow predictability in the regulatory environment so that industry can plan for resource allocation. • FGC also recommended a 12 month delay before fees increases are implemented. This would allow for fees increases to be budgeted in the upcoming financial year. • Agcarm considered the current deadline of 1 October 2018 to implement the revised fees was overly ambitious, and a further assessment is required to provide greater clarity and transparency.	Accord FGC Agcarm	The government guidelines provide that any regulatory changes should not come into effect for a minimum of 28 days from when the final changes are publicly notified. This includes fees changes. The consultation document indicated that the proposal was for fees increases from 1 October 2018. Although this can only be considered indicative advice, it does provide a form of advance notice of almost six months. An analysis of likely affected parties indicates that, if the proposed revised fees are in place and volume of applications is at similar levels to the last 18 months, then two companies could incur additional fees costs of around $50,000. These are both multinational companies that make several Category C applications each year. Five companies could incur additional costs of around $30,000 to $40,000. Other companies could incur additional costs of around $5,000 to $20,000.

Question 3 How often do you think the EPA should review its fees?	13 submitters provided feedback, representing different views. • TCC supported a biannual review, to allow businesses and research institutes to plan ahead. • Maintrac Group and ARPPA supported a two-yearly review. ARPPA suggested a one year review in cases where CPI increase exceed 5%. • University of Otago and Etec supported a three-yearly review, to allow for small increases over time which would be much easier for applicants to manage. • Five submitters (Syngenta, FAR, Adama, Zoetis and Jason Orlop) supported a five-yearly review. This would allow time to identify possible efficiencies and processing improvements, and to realistically factor fees into development of new products. Zoetis and Agcarm believed a review of fees every four to five years would provide sufficient time for implementation of new systems, evaluation, while balancing the financial and resourcing burden. • Renovo did not believe a fees review was required unless the EPA process changed significantly. • Biotelliga stated that a more progressive approach should be taken in setting the fees, with clear review dates. This would allow small companies to plan	University of Otago Etec ARPPA TCC Syngenta Jason Orlop Maintrac Group Renovo Zoetis FAR Biotelliga Adama Agcarm	As noted, the EPA has not undertaken regular reviews of its fees. The substantial increases in the proposed revised fees reflect this. The recommended practice of the Office of the Auditor General and the Treasury is to undertake three-yearly reviews of fees. These reviews may not necessarily result in any changes to the fee levels, but are a good financial discipline. The EPA has committed to undertaking a further fees review in 2021. It will consider the impact of this current review, and also the impact of process and efficiency improvements as a result of the hazardous substances modernisation programme. If, as a result of this fees review, further fees increases are proposed, these will not be considered without full consultation.

	accordingly, and the EPA to ensure that upcoming fee adjustments are aligned with initiatives intended to reduce application processing times.		

Question 4	**Hazardous substances fees increases**		
1. Feedback on **section 26 hazardous substances determination** revised fee proposal of $3,000. Current fee $1,000.	14 submitters provided feedback. *Support for a fee increase* • TCC, Adama, Agcarm, and Zoetis supported a fee increase to $2,000. The fees increase needs to be reflected by an improvement of service and a commitment to reasonable turnaround times. Adama and Agcarm suggested the EPA should make section 26 determinations in accordance with the original scope and intent as was done under Status of Substance (SoS). They also believed the EPA should provide all information it has to the Chemical Classification and Information Database, so that people can use this information for self-assessments. Currently, the lack of certainty on outcomes is incentivising people to apply for a section 28 approval. • Horticulture NZ and FAR supported a fee increase to $1,500 in line with Consumer Price Index (CPI). • Jason Orlop supported a fee increase to $3,000. *Objection to a fee increase*	TCC Adama Agcarm Zoetis Horticulture NZ FAR Jason Orlop Syngenta Renovo Accord FGC David Colsell	The estimated cost to process a section 26 hazardous substances application is $6,000, with direct staff costs, excluding any indirect and overhead components, comprising $2,000. The proposed new fee of $3,000 excluding GST would cover an estimated 50 percent of the processing costs. The estimated applicant benefit of a section 26 application was noted in the consultation document as 80 to 100 percent. This estimate was only queried by one submitter, who suggested there should be greater recognition of the public benefits of competition from more products coming to market as a result of a section 26 determination. Taking this into account would not change the applicant benefit assessment to below 80 percent. We note that several submitters have suggested a smaller fees increase would be more acceptable, and others have noted that the fee should be at a level that promotes accessibility of the section 26 service. However, as noted in the consultation document and in the submission from ARPPA, private sector providers who make equivalent assessments to a section 26 determination charge $3,000 or less. This point was also made at the Auckland consultation meeting. The principles underpinning

	• Syngenta disagreed with any fee increase. The EPA should look at streamlining the process to reduce the processing cost to the EPA. The previous SoS process was much simpler, quicker, and pragmatic. They did not see justification for the increase to the current fee of $1,000 (such as improvement in efficiency), when section 26 determination replaced the SoS in 2016. • Renovo and Accord also did not support any fee increase. Renovo suggested the current process should be reviewed. Accord believed the EPA should consider the importance of the section 26 determination being easily accessible, and the role it plays in ensuring compliance with the HSNO Act. • FGC did not support the proposed fee increase, commenting that the EPA is not currently processing section 26 applications in a timely and reasonable manner. • David Colsell disagreed with raising the fee for these applications. He also raised concerns that this application process was being used inefficiently and ineffectively. • TCC disagreed with the proposed fee on the basis that it would incentivise people to apply for a section 28 approval. • ARPPA noted that as a consequence of the EPA no longer offering the SoS many of its members had resorted to using consultants for self-assessments. Its members reported being happy with this service, that	Biotelliga ARPPA	the HSNO Act support industry undertaking self-assessment or having this undertaken by private sector providers. Accordingly, it is not appropriate that the EPA charges a fee that is below cost and that could be seen as undercutting private sector service providers. The feedback on the importance to industry in having a quick turnaround of section 26 applications and a clear processing timeframe are noted. Several submitters have compared the current section 26 applications with the previously offered non-statutory Status of Substance (SoS) determination that the EPA discontinued, when the HSNO Act section 26 was amended on 1 July 2016. There were problems with the SoS determinations, including that they were being viewed as a statutory determination when this was not the case. Section 26 was amended to ensure that industry could apply for a formal determination when statutory certainty was required. As it is a statutory determination it has greater processing complexity than the previous SoS. The consideration of a section 26 determination is substantially similar to the initial consideration of a section 28 application. **Recommendations:** 1. The fee for section 26 hazardous substances applications is set at $3,000 excluding GST. This fee would cover an estimated 50 percent of the processing costs, and compares to the estimated applicant benefit from a successful application of 80 percent. 2. For section 26 hazardous substances applications that do not match an existing approval and thus require their own approval under section 28 before they can be manufactured or imported into New

	they are getting charged less than the $3,000 fee proposed for section 26 applications, and they receive more consistent, and rapid responses than they would from EPA. *Waiver of section 26 fee if a subsequent section 28 application is made* • Biotelliga commented that it would seem more reasonable for the section 26 fee to be waived if the application was to continue on to a section 28 approval stage. If the EPA was to not waive the section 26 fee when the section 28 application process started, then this would suggest that some processes are being duplicated.		Zealand, if an application is made under section 28 within three months of this advice, the section 28 lodgement fee of $1,000 is waived. 3. The section 26 hazardous substances application benefit analysis is: private benefit 80 percent, public benefit 20 percent.
2. Feedback on **section 28A rapid application** revised fee proposal of $4,000 including lodgement fee of $1,000. Current fee $500.	11 submitters provided feedback. *Support for a fee increase* • Adama would support the proposed fee increase, subject to the improvement of service and efficiency (in particular reducing the time taken from submission to formal receipt of an application), compliance with statutory timeframes, and consistency of outcomes. • TCC supported a fee increase to $2,000. A rapid application should not cost an almost equivalent amount to a section 28 Category A application. • Renovo also supported a fee increase to $2,000. A rapid application should be simple, and should not be a full assessment.	Adama TCC Renovo Syngenta Horticulture NZ FAR Jason Orlop Etec Agcarm	The estimated cost to process a section 28A rapid application is $19,000, with direct staff costs ,excluding any indirect and overhead components, comprising $6,000. The estimated applicant benefit of a section 28A rapid application was noted in the consultation document as 70 percent. This was noted as reflecting that there is public benefit of 15 percent from encouraging the availability of lower hazard classification substances, as well as industry benefit of 15 percent. A similar public benefit assessment was assigned to Category A and Category B section 28 applications, on the basis that there is some public benefit from encouraging the availability of similar substances and thus competitive suppliers. As noted by some submitters, there is a public benefit from encouraging lower hazard substances, including rapid applications that meet the section 28A(2)(c) classification “the substance has been formulated so that one or more of its hazardous properties has a lesser degree of hazard than any substance that has been approved.” For these

	• Syngenta supported a fee increase to $1,500, comprising the current fee of $500 and the new lodgement fee of $1,000. The work associated with rapid applications should be minimal, and the new lodgement fee should cover any increase in processing costs. • Horticulture NZ and FAR supported a fee increase to $650 in line with inflation. • Jason Orlop supported a fee increase to $4,000. *Objection to a fee increase* • Etec, Agcarm, and Zoetis disagreed with any fee increase. The rapid application is to provide a way for less hazardous products (and generic products with low profit margin) to be introduced more easily. There should not be a disincentive of high fees. The EPA should not spend as much time as they are currently on the rapid applications. Agcarm also disagreed with the EPA's benefit weightings relating to s28A rapid applications, and stated there was more public benefit (of bringing lower hazard alternatives) and less applicant benefit. • David Colsell also disagreed with a fee increase.	Zoetis David Colsell	applications, accordingly, it is appropriate that the public benefits assessment is higher than for other section 28A applications as follows: private benefit 65 percent, public benefit 20 percent, and industry benefit 15 percent. For section 28A applications that are for a substance having a similar composition and similar properties (section 28A(2)(a)), or having one or more hazardous properties and each property has the least degree of hazard for that property (section 28A(2)(b)), the EPA does not consider there should be a change in the benefits analysis from that in the consultation document (private benefit 70 percent, public benefit 15 percent; industry benefit 15 percent). The EPA does not agree with industry comments that the assessment of a rapid application involves substantially less work than a Category A section 28 application. For both a section 28A rapid application and a Category A application there is a qualitative assessment to a reference standard. The difference is that a rapid application compares one substance with one reference standard, and a Category A application compares a substance to a number of relevant reference standards. There is more work to undertake a Category A assessment but not substantially more. The proposed section 28A rapid application fees also have been set to take into account relativity with the section 26 application and the section 28 Category A application fee, as well as the processing costs and applicant benefit assessment. **Recommendations** 1. The fee for a section 28A rapid application considered under section 28A(2)(a) or section 28A(2)(b) is set at an initial lodgement fee of $1,000 plus a second payment of $3,000 (total

			fee of $4,000 excluding GST). This fee would cover an estimated 21 percent of the processing costs. It does not cover the direct staff costs of processing the application. 2. The fee for a section 28A rapid application considered under section 28A(2)(c) is set at an initial lodgement fee of $1,000 plus a second payment of $2,000 (total fee of $3,000 excluding GST). This fee recognises the additional public benefits of encouraging applications for hazardous substances with lesser degrees of hazard. 3. The section 28A(2)(a) and section 28A (2)(b) rapid application benefit analysis remains: private benefit 70 percent, public benefit 15 percent, industry benefit 15 percent. The section 28A (2)(c) rapid application benefit analysis is: private benefit 65 percent, public benefit 20 percent, industry benefit 15 percent
3. Feedback on **section 28 Category A application** revised fee proposal of $5,000 including lodgement fee of $1,000. Current fee $3,000.	11 submitters provided feedback. *Support for a fee increase* • Renovo supported a fee increase to $7,000, provided the EPA processes and services improve dramatically. • TCC, Zoetis, and Jason Orlop supported a fee increase to $5,000 (the EPA preferred option). Etec also supported this option, provided that the section 28 rapid application fee remains at the current level. • Adama supported the proposed fee increase, subject to the improvement of service and efficiency (in	Renovo TCC Zoetis Jason Orlop Etec Adama	The estimated cost to process a section 28 Category A application is $19,500, with direct staff costs, excluding any indirect and overhead components, comprising $6,000. The estimated applicant benefit of a section 28 Category A application was noted in the consultation document as 70 percent. One submitter suggested the public benefit should be higher for these applications on the basis that there is public benefit from increased products available for sale. The EPA notes that this factor was taken into account in the private, public and industry benefits analysis, and does not consider any adjustment needs to be made to the benefits analysis.

	particular reducing the time taken from submission to formal receipt of an application), compliance with statutory timeframes, and consistency of outcomes. • Horticulture NZ and FAR supported a smaller fee increase to $4,200 in line with inflation. • Syngenta supported a smaller fee increase to $4,000, including a new lodgement fee of $1,000. • Agcarm supported a fee increase, but would not support a 67 percent increase as proposed. *Objection to a fee increase* • David Colsell disagreed with any fee increase.	Horticulture NZ FAR Syngenta Agcarm David Colsell	Acknowledging that there are some submitters who have indicated they think the fees increase should be lower, overall, the submissions indicate support for a revised fee at about the level proposed. This is subject to overall comments made in submissions that there is concern with respect to the efficiency of processing applications. The latter is being addressed through current work programmes and the hazardous substances modernisation programme. **Recommendations** 1. The fee for a section 28 Category A application is set at an initial lodgement fee of $1,000 plus a second payment of $4,000 (total fee $5,000 excluding GST). This fee would cover an estimated 26 percent of the processing costs. It does not cover the direct staff costs of processing the application. 2. The Category A application benefit analysis is: private benefit 70 percent, public benefit 15 percent, industry benefit 15 percent.
4. Feedback on **section 28 Category B application** revised fee proposal of $10,000 including lodgement fee of $1,000, plus $5,000 for any	Five submitters provided feedback. *Support for a fee increase* • Adama supported the proposed fee increase, subject to the improvement of service and efficiency (in particular reducing the time taken from submission to formal receipt of an application), compliance with statutory timeframes, and consistency of outcomes. • Horticulture NZ and FAR supported a fee increase to $6,800 in line with inflation.	Adama Horticulture NZ FAR Jason Orlop David Colsell	The estimated cost to process a section 28 Category B application that is notified is $54,000, and non-notified $32,000. Direct staff costs, excluding any indirect and overhead components, are estimated at $10,000 for non-notified and $21,000 for notified. The estimated applicant benefit of a section 28 Category B application was noted in the consultation document as 70 percent. One submitter suggested the public benefit should be higher for these applications on the basis that there is public benefit from increased products available for sale. The EPA notes that this factor was taken into account in the private, public and industry benefits analysis, and does not consider any adjustment needs to be made to the benefits analysis. The public benefit

hearing. Current fee $5,000.	• Jason Orlop supported a fee increase to $10,000. *Objection to a fee increase* • David Colsell disagreed with any fee increase.		assessment also takes into account the public benefits of the holding of a hearing. Compared to other proposals, there was a low response to the section 28 Category B revised base fee proposal. The main feedback was with respect to the efficiency of processing applications, which is being addressed through current work programmes and the hazardous substances modernisation programme. There was also comment on the proposed separate fee to cover any hearing that may arise from a notified application. The main concern was whether the public benefit of hearings was being fully recognised, and there was a concern with the potential for a party to deliberately require a hearing and thus create an additional cost for an applicant. The decision to notify an application is made by the EPA, under section 53 of the HSNO Act on the grounds that there is likely to be significant public interest in the application. In such circumstances, the decision has been made that there is a likelihood that submissions will be received and a hearing may occur. A notified application incurs more cost to the EPA than a non-notified application, but the public benefits of this process are recognised. The $5,000 additional fee proposal for notified applications would cover approximately 23 percent of the additional costs (referred to collectively as hearings costs). Consideration was given to incorporating the costs of notified applications into a single fee for Category B applications (and also Category C). However, on balance this was not considered transparent. The EPA's preference is for a single additional fee of $5,000 for notified applications.

			Category A, B, or C applications all can be notified, and the separate fee would apply in any case where an application is notified. As noted, in the consultation paper, a separate fee for hearings is the practice used for applications under the Resource Management Act. The proposed $5,000 fee is less than a quarter of the additional costs of notified applications. **Recommendations** 1. The fee for a section 28 Category B application is set at an initial lodgement fee of $1,000 plus a second payment of $9,000 (total fee $10,000 excluding GST). This fee would cover an estimated 31 percent of the processing costs of a non-notified application. It would cover the direct staff costs of processing the application. 2. The Category B application benefit analysis is: private benefit 70 percent, public benefit 15 percent, industry benefit 15 percent. 3. If a Category A, or B application is notified, there is an additional fee payable of $5,000 excluding GST.
5. Feedback on **section 28 Category C application** revised fee proposal of $25,000 including lodgement fee	10 submitters provided feedback. *Support for a fee increase* • Etec supported a fee increase to $20,000 with no hearing fee. • Zoetis supported a fee increase by $3,000 - $5,000, commenting that as these applications are the best opportunity for the industry to move towards softer	Etec Zoetis Agcarm Horticulture NZ	The estimated cost to process a section 28 Category C application is $111,000. Direct staff costs, excluding any indirect and overhead components, are estimated at $43,000. The estimated applicant benefit of a section 28 Category C application was noted in the consultation document as 40 percent (with private and industry benefit assessments both 30 percent). The EPA and submitters agree that Category C applications should be encouraged as they

of $1,000, plus $5,000 for any hearing, plus the actual and reasonable costs for specialist reports. Current fee $15,000.	chemistry, they should be encouraged wherever possible. • Agcarm supported a fee increase to $18,000, and suggested the EPA consider the small market size in New Zealand and the benefits of these applications to bring softer chemistry. • Horticulture NZ and FAR supported a fee increase to $17,500 in line with inflation. *Concern on the proposed fee increase* • Syngenta expected the EPA to have expertise to process section 28 Category C applications without the need for a specialist report, if the fee is to increase to $25,000 as proposed. If the EPA does not have the relevant expertise for an application and a specialist report is required, the process should be transparent, and the application fee should cover the expert's costs. It also disagreed with the additional hearings charge, noting that it should be funded in equal parts by the applicant and the public. • Biotelliga commented that the proposed fee structure seems very complicated, not transparent, and difficult for applicants to budget for. This fee structure may have a more negative impact on companies who are pioneering new ideas that have benefit for society, and which will require this kind of approval. • Adama stated that a significant fee increase as proposed might be a disincentive to development of softer chemistry – the EPA needs to provide more information about the likely costs of specialist fees and	FAR Sygenta Biotelliga Adama FGC David Colsell	potentially bring public benefits from softer chemistry. The public benefits are recognised in the private, public, industry benefits analysis. Currently, there are Category C applications and a category called "Complex" with a fee by negotiation. The proposal is to no longer have the Complex Category and to have a single Category C category but with the recognition that some applications will require specialist reports commissioned by the EPA in circumstances where there is not in-house expertise to comprehensively assess an application. The description of the fee for Category C just saying "plus the actual and reasonable costs for specialist reports" did not adequately convey that these specialist reports would only be required in such situations and that there would be discussion with the applicant regarding commissioning. The fee proposal is not to provide an open-ended opportunity for commissioning additional reports at the applicant's expense. The companies that have made Category C applications over the last 18 months have not raised concerns with the proposed $25,000 fee, although one comment on an additional charge for hearings is noted. With respect to comments on the proposed separate fee to cover any hearing that may arise from a notified application, the decision to notify an application is made by the EPA, under section 53 of the HSNO Act on the grounds that there is likely to be significant public interest in the application. In such circumstances, the decision has been made that there is a likelihood that submissions will be received and a hearing may occur. A notified application incurs more cost to the EPA than a non-notified application, but the public benefits of this process are recognised. The $5,000 additional fee proposal for notified applications would cover approximately 23 percent of the additional costs (referred to collectively as hearings costs).

	reports, including the scope under which specialists are likely to be engaged. • FGC expressed concern at a fee for a provision where all the discretion rests with the EPA, unless there was to be a linked provision for discussion and agreement with the applicant on a case by case basis. *Objection to a fee increase* • David Colsell disagreed with any fee increase.		Consideration was given to incorporating the costs of notified applications into a single fee for Category C applications (and also Category B). However, on balance this was not considered transparent. The EPA's preference is for a single additional fee of $5,000 for notified applications. Category A, B, or C applications all can be notified, and the separate fee would apply in any case where an application is notified. As noted, in the consultation paper, a separate fee for hearings is the practice used for applications under the Resource Management Act. The proposed $5,000 fee is less than a quarter of the additional costs of notified applications. **Recommendations** 1. The fee for a section 28 Category C application is set at an initial lodgement fee of $1,000 plus a second payment of $24,000 (total fee of $25,000 excluding GST). 2. This fee would cover an estimated 27 percent of the processing costs of the application. This fee is less than the direct staff costs of processing the application. 3. For Category C applications where the EPA does not have the expertise to comprehensively assess an application, as part of the lodgement assessment, there is discussion of the possible need for additional specialist reports. The actual and reasonable costs of any additional specialist reports needed to inform consideration of the application, are agreed with the applicant. 4. The Category C application benefit analysis is: private benefit 40 percent, public benefit 30 percent, industry benefit 30 percent.

			5. If a Category C application is notified, there is an additional fee payable of $5,000 excluding GST.
6. Feedback on **section 62 grounds for reassessment request** revised fee proposal of $3,000. Current fee $500.	Eight submitters provided feedback. *Support for a fee increase* • Syngenta supported a fee increase to $1,000, in line with the lodgement fee for section 28 applications. They asked whether the section 62 process was necessary – it is an additional step (and fee) that causes time delays and inefficiencies. • Etec supported a fee increase to $1,000. Generally no risk assessment is required, as it is a judgement call as to whether the statutory criteria under section 62 are met. The process for the EPA-initiated reassessment is very different and this may have influenced the EPA's assessment of costs for this process. • Horticulture NZ and FAR supported a fee increase to $650 in line with inflation. • Jason Orlop supported a fee increase to $3,000. *Objection to a fee increase* • Renovo did not agree to a fee increase, or the grounds for reassessment requirement, saying the process was pointless, time-consuming, and costly. • Adama and Agcarm also disagreed with the proposed fee increase, and the EPA's estimation of costs for this	Syngenta Etec Horticulture NZ FAR Jason Orlop Renovo Adama Agcarm	The estimated cost to process a grounds for reassessment request is $16,000. Direct staff costs, excluding any indirect and overhead components, are estimated at $3,200. These costs are less than the processing costs for section 28 rapid and Category A applications, and more than section 26 determination applications. The estimated applicant benefit of a grounds for reassessment request was noted in the consultation document as 35 percent (with public benefit assessment of 35 percent and industry benefit assessment of 30 percent). The high estimated public benefit assigned to grounds for reassessment applications was made with reference to examples where the applications were made by users of chemicals for pest control as compared to being initiated by industry selling the pest controls. The EPA is currently developing processes to make the consideration of grounds for reassessment applications more straightforward. The grounds for reassessment is not an assessment of an application. We agree that there is merit in having the grounds for reassessment fee align with the lodgement fee for section 28 Category A, B, C applications. **Recommendation** The fee for a grounds for reassessment application is set at $1,000 excluding GST.

	service, saying this process should not be overly time-consuming.		
7. Feedback on **section 63 reassessment application** revised fee proposal of $22,000 plus $5,000 for any hearing, plus the actual and reasonable costs for specialist reports. Current fee – by negotiation.	Eight submitters provided feedback. *Proposed fee to cover expert costs* • Syngenta expected the EPA to have expertise to conduct a full reassessment without the need for a specialist report, if the fee is to increase to $22,000 as proposed. If the EPA does not have the relevant expertise for a reassessment and a specialist report is required, the process should be transparent, and the application fee should cover the expert's fees. *Suggestion for separate fees for modified and full reassessments* • Etec suggested that there needs to be separate fees for modified reassessments and full reassessments. In the case of full reassessments the fees should remain as negotiable, to make sure the appropriate fee is charged for each application. Modified reassessments involves only specific aspect of an approval, where the EPA will comparing the new risk profile with the existing risk profile. This is similar to the section 28 Category A application process, and so the fee should reflect this. *Support for status quo – negotiable fees* • Horticulture NZ, FAR, Adama, and Agcarm suggested the fee should remain negotiable, as reassessments vary in complexity. In relation to the proposed fee, Adama and Agcarm asked for more information about	Syngenta Etec Horticulture NZ FAR Adama Agcarm Renovo Jason Orlop	There were no estimates of costs to process these applications available. This application type is infrequent. In the past the fees charged have been by negotiation and have ranged from $5,000 to $15,000 plus GST. The higher fee was payable when an application was notified, making the fee comparable to that charged for a section 28 Category C application. The lower fee is the same as the current fee for Category B applications. The feedback from the submissions indicates that a one size fits all fee is not appropriate for reassessment applications. A full reassessment application is likely to be more complicated than a modified reassessment. The EPA does not agree that there should be a negotiated fee for the circumstances. This approach would be inconsistent with the cost recovery principles of efficiency, transparency, and simplicity. However, two reassessment application categories: full reassessment and modified reassessment would address some of the concerns that there are a range in scale and complexity of reassessment applications. There was consideration given to having a lower fee for more straightforward modified reassessments. However, it is not easy to clearly define what would be classified as more straightforward, and discussion of this with applicants would probably cost both EPA and the applicant more than any fee differential. Reassessments in some cases are notified. In this case, consistent with the approach for section 28 applications, a separate notified application additional fee is proposed. With respect to the proposal to charge for the actual and reasonable costs of specialist reports, as noted under the discussion of section 28 Category C applications above, this proposal is to recognise that some applications will require specialist reports commissioned by the EPA in circumstances

	the EPA's costs of previous reassessments, and the scope and cost of specialist reports. • Renovo disagreed with the proposed fee increase, and stated that the fee for reassessments should not be higher than the cost of an equivalent full assessment. *Support for a fee increase* • Jason Orlop supported the proposed change to a fixed fee of $22,000, plus $5,000 for each hearing, plus actual and reasonable costs for specialist reports.		where there is not in-house expertise to comprehensively assess an application. The proposed wording for when such reports will be required needs to be the same as for section 28 Category C applications. The proposed reassessment fee took into account the previous payment for grounds for reassessment. Grounds for reassessment, however, is a separate decision from consideration of a subsequent reassessment application. It is not akin to a section 28 lodgement fee. Accordingly, it is not relevant to recognise the payment of a grounds for reassessment fee in setting the reassessment fee. Thus, there has been an adjustment to the full reassessment fee so it fully aligns with the total section 28 Category C fee of $25,000. For a modified reassessment, the recommendation is that this fee aligns with a section 28 Category B application fee. **Recommendations** 1. There are two categories for reassessment applications, with the pathway determined as part of the grounds for reassessment application: full reassessment, and modified reassessment. 2. The fee for a full reassessment application is set at $25,000 excluding GST. 3. The fee for a modified reassessment application is set at $10,000 excluding GST. These fees are the same as the total fee for a section 28 Category C and a section 28 Category B application, respectively. 4. For reassessment applications where the EPA does not have the expertise to comprehensively assess an application, there is

			discussion of the possible need for additional specialist reports. Where, possible, this will occur as part of the grounds for reassessment consideration. The actual and reasonable costs of any additional specialist reports needed to inform consideration of the application, are agreed with the applicant. 5. If a reassessment application is notified, there is an additional fee payable of $5,000 excluding GST.
8. Feedback on **section 31 hazardous substances in containment application** revised fee proposal of $2,000. Current fee $500.	Nine submitters provided feedback. *Support for a fee increase* • Syngenta supported a smaller fee increase to $1,000, which is in line with the proposed lodgement fee for section 28 applications, commenting that this process would generally be similar to section 28 pre-application process, while there is additional consideration of proposed controls. They argued the controls should be consistent throughout industry, which would reduce the amount of work EPA should need to put in for these applications, and this would help to make the process more efficient. • Jason Orlop supported a fee increase to $2,000. *Concern on the proposed fee increase* • Renovo stated this application is similar in concept to a section 28A rapid application. They argued hazardous substances in containment do not pose any threat to the environment, so the process should be inexpensive and easy.	Syngenta Jason Orlop Renovo Etec David Colsell Zoetis Adama Agcarm Biotelliga	The estimated cost to process a hazardous substances in containment application is $8,000. Direct staff costs, excluding any indirect and overhead components, are estimated at $2,200. The estimated applicant benefit of a hazardous substances in containment application was noted in the consultation document as 50 percent (with private benefit assessment of 50 percent). It was also noted that applications come from predominantly research and development companies, commercial organisations with research and development capability, and government organisations. There is some comparability between a hazardous substances in containment application and an application to import or develop a new organism in containment processed as a rapid assessment. Both application types are fairly straightforward to process, and there is a high public benefit associated with this application type. New organism containment applications have been assessed as having an applicant benefit of 20 percent, and public benefit of 80 percent. In the main, applicants are universities and publicly funded research organisations. Hazardous substances in containment applications are also for research purposes, but the approved applications are time bound and have a clear, commercial imperative driving the application. From this basis, the benefits analysis for a hazardous substances in

	Objection to a fee increase • Etec disagreed with any fee increase. The current application process already creates an unnecessary regulatory burden on businesses during the research and development stages. This should be addressed by the EPA before any fee increase. • David Colsell disagreed with any fee increase *Suggestions for a development of group standards and reduced fee for the renewal of an approval* • Agcarm, Adama, and Zoetis suggested development of a group standard for containment approvals, which would assist with consistent decision making, greater transparency, and improved efficiency. Agcarm and Zoetis referred to the veterinary medicine group standard. • Biotelliga commented that many field trials that require this kind of approval can take longer than the expiry date that is given. They believe that it would be inconsistent to pay the same fee for an extension of the original containment approval. They suggested that it would be more appropriate to have a reduced fee for containment approval extensions.		containment application has been reconsidered, and whether the proposed fee is at the right level. A fee of $1,500 is the same fee recommended for an application to import or develop a new organism in containment processed as a rapid assessment. **Recommendations** 1. The fee for a hazardous substances in containment application is set at $1,500 excluding GST. 2. The benefit analysis is: private benefit 25 percent, public benefit 75 percent.
9. Feedback on **section 51 hazardous substances transhipment approval**	Three submitters provided feedback. *Support for a fee increase* • Syngenta supported a fee increase to $1,000 in line with the proposed lodgement fee for section 28 applications. This is because, like section 31	Syngenta Jason Orlop David Colsell	The estimated cost to process a hazardous substances transhipment approval is $6,700. Direct staff costs, excluding any indirect and overhead components, are estimated at $1,700. The estimated applicant benefit of a hazardous substances in containment application was noted in the consultation document as 100 percent. The EPA does not agree with the suggestion that the fee for

revised fee proposal of $2,000. Current fee $500.	containment approvals, this process would generally be similar to the section 28 pre-application process. • Jason Orlop supported a fee increase to $2,000. *Objection to a fee increase* • David Colsell disagreed with any fee increase.		transhipments should align with the section 28 lodgement fee. There is no correlation to costs or applicant benefits with this approach, and this is not an approval where relativity with other application types is relevant. **Recommendation** The fee for a transhipment approval is set at $2,000 excluding GST.
10. Feedback on **section 67A minor or technical amendment to approval** revised fee proposal of $2,500. Current fee $100 or $500.	Seven submitters provided feedback. *Support for a fee increase* • Adama supported a fee increase to $1,500 in line with fee increases for other application types. • Horticulture NZ and FAR supported a fee increase to $250 or $1,000 in line with inflation. • TCC suggested an hourly rate should be charged, capped at $2,000. Section 67A can be as minor as correcting a spelling mistake or calculation error. There should be no charge for correcting the EPA's error. • Jason Orlop supported a fee increase to $2,000. *Status quo* • Syngenta suggested the current fee of $500 was appropriate, as possible changes were minor. Etec also suggested a fee of $500 for minor changes (similar to section 28 rapid applications), or no charge for the EPA's drafting errors.	Jason Orlop Adama Horticulture NZ FAR TCC Syngenta Etec	The estimated cost to process a hazardous substances minor or technical amendment approval is $4,500. Direct staff costs, excluding any indirect and overhead components, are estimated at $1,300. The estimated applicant benefit of a hazardous substances minor or technical amendment approval was noted in the consultation document as 70 to 80 percent. The EPA does not charge a fee with respect to making minor or technical amendments that involve correcting a spelling mistake or an EPA error. Although on its face, a minor or technical amendment seems straightforward, it still requires a formal memorandum to be prepared detailing the nature of the request as well as background to enable the decision maker to make an informed decision. To address concerns that minor amendments, for example, a company name change, are very straightforward, and technical amendments require a little more assessment, it is appropriate to have two fees:$1,000 for minor corrections such as a spelling error, name or address change or similar administration matter, and $2,000 for other minor and technical corrections. **Recommendations** 1. The fee for a hazardous substances section 67A minor amendment such as a spelling error, name or address change or

			similar administration matter is set at $1,000 excluding GST. 2. The fee for any other hazardous substances section 67A amendment is set at $2,000 excluding GST.
11. Feedback on **section 95A permissions** revised fee proposal of $4,000 Current fee $500 (although not charged in some cases).	Four submitters provided feedback. *Support for a fee increase* • Horticulture NZ and FAR supported a fee increase to $750. • Jason Orlop supported a fee increase to $4,000. *Status quo* • Etec suggested that the fee remains at $500. Substances with permission controls are usually biosecurity/conservation-related products, and if fees are increased, this will have a direct impact on groups carrying out conservation activities. This would go against the principles of the HSNO Act.	Horticulture NZ FAR Jason Orlop Etec	The EPA processes permissions applications with respect to sodium nitrate (used for the control of feral pigs) and certain restricted aquatic herbicides with a high environmental impact. Farmers are the main applicants for permission to use sodium nitrate. For many years, the fee for such applications has been waived. Regional Councils and government agencies such as the Ministry of Primary Industries and the Department of Conservation are the main applicants for permission to use the restricted aquatic herbicides. They tend to be issued generic permissions for up to five years. There are also occasional applications from Councils for site specific use of aquatic herbicides. The Councils and agencies using the restricted herbicides are required to monitor their use and to report to the EPA on the impact of their use. This data is reported in the HSNO Act effectiveness monitoring report. The Ministry of Health also processes permissions applications under delegation from the EPA with respect to1080. As well, the Department of Conservation processes permissions applications under delegation from the EPA with respect to the use of 1080 on conservation land. The EPA receives post operational reports for all 1080 operations. Every year, these are collated into the Annual Report on the Use of 1080. Neither the Ministry of Health nor the Department of Conservation have the statutory authority to charge for processing permissions applications and the EPA does not collect an application fee on their behalf.

			The Ministry of Health has queried with the EPA its delegation with respect to considering 1080 permissions applications. In the past, it has also noted that it would like to receive payment for its permissions' processing work. The cost for the EPA to process a permissions application was estimated as $7,000. Direct staff costs, excluding any indirect and overhead components, are estimated at $2,000. The estimated applicant benefit of a permissions application was noted in the consultation document as 80 percent. It is recognised that this assessment has not properly recognised the public good requirement for permissions and thus the public benefit. Given the main purpose of permissions is the public interest in knowing where those hazardous substances that require permissions are used and ensuring they are used responsibly, it is recommended that these applications are deemed in the public interest and no fee is charged. **Recommendation** There is no fee for permission applications.

Question 4	**New Organisms fees increases**		
12. Feedback on **section 40 application to import new**	Five submitters provided feedback. *Support for a fee increase* • Horticulture NZ and FAR supported a fee increase to $3,000 in line with inflation.	University of Otago UABSC	The consultation document proposed two different fees for section 40 applications. A revised fee of $5,000 was proposed for a non-notified application to import a new organism in containment, taking into account the estimated $25,300 cost to process such applications. This includes

organism in containment non-notified revised fee proposal of $5,000. Current fee $2,000. 13. Feedback on **section 40 application to develop new organism in containment non-notified** fee proposal of $3,500. Current fee $2,000.	• Jason Orlop supported the EPA's preferred fee increases. *Objection to a fee increase* • University of Otago was concerned that the proposed fee increase will likely prevent research for the public good in New Zealand. They said the EPA is just checking what applicants supply – the applicants need to see a justification for the EPA activity based costing, with average hours spent to process each application. • UABSC did not believe the increased cost recovery was justified, and should consult with the Treasury. They said the applicants are not the primary beneficiary of the vast majority of low risk GMO development or importation applications, as they related to public good research. The current fee is already high compared to other countries such as Australia, Canada, and the United Kingdom. The EPA's cost assessment did not point out the exemptions for low risk GMOs under the Australian Gene Technology Act 2000 (there is no equivalent exemption in New Zealand). The increased fees would effectively shift public research funding to the EPA.	Horticulture NZ FAR Jason Orlop	direct staff costs excluding any indirect and overhead components, of an estimated $9,000. It was also based on the application having an estimated public good benefit of 70 percent and applicant benefit of 30 percent. A revised fee of $3,500 was proposed for a non-notified application to develop a new organism in containment, taking into account the estimated $17,000 cost to process such applications, including direct staff costs of an estimated $6,000. It was also based on the application having an estimated public good benefit of 60 percent and applicant benefit of 40 percent. Most section 40 applications, to import or to develop a new organism in containment, are from research organisations, including universities. The research being undertaken is generally government funded because it is deemed to have a public good benefit. If the research does lead to a commercial outcome this will be many years after the research commences. The EPA recognises the public good importance of this research which has potentially environmental, economic and public health benefits. We do not want EPA fees to undermine this work or to incentivise this work to be done in other jurisdictions universities and research organisations. Our New Organisms team actively engages with the researchers to assist them with making applications. On the one hand we want to make it easier for researchers to obtain approvals, and thus advance research. On the other hand we have an obligation to ensure that all new organism applications meet the requirements of the HSNO Act. This includes taking into account all the effects of the organism (and any inseparable organism) and exercising caution. The EPA's work is considerably more than just checking what an

			applicant supplies. The comments from the University of Otago under value this contribution and the importance of ensuring the requirements of the HSNO Act are met. Accordingly, the recommendation is for a single fee for section 34 applications, that takes into account the EPA' s costs and the high public good value of most non-notified new organism develop or import in containment applications. **Recommendations** 1 The fee for a section 40 application for containment approval for new organisms, not considered as a rapid, is set at $3,500 excluding GST. 2 The benefit analysis for a section 40 application for containment approval for new organisms is: private benefit 20 percent, public benefit 80 percent.
14. Feedback on **section 40 application to import or develop new organism in containment rapid** fee proposal of $2,000. Current fee $500.	Five submitters provided feedback. *Support for a fee increase* • Horticulture NZ and FAR supported a fee increase to $1,500 in line with inflation (they incorrectly believed that the current fee was $1,000). • University of Otago supported a fee increase to $1,000 in the first instance, with a possible further increase. The work for the applicant is similar for both rapid and non-rapid applications in terms of time. • Jason Orlop supported a fee increase to 2,000. *Objection to a fee increase* • UABSC disagreed with the proposed fee increase (see	Horticulture NZ FAR University of Otago Jason Orlop UABSC	The proposed revised fee of $2,000 for an application to import a new organism in containment processed as a rapid, took into account the estimated $5,000 cost to process such applications. This includes direct staff costs, excluding any indirect and overhead components, of an estimated $1,800. It was also based on the application having an estimated applicant benefit of 60 percent and public good benefit of 40 percent. The discussion above for section 40 containment applications under (12 and 13) applies equally to such applications processed as a rapid. Rapid applications involve less work to process and, accordingly, should have a lower fee than a non-rapid section 40 application. A fee of $1,500 is the same fee recommended for an application to import or develop a new substance in containment.

	their submission for section 40 application to import new organism in containment non-notified above).		Rapid applications are likely to reduce in the future as there is a move towards broader new organism approvals that can be used by multiple applicants. This broader approach aligns with international approaches, for example, Australia. **Recommendations** 1. The fee for a section 40 application for containment approval for new organisms processed as a rapid, is set at $1,500 excluding GST. 2. The benefit analysis for a section 40 application for containment approval for new organisms, rapid, is: private benefit 10 percent, public benefit 90 percent.
15. Feedback on **section 34 import or release a new organism without controls for research or for biological control** fee proposal of $20,000. Current fee $15,000.	Three submitters supported a fee increase. *Support for a fee increase* • Horticulture NZ and FAR supported a fee increase to $17,500 in line with inflation. • Jason Orlop supported a fee increase to $20,000.	Horticulture NZ FAR Jason Orlop	The proposed revised fee of $20,000 for an application to import or release a new organism without controls for research or for biological control, took into account the estimated $121,000 cost to process such applications. This includes direct staff costs, excluding any indirect and overhead components, of an estimated $36,500. It was also based on the application having an estimated applicant benefit of 30 percent and public good benefit of 70 percent. This fee was proposed at a lower rate to recognise the high public benefit of such applications. There were no submissions from entities that make section 34 applications, and any specific objections to the proposed fee increase. The EPA continues to support this application fee being at a lower level in order to recognise the high public benefit of such applications. However, to maintain consistency across applications, it is noted that this application

			type will also be subject to a notified application fee of $5,000 excluding GST. **Recommendations** 1. The fee for a section 34 application to import or release a new organism without controls for research or for biological control, is set at $20,000. 2. As a notified application, there is an additional fee of $5,000 excluding GST.
16. Feedback on **section 34 import or release a new organism without controls other than for research or for biological control** fee proposal of $25,000, plus $5,000 for any hearing, plus the actual and reasonable costs for specialist reports. Current fee $15,000.	Three submitters supported a fee increase. *Support for a fee increase* • Horticulture NZ and FAR supported a fee increase to $20,000 in line with inflation. • Jason Orlop supported a fee increase to $25,000, plus $5,000 for each hearing, plus actual and reasonable costs for specialist reports.	Horticulture NZ FAR Jason Orlop	The proposed revised fee of $25,000 plus $5,000 for hearing costs, for an application to import or release a new organism without controls other than for research or for biological control, took into account the estimated $121,000 cost to process such applications. This includes direct staff costs of an estimated $36,500. It was also based on the application having an estimated applicant benefit of 60 percent and public good benefit of 30 percent. The proposed fee also took into account the proposed fee for a hazardous substances section 28 Category C application, which has some similarities. There were no submissions from entities that make section 34 applications, and any specific objections to the proposed fee increase. With respect to section 28 Category C applications concerns were raised about the wording for the extra charges for specialist reports, and the separate hearings fee. These have been addressed in the recommendation for the Category C applications and, for consistency and transparency, in the section 34 applications, as below.

			Recommendations 1. The fee for a section 34 application to import or release a new organism without controls other than for research or for biological control, is set at a base fee of $25,000, excluding GST. 2. As a notified application, there is an additional fee of $5,000 excluding GST. 3. For applications where the EPA does not have the expertise to comprehensively assess the application, there is discussion of the possible need for additional specialist reports. The actual and reasonable costs of any additional specialist reports needed to inform consideration of the application, are agreed with the applicant.
17. Feedback on section 34 qualifying organism - medicine or veterinary medicine rapid (s 38I) fee proposal of $10,000. Current fee $500.	Three submitters supported a fee increase. *Support for a fee increase* • Horticulture NZ and FAR supported a fee increase to $1,500 in line with inflation. • Jason Orlop supported a fee increase to $20,000.	Horticulture NZ FAR Jason Orlop	The proposed revised fee of $10,000 for an application for a qualifying organism - medicine or veterinary medicine – processed as a rapid application under section 38I, took into account the estimated $62,000 cost to process such applications. This includes direct staff costs, excluding any indirect and overhead components, of an estimated $16,500. It was also based on the application having an estimated applicant benefit of 80 percent and public good benefit of 20 percent. There were no submissions from entities that make section 34 qualifying organism applications, and any specific objections to the proposed fee increase. **Recommendation** The fee for a section 34 application for a qualifying organism - medicine or veterinary medicine – processed as a rapid application under section 38I, is set at $10,000 excluding GST.

18. Feedback on **section 51 new organisms transhipment approval** fee proposal of $4,000. Current fee $500.	One submitter supported the proposed fee increase. *Support for a fee increase* • Jason Orlop supported a fee increase to $4,000.	Jason Orlop	The proposed revised fee of $4,000 for a transhipment approval took into account the estimated $11,000 cost to process such applications. This includes direct staff costs, excluding any indirect and overhead components, of an estimated $3,800. It was also based on the application having an estimated applicant benefit of 100 percent. There were no submissions from entities that make transhipment approval applications, and any specific objections to the proposed fee increase. Consideration was given to the proposed transhipment fee for hazardous substances. In comparison, requests for approval for transhipment of new organisms involve more assessment than a hazardous substances application. As well, these are not routine assessments as transhipment approval applications occur infrequently. **Recommendation** The fee for a transhipment approval is set at $4,000 excluding GST.
19. Feedback on **section 26 new organism determination application** fee proposal of $3,000. Current fee $1,000.	Five submitters provided feedback. *Objection to a fee increase* • UABSC stated that these applications are important for determining the status on new organisms in New Zealand, and for giving New Zealanders an accurate understanding of what is present in the country. This is particularly necessary for the New Zealand microflora and microfauna that have effectively been given the new organism status by default in the transition to the HSNO Act. Therefore, section 26 determinations provide huge public benefit and should not be discouraged by high fees.	UABSC University of Otago Horticulture NZ FAR Jason Orlop	The fee proposal for section 26 new organism applications matched the section 26 hazardous substances determination proposed fee. However, as noted by the University of Auckland Biological Safety Committee, the reason why section 26 new organism applications are made is quite different from the reason for section 26 hazardous substances applications. The latter are typically to determine if an active is approved related to a product to be placed on the market. The EPA agrees that new organism determination applications are an important aspect of the regulatory system for new organisms. In most cases they are made with the purpose to establish that something is not a new organism in order that research may be progressed. Accordingly, we do not want the fee charged to discourage applications. We also do not want the application fee to provide a perverse incentive for people to use

	Support for a fee increase • University of Otago supported a fee increase to $1,500, as the applicant does the bulk of the work for these applications. The EPA needs to provide average hours spent to process each application. • Horticulture NZ and FAR supported a fee increase to $1,500 in line with inflation. • Jason Orlop supported a fee increase to $3,000.		the other option for classifying that an organism is not a new organism which is by means of an Order in Council under section 140 of the HSNO Act. This is referred to as a denewing Order in Council. There is no charge for this method of determining that an organism is not a new organism, but this is a more costly process and involves the Ministry for the Environment and Ministerial consideration. Using the section 26 determination approach is cost efficient to achieve the result of removing regulatory barriers for researchers wanting to use particular organisms, but which are not clearly classified as not new organisms. Taking the above into account, and the public good interest in clearly determining new organism status, it is recommended there is a small increase in the fee for section 26 new organism applications. **Recommendation** The fee for a section 26 new organism determination application is set at $1,200 excluding GST.
20. Feedback on **section 67A minor or technical amendment to new organism approval** fee proposal of $4,000. Current fee $500.	Six submitters provided feedback. *Objection to a fee increase* • University of Otago stated that $500 fee is more than enough, as most amendments are very small and the risk assessment has already been completed by the applicant. • Biotelliga commented that the proposed fee could potentially be up to 40 times higher than the current one. They suggested that in cases where an	University of Otago Biotelliga UABSC Horticulture NZ FAR	The proposed revised fee of $4,000 for a section 67A minor or technical amendment to new organism approval took into account the estimated $12,600 cost to process such applications. This includes direct staff costs excluding any indirect and overhead components, of an estimated $4,500. It was also based on the application having an estimated applicant benefit of 90 percent. The proposed fee has been reconsidered with reference to the recommended fees for hazardous substances section 67A minor and technical amendments.

	amendment would not change the risk profile a lesser fee should be considered. • UABSC stated that applicants are required to make applications as a matter of compliance, so the fees for this application process should be set at a level that reflects a compliance cost. These types of applications are often made in order to keep abreast of modern gene modification technologies, so the costs should not discourage this. *Support for a fee increase* • Horticulture NZ and FAR supported a fee increase to $250 or $1,000 in line with inflation. • Jason Orlop supported a fee increase to $4,000.	Jason Orlop	**Recommendations** 1. The fee for a minor or technical amendment to a new organism approval under section 42A, section 42B or section 42C rapid assessment approval is set at $1,000 excluding GST. 2. The fee for a minor or technical amendment to a new organism approval other than an approval under section 42A, section 42B or section 42C is set at $2,000 excluding GST.
21. Feedback on **import certificates for explosives (including retail fireworks)** fee proposal of $500. Current fee $100.	Four submitters provided feedback. *Support for a fee increase* • Jason Orlop supported a fee increase to $1,000. *Status quo* • Two submitters supported the current fee. Redbull Powder Company Ltd stated the fee should remain at $100 unless the import certificates for explosives are changed to annual certificate/licence. Maintrac Group stated the fee should be on par with a customs entry charge of $75. *Annual certificate fee of $500* • Steve's Wholesale stated that if importers are making multiple shipments a year then the proposed fee increase will add up to a lot for business. However,	Jason Orlop RedBull Powder Company Ltd Maintrac Group Steve's Wholesale	The total estimated costs for processing an import certificate for explosives application is $1,500. Direct staff costs, excluding any indirect and overhead components, are estimated at $490. The estimated application benefit of an import certificate for explosives was noted in the consultation document as 100 percent. The EPA does not agree that this fee should remain at the status quo, as this is less than the costs to process the certificate and is unsustainable. We also note that the Customs entry charges for imported goods are higher than the stated $75 (with charges varying whether imports are by air or sea). As discussed under Questions 11 and 12, it is recommended that import certificates are required for imports of class 1 explosives that are subject to the controlled substance licence requirements in the Health and Safety

	\$500 for a 12 month certificate would be more reasonable.		at Work (Hazardous Substances) Regulations 2017, and fireworks, with the exception of fireworks specified under regulation 4(2) of the Hazardous Substances (Fireworks) Regulations and excluded from the retail sale restrictions (novelty and noise-maker fireworks such as Christmas crackers, party poppers, and caps for toy cap guns). An analysis has been undertaken of potentially affected parties with an increase in fees to \$500. Based on applications over the last 12 months, the party that would be most affected by the fees increase is a mining company that, if imports were at the same level, would incur an additional \$3,600 in fees. **Recommendation** The fee for an import certificate for explosives is set at \$500.
22. Feedback on **import certificates for novelty fireworks explosives** fee proposal of \$500. Current fee \$100.	Two submitters supported a fee increase. • MAG commented that a fees increase is necessary for the EPA to function, and the fee acts as a deterrent to amateurs attempting to import product. • Jason Orlop supported a fee increase to \$3,000-\$5,000, and stated the current fee is too low.	MAG Jason Orlop	MAG's submission was the only one received that supported the ongoing need for import certificates for novelty explosives, and also a fees increase. J Orlop did not make any comments on the ongoing need for import certificates for novelty fireworks. His suggested fee increase is significantly higher than the EPA's cost to process a novelty fireworks import certificate, and had no explanatory justification. As noted under Question 11, there was no feedback in submissions that presented a strong case for maintaining the regulatory requirement for import certificates for novelty fireworks explosives. Accordingly, it is recommended that import certificates for novelty and noise-maker fireworks are no longer required.

Question 5 Do you think we have made a reasonable assessment of the private, industry and public benefits for the fees you are particularly interested in? If not, what are your suggestions and why?	Seven submitters did not agree with the EPA's assessment of benefits. • Etec disagreed with the EPA assessment of benefits for section 28 applications (rapid, Categories A and B), which was 70% applicant, 15% industry and 15% public. They said a fairer weighting is 15% applicant, 70% industry, and 15% public. They based their assessment on the Deloitte Australian study "Economic activity attributable to crop protection products. The EPA did not consider what makes up the wider industry, particularly in crop protectants industry – a wider range of people (for example, end users, retailers, and other growers) are involved than those identified in the consultation document. • Horticulture NZ considered the EPA underestimated the benefits of crop protection products to both industry and the public, which include benefits to the economy, primary food production, biosecurity, and conservation. They noted the Deloitte Australian study and referred to the US IR-4 program which recognised benefits of and supported 'minor use' agrichemical and biopesticide registration. • Agcarm disagreed with the EPA's benefit weightings of 70% private and 15 % industry for section 28 Category A, B and rapid applications, and suggested the EPA take retailers into the consideration. They also stated that unless the EPA processes applications in time so	Horticulture NZ Etec University of Otago TCC Adama UABSC Agcarm	Under Question 4 above, there is discussion of the benefits assessment for particular application types. In some cases, following further consideration, there has been a reassessment of the applicant, public, and industry benefit split. For example, the public benefit from encouraging lower hazard substances that meet the section 28A(2)(c) classification "the substance has been formulated so that one or more of its hazardous properties has a lesser degree of hazard than any substance that has been approved" is recognised in the recommendation that for these applications the benefits assessment is: private benefit 65 percent, public benefit 20 percent, and industry benefit 15 percent. For a section 40 application to import new organism in containment non-notified, the EPA recognises the public good importance of the research that triggers these applications. This research has potentially environmental, economic and public health benefits. A revised benefits analysis has been recommended as follows: private benefit 10 percent, public benefit 90 percent. With respect to the comments from Horticulture NZ and Etec on the value of the horticulture sector to New Zealand, this is taken into account in the public benefits analysis. The EPA is undertaking a separate workstream looking at the value of its work to New Zealand. In the agriculture and horticulture sectors we have estimated that about 10 percent of the inputs of production, including weed and pest control, relate to products the EPA regulates through hazardous substances approvals and group standards. We recognise that having a strong regulatory regime makes an important contribution to the social licence of the horticulture sector.

	that the product can become available for the next growing season, the benefit of section 28 Category C application to the applicant will be much less than the estimated. • Adama believed the EPA has underestimated the public benefits from section 26, section 28 rapid, and section 28 Categories A and B applications. There is a market competition benefit to users and consumers as the prices remain at a reasonable level. The new uses for existing compounds assist with responding to biosecurity, productivity, and food security. However, Adama agreed with the EPA's assessment of benefits for section 28 Category C applications. • TCC suggested the EPA should streamline the application process and improve efficiency, before progressing fee increases on the basis of the current assessment of benefits. • University of Otago suggested lower fees for research institutions, where the research is for the public good and not for commercial gain. • UABSC disagreed with the thrust of the analysis document that the primary beneficiary is the applicant in cases of developing GMOs in containment. This is because applicants are required to use this approval process as a matter of compliance, and there is no direct commercial benefit. The example cited in the consultation document for veterinary medicines or		

	controlled drug trials are not representative of the majority of these types of applications.		
Question 6 Please elaborate on any other factors we may not have considered that you think we should take into account for setting the fees you are particularly interested in.	11 submitters provided feedback. **EPA processes should be improved before any fee increase** • Syngenta asked the EPA to outline the benefits from the proposed fees increase (for example, increase in staff numbers, staff training, and improved efficiency), and how efficiency will be improved (simplification of, and consistency in, application processes). • Renovo asked the EPA to outline how the current delay in application processing would be improved, if the fees were to increase. • TCC proposed to streamline section 26 determination and section 28 rapid application processes – the applicant may apply for section 28 rapid approval once, and the EPA may issue a section 26 determination or section 28 rapid approval as appropriate, to avoid double charging. • In addition, section 26 process does not currently allow for a risk cost benefit assessment to be made, and often does not produce a tangible benefit to the	Syngenta Renovo TCC Maintrac Group University of Otago Etec Horticulture NZ FAR Accord FGC Adama	The EPA acknowledges the comments made in submissions concerning application processing efficiencies. As noted above, the EPA has committed to a hazardous substances modernisation programme over the next few years. This is a significant programme of work that includes reviewing systems and processes to identify and make changes that will lead to processing efficiencies. The increase in fees will result in only a small increase in revenue for the financial year 2018/19, and about $600,000 in future years. In most cases, the recommended fees are less than the direct costs of processing the application. In these cases, the fees will not cover any of the indirect costs. With respect to the suggestion that an hourly charge and timekeeping would increase transparency, the EPA has determined that for HSNO Act applications it provides more certainty to charge a set fee. The set fees take into account the benefits assessment. As noted in the consultation document, the fees other government agencies charge have also been considered in the overall fees assessment.

	applicant due to data gaps and uncertainties in endpoint data. This needs to be improved. • Etec suggested that any major fee increase should wait until the efficiency of application processes is reviewed and improved. The proposed fee increases will not have much impact on major crop industry, but will impact minor crop industry and biosecurity/conservation-related products, where the markets are smaller. • Accord was concerned about the high level of indirect costs (70%) estimated by the EPA, and suggested that the efficiency and effectiveness of the EPA's operations, where those indirect costs are being incurred, should be urgently reviewed. They commented recovering these indirect costs through the HSNO Act fee increase alone is not an acceptable solution. They referred to the Australian Industrial Chemicals Notification and Assessment Scheme 2016-2017 Cost Recovery Impact Statement, which showed 50% direct costs and 50% indirect costs. • FGC suggested that the Food Standards Australia and New Zealand application charges could be looked to as an example. [A base fee plus hourly charge.] In this case there is a very steady application level across fee changes because service is guaranteed by statutory timeframes. There is also greater transparency of the process, which generates greater understanding of the need for certain assessment activities. If the EPA was to use a similar approach it could justify fee increases		

	more easily, and also maintain application levels during periods of fees changes. • Adama believed improved efficiency would improve cost recovery without the need for a fee increase, especially for section 26 determination and section 40 containment approvals. **Fee increase should be transparent** • University of Otago suggested that any fee increase should be transparent based on time recording kept by the EPA. It also suggested that if a junior staff member is working under supervision then the fee should not be as high. **Other costs should be considered** • Maintrac Group asked the EPA to consider the current excessive freight costs for importing and shipping explosives. • Horticulture NZ referred to other cost of compliance such as data generation requirements and the Ministry for Primary Industries regulatory fees. They asked the EPA Board to consider the impact of the significant fee increase on the willingness of companies to continue to bring products to New Zealand market. • FAR stated that growers in New Zealand are price takers rather than price makers. Therefore, it is exceedingly difficult to improve returns and pay for increased fees (either direct/indirect).		

	• Syngenta stated EPA also needs to consider other government fees such as the ACVM Act fees, and the market size.		
Question 7 Have you any comments on the proposed **section 28 hazardous substances application lodgement fee**?	Five submitters supported the proposed new lodgement fee, and commented on the application process. • Syngenta supported the proposed lodgement fee, provided the EPA gives clear guidance on how applications will be processed, with clear and accountable timeframes. The pre-application assessment should be administrative, and should not be a technical assessment. A similar lodgement fee may be charged for a section 62 grounds for reassessment request. • Etec and Agcarm stated a lodgement fee is fair, but it should not be used as a barrier to the formal receipt of an application. • Renovo stated the lodgement fee should be payable when the application is formally received, not when it is lodged. Alternatively, there needs to be a clear timeframe for the next steps if the lodgement fee is received. The current process needs to improve. • Adama supported the proposed lodgement fee, provided that the current lengthy delay between	Syngenta Etec Renovo Adama Agcarm	Support for the proposed lodgement fee is welcomed. We note that the lodgement fee means that an application will be formally received when the application and fee are both forwarded. After receipt of the lodgement fee and initial consideration of the application, the applicant will be advised the further fee that must be paid for the continued processing of the application. As well, if further information is required to enable consideration of the application, this can be requested under section 52 of the HSNO Act. With respect to comments on the need for clear guidance and processes, as noted above, the EPA has committed to a hazardous substances modernisation programme over the next few years. This is a significant programme of work that includes reviewing systems and processes to identify and make changes that will lead to processing efficiencies.

	submission and formal receipt of an application is addressed, and the EPA consults with industry to develop target timeframes.		
Question 8 Have you any comments on the **proposed additional hearings fee for notified applications**?	Four submitters disagreed with the proposed hearings fee of $5,000, as they believed public hearings benefit the general public, rather than the applicant. • Syngenta suggested people who request a hearing should fund equal part(s) of the hearing costs. • Etec proposed including the hearing costs in the overall section 28 Category C application fee, and determining the fee based on a more appropriate benefits weighting. • Agcarm considered the proposed hearing fee to be grossly unfair, saying applicants have no control over whether a submitter will exercise their right to a public hearing. Agcarm suggested there is a possibility that an aggrieved person or a protester can request a hearing to delay or prevent the approval process.	Syngenta Etec Adama Agcarm	For hazardous substances section 28 applications, the decision to notify an application is made by the EPA, under section 53 of the HSNO Act on the grounds that there is likely to be significant public interest in the application. In such circumstances, the decision has been made that there is a likelihood that submissions will be received and a hearing may occur. A notified application incurs more cost to the EPA than a non-notified application, but the public benefits of this process are recognised. As noted in the discussion under Question 4, the EPA's preference is for a single additional fee of $5,000 for notified applications. Section 28 Category A, B, or C applications can all be notified. Section 34 new organism applications are notified. Section 63 full reassessment applications are also notified. As there is discretion for many applications as to whether or not the application is notified, it is considered more transparent to have an additional specified fee for notified applications. A consistent charge for notified applications – hazardous substances and new organisms –has been recommended. The recommended $5,000 fee is less than a quarter of the additional costs of notified applications.

			Having a separate additional fee for notified applications is consistent with the approach taken by local government, which charges applicants a separate fee for hearings under the Resource Management Act 1991.
Question 9 Have you any comments on the **proposed discretionary charge for additional specialist reports for more complex applications**?	Four submitters provided feedback. • University of Otago supported the proposed charges, as long as the applicant is informed of possible cost and the name of the expert in advance. • Etec supported the proposed charges for "very peculiar" products only. However, the EPA staff are expected to have sufficient knowledge and expertise to deal with most applications. • Agcarm supported the proposed charges for certain exceptional situations only – for example, the use pattern is uncommon. However, the EPA is expected to have sufficient knowledge and expertise to assess most crop protection products in-house. There needs to be an established process, agreed by industry, outlining when and how the expert cost will be charged. It should be a fair tender process, where the applicants have an opportunity to have input into the process. Agcarm also suggested that the fee should cover the expert's costs. • Syngenta disagreed with the proposed charges. With the proposed fee increase of $10,000 for section 28	University of Otago Etec Agcarm Syngenta	The proposal to have an additional discretionary charge for specialist reports, as noted in the discussion under Question 4 section 28 hazardous substances Category C application, section 34 import or release a new organism without controls application, and section 63 full reassessment application, is to recognise that some applications will require specialist reports commissioned by the EPA in circumstances where there is not in-house expertise to comprehensively assess an application. The description of the additional fee just saying "plus the actual and reasonable costs for specialist reports" did not adequately convey that these specialist reports would only be required in those situations where the EPA's standard scope of expertise will not be adequate to give proper consideration to the application. The fee proposal is not to provide an open-ended opportunity for commissioning additional reports at the applicant's expense, and there would be discussion with the applicant regarding commissioning. .

	Category C applications, the EPA is expected to have expertise to process the applications without the need for a specialist report. If a report is required, the fee should cover the expert's costs, and it needs to be made clear in what situations an external expert's reports may be used. They referred to the Australian Pesticides and Veterinary Medicines Authority fee, which fully covers external expert costs.		
	•		
Question 10 Would you support a fee incentive for category A hazardous substances applications that are for lower hazard chemicals, and why?	• Syngenta, Adama, Agcarm, and Etec disagreed with the proposed fee incentive and suggested rapid assessments were for situations where there is the same active ingredient and use, but a lower hazard. • Renovo stated the current system encourages people to continue to use and support existing chemicals which are more hazardous. There needs to be a 'reduced risk' category.	Syngenta Etec Renovo Agcarm Adama	As noted in discussion of the fee payable for a section 28A rapid application, there is a public benefit from encouraging lower hazard substances, including rapid applications that meet the section 28A(2)(c) classification "the substance has been formulated so that one or more of its hazardous properties has a lesser degree of hazard than any substance that has been approved." For these applications, accordingly, it is appropriate that the public benefits assessment is higher than for other section 28A applications as follows: private benefit 65 percent, public benefit 20 percent, and industry benefit 15 percent. Based on this analysis, it has been recommended that the fee for a section 28A rapid application considered under section 28A(2)(c) is set at an initial lodgement fee of $1,000 plus a second payment of $2,000 (total fee of $3,000 excluding GST). This fee recognises the additional public benefits of encouraging applications for hazardous substances with lesser degrees of hazard.

Question 11 What are your views on the ongoing need for import certificates for explosives and novelty fireworks?	Eight submitters provided feedback, representing different views. **Import certificates are needed for both explosives and novelty fireworks** • MAG strongly urged the EPA to retain the requirements for import certificates as a means of monitoring and controlling explosive imports, and to prevent misuse of explosives by lack of knowledge/skill, or by deliberate ill intent. They did not find the current process difficult or obstructive. • RedBull Powder Company Ltd supported a change to annual import certificates, as a longer term import certificate would assist businesses to be more efficient. **Import certificates are needed for explosives** • Steve's Wholesale Ltd strongly recommended to keep import certificates as a final check for smokeless powder propellants (class 1.3C UN0161 and 1.4C UN 0509 and UN 0501). • Livefx stated the current requirement is time-consuming and unnecessary, and supported an annual certificate for explosives.	MAG RedBull Powder Company Steve's Wholesale LiveFX Chrisco Firework Professionals Avalon International Wah Lee	The requirement for an import certificate for explosives is set out under clause 10 of the Hazardous Substances (Importers and Manufacturers) Notice 2015. The current HSNO Act fees then differentiate between what are referred to as standard explosives and novelty fireworks. The latter include Christmas crackers, party poppers, toy caps, but not retail fireworks. As well as obtaining feedback from submissions, the EPA has also been in discussion with WorkSafe New Zealand about the ongoing requirement for import certificates for explosives. WorkSafe New Zealand has advised that maintaining import certificates for class 1 explosives that are subject to the controlled substance licence requirements in the Health and Safety at Work (Hazardous Substances) Regulations 2017 is an important complement to the overall system of explosives management. The import certificate system provides information on each shipment of explosives imported and quantity and destination of the explosives. The point raised in some submissions that some foreign authorities also require a certificate to know that certain explosives can be imported before they will allow exports, is also noted. With respect to smokeless powder propellants, the EPA notes that their hazardous substance classification means many of them are covered by the controlled substance licence requirements. Taking into account the feedback from WorkSafe, as well as the feedback in submissions that support maintaining a requirement for import

	No import certificate needed • Firework Professionals Ltd stated no import certificate is needed for explosives and novelty fireworks. Novelty fireworks pose insignificant risk, and explosives are already regulated by other controls such as certified magazine and controlled substance licence. An online notification of explosives imports via EPA's website would be sufficient. • Wah Lee Ltd supported the removal of the import certificate requirements at least for 1.4G fireworks and novelty fireworks. Import certificates are superfluous as the determination of whether explosives are compliant with the HSNO Act takes place when they are tested by an explosives compliance certifier, before being released to the public. • Avalon International Ltd stated that there is no need for import certificates for toy caps and poppers. The current process is time-consuming and expensive for no known benefit. • Chrisco did not believe that an import certificate is required for Xmas crackers, as they pose no danger to the public.		certificates for class 1 explosives that are subject to the controlled substance licence requirements, it is proposed that import certificate requirements for this type of explosive continue. With respect to explosives not covered by the controlled substance licence requirements, the strong support for no longer requiring import certificates for novelty fireworks is noted. As well, Maritime New Zealand, separate to the submission process, specifically asked that shipboard pyrotechnics be made exempt from the import certificate requirements for explosives. Maritime New Zealand has commented that pyrotechnics such as rocket parachute distress flares and rocket line throwers form part of a ship's emergency equipment, and are required to be carried on board by maritime rules enforced by Maritime New Zealand. These explosives were previously exempt from the import certificate for explosives requirements under the Hazardous Substances (Tracking) Regulations 2001 that preceded the Hazardous Substances (Importers and Manufacturers Information) Amendment Notice 2017. The mixed feedback on whether an import certificate should continue to be required for retail fireworks is also noted. Retail fireworks typically refers to those fireworks restricted to sale to the public from 2 November to 5 November. The arguments for requiring a certificate include that: retail fireworks are an area of public concern; and import certificates are a means of collecting information on the volume of retail fireworks imported, and by whom. A further argument is that import certificates provide the EPA with information on who is importing fireworks that may assist monitoring that importers are meeting the requirements of the Hazardous Substances (Fireworks) Regulations 2001, in particular the requirement that any
Question 12 Do you support the status quo or	Seven submitters provided feedback. **Status quo** • As stated in Question 11, MAG supported the status quo.	MAG Maintrac Group	

options 1, 2, 3, or 4? And why?	**Option 1: Import certificate for explosives only** • Maintrac Group supported a change to require an import certificate for explosives only, which are covered by the controlled substance licence requirement. Some explosives such as signal cartridges are not as dangerous as others. **Option 2: Annual import certificate for both explosives and novelty fireworks** • RedBull Powder Company Ltd supported a change to annual import certificates for both explosives and novelty fireworks, similar to Queensland's licence to import explosives- corporate. This would streamline imports for businesses and reduce the EPA's time spent for processing individual certificates. **Option 3: Annual import certificate for explosives only** • Livefx supported a change to annual certificates, and stated that there was no point in having import certificate requirements for novelty fireworks. Many other countries have annual import certificates, and manufacturers and exporters would feel more comfortable if they had a current import certificate on file. Individual certificates are not necessary for explosives as there are other controls such as approved handlers, controlled substance licence, and location compliance certificates.	RedBull Powder Company LiveFX Firework Professionals Avalon International Wah Lee	fireworks consignment imported is HSNO certified. However, this information currently is not actually used to assist compliance monitoring. A further argument is that without the import certificate requirement for retail fireworks, this would reduce the level of monitoring by Customs of fireworks imports, and could undermine the restrictions on firework sales in the Hazardous Substances (Fireworks) Regulations. Currently, explosives and fireworks are on the Customs list of prohibited and restricted imports. As a result, importers are required to show their import certificate, and travellers arriving in New Zealand are asked to make a declaration regarding whether they have prohibited or restricted goods in their luggage. With no import restrictions, importers and travellers would not have any restrictions on bringing fireworks into New Zealand, other than the restrictions associated with the transport and carriage of fireworks on aircraft and ships. Thus, potentially, people could more readily bring fireworks into New Zealand at any time for their personal use, which would effectively undermine the restricted sale period specified in the Regulations. As well, not having restrictions would likely undermine the requirement in the Regulations for importers to have HSNO certificates to ensure that fireworks meet certain controls, such as noise impact. Weighing up the above, it is proposed that import certificates for explosives are required when there is a clear need to know what explosives are being imported, when, and by whom. This information is needed for explosives covered by the controlled substances licence requirements in the Health and Safety at Work (Hazardous Substances) Regulations 2017 and for retail fireworks. The distinction between novelty fireworks and other retail fireworks will require clear definition. It is proposed that novelty and noise maker

	Option 4: No import certificate for both explosives and novelty fireworks • As stated in Question 11, Firework Professionals Ltd supported the removal of import certificate requirements for both explosives and novelty fireworks. An annual certificate for explosives will likely benefit big players only, that import a large number of containments. Therefore, it is not desirable for people who import few consignments, unless the annual fee is as low as $250. • Avalon International Ltd and Wah Lee Ltd also supported the removal of import certificates (see Question 11).		fireworks are defined in the Hazardous Substances (Importers and Manufacturers Information) Notice 2015 as those fireworks specified under regulation 4(2) of the Hazardous Substances (Fireworks) Regulations and excluded from the retail sale restrictions, as follows: (a) those bonbon crackers, snaps, or similar pyrotechnic novelties or noise makers containing less than 1.7 mg of pyrotechnic substance; or (b) those amorces, crackshots, or similar pyrotechnic novelties or noise makers containing less than 5 mg of pyrotechnic substance; or (c) those party poppers, streamer bombs, handblasters, or similar pyrotechnic novelties or noise makers containing less than 20 mg of pyrotechnic substance. *Per shipment or annual import certificate* Instead of requiring an import certificate for each shipment of explosives, the alternative approach of having a requirement that provided for importers to obtain an annual certificate to import explosives, with a condition to notify the EPA and WorkSafe New Zealand of each shipment, has been discussed with WorkSafe New Zealand. For explosives covered by the controlled substances licence requirements, WorkSafe New Zealand advises that they require information on what is being imported, when it is being imported, and by whom. The explosives import certificate requirements make an important contribution to the overall explosives management system. WorkSafe New Zealand is concerned that an annual explosives certificate complemented by a shipment self-declaration system may not provide the same certainty of information as that provided by the certificate per shipment of explosives and associated Customs checking.

			The EPA notes that in submissions and at the consultation workshops, issues were raised with respect to the inflexibility of current import certificates. The form of the certificates and ensuring that they have flexibility to deal with small variations in consignments is being reviewed. **Recommendations** 1. The EPA consults on amending the Hazardous Substances (Importers and Manufacturers Information) Notice 2015 to provide that there is a requirement for import certificates for every shipment of class 1 explosives that are subject to the controlled substance licence requirements in the Health and Safety at Work (Hazardous Substances) Regulations 2017 imported into New Zealand, and every shipment of fireworks imported into New Zealand, with the exception of fireworks specified under regulation 4(2) of the Hazardous Substances (Fireworks) Regulations and excluded from the retail sale restrictions. 2. The consultation includes a draft of the proposed amendments to the Hazardous Substances (Importers and Manufacturers Information) Notice 2015. 3. Following consultation, the EPA Board makes final decisions on amending the Hazardous Substances (Importers and Manufacturers Information) Notice 2015.

Question 13 Do you want to make another proposal for import certificates for explosives and novelty fireworks, or do you have any other comments?	Four submitters provided feedback. **A yearly or five-yearly import certificates, with a fast track option** • Steve's Wholesale Ltd suggested a yearly import certificate for smokeless powder propellants, with a maximum quality of powder for each year and an expiry date. There could be a fast track application for recurring imports, and a more detailed application for new products. The certificates may allow a small discrepancy in powder amounts (e.g. less than 5%) – currently certificates could be invalid for a small change or discrepancy in the shipping weights. • RedBull Powder Company Ltd proposed a five-year licence for commercial exporters of explosives, similar to Queensland licence to import explosives – corporate. This will allow the exporters to plan for more efficient supply chains and shipping contracts. The EPA would then be able to focus on one-off shipments. **Online notification to the EPA instead of import certificate** • Firework Professionals Ltd suggested a notification of explosives imports via EPA's website, instead of requiring an import certificate. A very simple data entry on the EPA's website would allow the necessary information to be stored and inspected immediately. An annual fee of $250 would be sufficient.	Steve's Wholesale RedBull Powder Firework Professionals Wah Lee	The suggestion of an annual or longer explosives import certificate will be further considered when the EPA undertakes the review of the fees in three years. The review will also take into account the hazardous substances modernisation programme over the next few years. This is a significant programme of work that includes reviewing systems and processes to identify and make changes that will lead to processing efficiencies. This could include automation of some processes where this is cost effective. The EPA is committed to working with both our customers and stakeholders and will be testing improvement ideas and seeking input as part of this programme.

	Current delay in the approval of firework certifiers should be addressed • Wah Lee Ltd stated that the delay in the approval of firework certifiers should be addressed.		
Question 14 Overall, are there any other final comments you would like to make on the fees proposals?	**EPA Database** • Renovo proposed the EPA database needs to improve, from which people should be able to obtain information on substances. Currently it does not show all hazards and the wildcard search function does not work. • Adama and Agcarm commented that the EPA should provide all information it has to the Chemical Classification and Information Database, so that people can use this information for self-assessments.	Renovo Adama Agcarm	The EPA has committed to a hazardous substances modernisation programme over the next few years. This is a significant programme of work that includes reviewing systems and processes to identify and make changes that will lead to processing efficiencies. The hazardous substances modernisation programme includes reviewing the EPA database. The EPA is committed to working with both our customers and stakeholders and will be testing improvement ideas and seeking input as part of this programme.
	Could there be more reference to overseas assessments? • Agcarm proposed harmonisation with the Australian Pesticides and Veterinary Medicines Authority to achieve greater efficiencies. • FGC expressed frustration at the 'reinvention of the wheel' approach to assessments. This occurs when dossiers on the same substances have been subject to scrutiny and assessments by reputable overseas authorities in Australia, Canada, and the United States	Agcarm FGC	As a separate stream of work, the EPA is looking at areas where there could be harmonisation or mutual recognition of chemical regimes with Australia, as part of the New Zealand Government's commitment to the Trans-Tasman Mutual Recognition Arrangement. As well, as part of the hazardous substances modernisation programme, the EPA is looking at ways it could be possible to recognise other regulatory regimes.

	are not used by New Zealand EPA assessors. Another addition to this problem is that these tests that are used by other countries can then take far too long to be repeated in New Zealand. This means that our systems are out of step.		
	Confidentiality of information • ARPPA noted concerns around the importance of procedures to ensure and protect confidentiality of sensitive information. They also suggested better coordination with the MPI ACVM team to streamline the registration process for new compounds.	ARPPA	The HSNO Act provides the same data protection as the ACVM Act provided an application is lodged with ACVM before a section 28 approval application is made.
	Levy for importers • Agcarm suggested the EPA consider other modes of cost recovery, such as a new levy on importers of cosmetics.	Agcarm	The EPA is working with the Ministry for the Environment on possible additional new fees. This includes giving consideration for a levy or annual fee for importers and manufacturers of hazardous substances.
	EPA assessment methodology • Renovo questioned the EPA's detailed assessment of non-active ingredients, which they believed did not add value. • David Colsell commented that there are a number of issues in dealing with the EPA application processes. There is often a lack of consistency with EPA decisions, particularly in the area of classifications. The methodology used by the EPA in reaching decisions is unclear, which means that there is a lack of support and guidance for industry and consumers. The HSNO Act is not used effectively, and there have been inconsistencies in the interpretation of this Act.	Renovo David Colsell	The EPA, in June 2018, published draft documents on how we evaluate the risks and benefits of hazardous substances. As part of the consultation, the EPA has asked if the guide makes our risk assessment approach and processes understandable, and whether it gives enough information to help applicants. Comments were sought on the proposed guidance by 6 July 2018. The purpose of the risk assessment guide is to explain how the EPA evaluates applications to import or manufacture new hazardous substances, and how we re-evaluate the risks and benefits of approved substances. The guide includes details about the models and parameters we use, and the sort of information we need for these evaluations.

	David Colsell has recommended that there be a legal review of the EPA's current interpretations of the Act, and a full review of the applications that were rejected or withdrawn over the past four years.		We want to be transparent about our work, and the guide document could also help applicants carry out their own risk assessments as part of their product development, to include with their future applications.
Other fees not discussed in the consultation document	Horticulture NZ supported the following fees increases in line with inflation: • Group standard application – from the current negotiated fee to $10,000. The EPA's proposed fee was $25,000 plus $5,000 for each hearing, plus actual and reasonable for specialist reports. • Amendment to group standard – from the current fee of $3,000 to $5,000. The EPA's proposed fee was $10,000, plus $5,000 for each hearing, plus actual and reasonable for specialist reports. • Import or manufacture for release in an emergency – they supported the status quo of $7,500. The EPA's proposed fee was $15,000.	Horticulture NZ	The EPA does not support the suggestion from Horticulture NZ that fees should only be increased in line with inflation. The proposed increases to fees that were not discussed in any detail in the consultation document, were made on the basis of alignment with other proposed fees increases. The following recommendations take into account the changes recommended to the fees in the discussion under Question 4 above. **Recommendations** 1. The fee for a group standard application is set at a base fee of $25,000, plus a notified application fee of $5,000. Total fee: $30,000 excluding GST. 2. The fee for an amendment to a group standard application is set at a base fee of $10,000, plus a notified application fee of $5,000. Total fee: $15,000 excluding GST. 3. The fee for applications for genetically modified organisms not elsewhere provided is set at a base fee of $25,000, plus a notified application fee of $5,000. Total fee: $30,000 excluding GST. 4. For the above applications where the EPA does not have the expertise to comprehensively assess the application, there is discussion of the possible need for additional specialist reports. The actual and reasonable costs of any additional specialist reports needed to inform consideration of the application, are agreed with the applicant.

			5. For the import or manufacture for release of a hazardous substance in an emergency, the fee is set at $15,000 excluding GST. 6. For the release in an emergency of a new organism, the fee is set at $15,000 excluding GST.

Submitter	Submitter type
Accord Australasia Ltd	Industry association representing manufacturers and marketers of hygiene, cosmetics, and specialty products
Adama New Zealand Ltd	International crop protection company
Agcarm	An industry association for manufacturers and distributers of crop protection and animal health products
Animal Remedy and Plant Protectant Association	An association representing the interests of agricultural compound and veterinary medicine manufacturers and suppliers
Avalon International Ltd	Importer of party supplies (including novelty fireworks), gifts, and toys.
Biotelliga	Ag-Biotech company for the effective management of agricultural crop pests and diseases
Botry-Zen (2010) Ltd	Manufacturer and distributor of biological organic input and natural fungicide
Chrisco Hampers Ltd	Online catalogue retailer
David Colsell	Individual submitter. Contractor to Kiwicare.
Cut'n'Paste	Manufacturer and distributor of weed control products
Etec Crop Solutions Ltd	Independent and privately owned product development and marketing company for crop related products
Firework Professionals Ltd	Importer of explosives for pyrotechnic displays
Foundation for Arable Research	Applied research and information transfer organisation for New Zealand arable growers
Horticulture New Zealand	An industry association representing New Zealand horticulture sector
Interchem Agencies Ltd	Marketer of raw materials and chemicals to a range of industries
LiveFX Ltd	Importer of explosives for pyrotechnic displays
MAG (Military Adventure Group)	Private business providing military styled adventure, advice, and support
Maintrac Group	Supplier of animal and pest control products
Novother Cancer Research	Individual submitter
New Zealand Food and Grocery Council	Industry association representing the manufacturers and suppliers behind New Zealand food, beverage, and grocery brands
Jason Orlop	Individual submitter
Redbull Powder Company Ltd	Manufacturer and supplier of commercial explosives

Submitter	Submitter type
Renovo Technologies Ltd	New Zealand ‘boutique’ chemical manufacturing company
Steve’s Wholesale Ltd	Importer of firearms, hunting, and reloading supplies
Syngenta Australia Ltd	International agricultural company
Technical Compliance Consultants (NZ) Ltd	Private company providing guidance to international companies for compliance of products under HSNO Act
Wah Lee Ltd	Importer of party supplies (including novelty fireworks), gifts, and toys.
University of Auckland, Biological Safety Committee	Research institute, particularly in the area of new organisms
University of Otago	Research institute
Zoetis New Zealand Ltd	Global animal health company