



Proposal to establish a halal export assurance framework for the New Zealand dairy industry

**General export requirements for halal dairy material
and halal dairy products**

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Prepared for the dairy industry
by the Food Assurance Team, Ministry for Primary Industries

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1 Submission

The Ministry for Primary Industries (MPI) invites your comment on this discussion paper and the accompanying draft notice, which propose the establishment of a regulatory assurance framework for the export of New Zealand's dairy material and dairy products that are labelled as halal or would require a halal certificate when exported.

Consultation closes on Wednesday 28 February 2018 at 5:00 pm.

1.1 HOW TO HAVE YOUR SAY

You may comment directly on any sections or paragraphs in the discussion document or any provisions in the proposed notice.

MPI encourages submitters to make their submissions electronically so please email your submissions to: food.assurance@mpi.govt.nz.

If you wish to convey your submissions in writing, these should be posted to the following address:

Proposed Halal Export Assurance Framework
MPI Food Assurance Team (Level 1, 3 The Terrace)
PO Box 2526
Wellington

Please include the following information in your submission:

- the title of the discussion document;
- your name and title (if applicable);
- your organisation's name (if applicable); and
- your address

The following points may be of assistance in preparing comments:

- where possible, comment should be specific to a particular section or paragraph in the document. Each paragraph is numbered and it is recommended that you link your comments to the relevant paragraph(s);
- where possible, reasons and data to support comments may be provided;
- the use of examples to illustrate particular points is encouraged;
- as a number of copies may be made of your comments, please use good quality type, or make sure the comments are clearly hand-written in black or blue ink.

1.2 THE OFFICIAL INFORMATION ACT 1982 (THE OIA)

Everyone has the right to request information held by government agencies, known as "official information". Under the OIA, information is to be made available to requesters unless there are reasonable grounds for withholding it. The grounds for withholding information are outlined in the OIA.

If you are submitting on this discussion document, you may wish to indicate any grounds for withholding information contained in your submission. Reasons for withholding information could include that information is commercially sensitive or that the submitters wish personal information such as names or contact details to be withheld. MPI will consider such grounds when deciding whether or not to release information.

Any decision to withhold information requested under the OIA may be reviewed by the Ombudsman.

For more information please visit <http://www.ombudsman.parliament.nz/resources-and-publications/guides/official-information-legislation-guides>

1.3 WHAT HAPPENS NEXT?

A panel consisting of MPI officials will consider all submissions and make a recommendation to the relevant decision maker about the final version of the proposed notice to be issued. A document summarising all submissions and MPI's response will be sent to all submitters and posted on the MPI website.

Key dates	Action
Friday 2 February 2018	Consultation starts
Wednesday 28 February 2018	Consultation closes (4 weeks)
Monday 5 March – Friday 9 March 2018	Consideration of submissions (1 week)
Monday 12 March – Friday 16 March 2018	Final review of notice (1 week)
Tuesday 20 March 2018	Notice is issued and notified
Wednesday 20 June 2018	Notice comes into force

2 Background

Global demand

1. The world-wide halal food market has dramatically increased in the past decade. Its global value is now estimated at more than US\$600 billion annually or approximately 16 per cent of the entire global food industry.
2. Muslim consumers are soon expected to represent the largest share of global consumer spending. Demand for halal food products extends beyond traditional halal markets such as Indonesia, Malaysia and the 6 member States of the Gulf Cooperation Council namely, Saudi Arabia, Kuwait, the United Arab Emirates, Qatar, Bahrain, and Oman. There is significant demand among non-traditional halal markets with sizable Muslim populations (for example: China - approximately 23 million Muslims; United Kingdom – approximately 2.8 million Muslims, France – approximately 4.7 million Muslims; Russia – approximately 16.3 million Muslims).

Status quo

3. New Zealand has much at stake. Currently, there is no regulatory framework for the export of halal dairy products. Therefore, current export of halal-labelled dairy products are subject to ad hoc arrangements between dairy companies and certain halal certification agencies. While this may be deemed as advantageous from a flexibility point of view, prior experience indicates that having a regulatory framework provides greater confidence to customers and competent authorities in overseas markets due to the certainty and transparency it provides and the ability to verify, monitor and enforce compliance.

Proposed regulatory framework

4. The regulatory framework proposed in the draft Notice and explained in this discussion document is based on the same principles which underpin the regulatory framework we currently have for the meat industry, which are as follows:
 - (a) Cooperation between Government (MPI), industry and approved halal organisations (i.e. approved halal certification agencies);
 - (b) Halal export framework set out in legislation with Government oversight;
 - (c) Industry responsible for implementing halal processing requirements at their premises; and
 - (d) Approved halal organisations providing halal certification and verifying compliance.
5. The proposed halal processing requirements are designed to reflect current industry practice as much as possible and are adapted to reflect the uniqueness of the dairy industry. The proposed Notice was set up with an appreciation of the fact that the strength of New Zealand's negotiating position relies on the robustness of our standards and the integrity of our system and its administration.

Government – industry engagement

6. The proposals in this discussion document and the attached draft Notice have been put together by a working group consisting of members of the Dairy Companies Association of New Zealand (DCANZ) and MPI officials. The working group was established by the Dairy Product Safety Advisory Council.

Empowering provision

7. The Animal Products Act 1999 (the Act), under section 60, empowers the Director-General of MPI to issue export requirements if doing so:
 - (a) is necessary or desirable to facilitate market access; or
 - (b) is in accordance with, or could reasonably be expected to satisfy the requirements of importing countries; or
 - (c) is necessary or desirable to safeguard assurances provided by New Zealand.
8. MPI is satisfied that the proposed requirements meet the above criteria. The table in section 3 summarises the key components of the proposed framework.

3 Summary of key components of the proposed regulatory halal export assurance framework

The following table provides an outline of the key components of the proposed framework:

Subject	Proposal	Relevant clause(s) in the Notice
Product class within scope of the Notice	<ul style="list-style-type: none">• dairy material and dairy products that are intended to be labelled as halal or accompanied by a halal certificate when exported.	<ul style="list-style-type: none">• Clause 1.1
Premises within scope of the Notice	<ul style="list-style-type: none">• final manufacturers of dairy products that are intended to be labelled as halal for export• any other premises that supply the final manufacturer with dairy material if that supplying premises incorporates non-dairy animal material or product, ingredients, processing aids or food additives into the dairy material	<ul style="list-style-type: none">• Clause 3.3• Clause 3.3
Approved halal programme	<ul style="list-style-type: none">• Premises within the scope of the Notice will be required to operate under an approved halal programme• Halal programmes are approved by Approved Halal Organisations (AHOs).	<ul style="list-style-type: none">• Part 3
Deemed approved halal programme for existing premises	<ul style="list-style-type: none">• For premises that have a halal certification arrangement with an AHO prior to the	<ul style="list-style-type: none">• Clauses 11.1.1(1)(b) and 11.1.1(2)(a)

	<p>commencement of the Notice, their documented systems will be deemed as approved halal programmes for 18 months. They will have to apply to their AHOs for the approval of their halal programmes before the expiry of the 18 months deeming period.</p>	
Halal premises	<ul style="list-style-type: none"> • The term “halal premises” in the proposed Notice only refers to premises within the scope of the Notice (as listed above) [“halal premises” do not include independent stores] • There are two steps for a premises to become a halal premises. Firstly the premises must have its halal programme approved by an AHO and have a site inspection by that AHO. Secondly, once the first step is completed, the operator of the premises must apply to be listed by MPI 	<ul style="list-style-type: none"> • Refer to the definition under clause 1.2 • Parts 3 and 4
Deemed halal premises	<ul style="list-style-type: none"> • Premises that have a halal certification arrangement with an AHO prior to the commencement of the Notice, will be deemed as “halal premises” for 18 months. They will have to apply to be “halal premises” before the expiry of the 18 months deeming period. [MPI will extract this information from existing AHOs listed in Annex 3 of the proposed Notice] 	<ul style="list-style-type: none"> • Clauses 11.1.1(1)(a) and 11.1.1(2)(b)
Traceability	<ul style="list-style-type: none"> • operators of halal premises to have a system of recording receipt, process, transfer, marking, labelling and certification of halal dairy material and halal 	<ul style="list-style-type: none"> • Clause 2.3

	dairy products.	
Requirements for halal processing	<ul style="list-style-type: none"> • Halal processing can only occur in “halal premises” and must conform to the processing requirements in the Notice and the approved halal programme 	<ul style="list-style-type: none"> • Part 5
Halal certification and verification	<ul style="list-style-type: none"> • Halal certification will be carried out by Approved Halal Organisations • Halal certification will be carried out in MPI’s Animal Products Electronic Certification System (AP E-cert) • The issuing of halal certificates in AP E-cert will not be mandatory until the date that is 7 months after the date of issue of the Notice. This is to allow time for companies to build the necessary capability into their certification system • Verification of compliance with the Notice will be carried out by Approved Halal Organisations 	<ul style="list-style-type: none"> • Part 10 • Sub clause (3) of the commencement section • Clause 4.6
Approval as an Approved Halal Organisation (AHO)	<ul style="list-style-type: none"> • Halal certification agencies that intend to be involved in halal certification for New Zealand dairy exports must apply to MPI for approval as an AHO • Criteria for approval as an AHO is set out in the Notice • Additional AHO listing is required for AHOs who intend to certify products exported to specific countries (i.e. traditional Muslim countries listed in Annex 2 of the Notice) • AHO employees who actually carry out audits and issue halal certificates must meet the competency criteria set out in the Notice 	<ul style="list-style-type: none"> • Part 6 • Part 7

Deemed AHOs	<ul style="list-style-type: none"> Existing AHOs (i.e. AHOs providing halal certification services to industry prior to the commencement of the Notice) will continue to be recognised (indefinitely) as AHOs under the Notice so they do not have to be re-approved by MPI Any new halal certification agency intending to become an AHO from the date of commencement of the Notice will have to apply for approval by MPI 	<ul style="list-style-type: none"> Clause 11.2
Approved Halal Organisation Forum	<ul style="list-style-type: none"> Establishment of an AHO Forum to advise MPI on halal operational matters from time to time 	<ul style="list-style-type: none"> Part 8
Halal Academy	<ul style="list-style-type: none"> MPI may convene an academy with representatives of competent authorities of selected overseas countries for the purposes of providing independent expert advice to the Director-General on halal standards and related halal matters. 	<ul style="list-style-type: none"> Part 9

4 Proposed requirements

4.1 ESTABLISHING A REGULATORY FRAMEWORK FOR HALAL CERTIFICATION OF DAIRY PRODUCTS FOR EXPORT

Current state and context

- There is currently no regulatory framework underpinning the processing and labelling of halal dairy material and halal dairy product intended for export. Some dairy companies currently have individual contractual arrangements with halal certification agencies who provide the necessary certification or endorsement confirming the halal status of their products.
- The status quo has the benefit of being flexible. It allows individual companies to negotiate requirements directly with halal certification agencies of their choice, resulting in arrangements that are suitable to their circumstances.

11. On the other hand, having a non-regulatory framework leads to inconsistent industry practices, which in turn creates confusion and uncertainty as to which is the right practice or standard.
12. Also, having a non-regulatory framework makes it difficult for companies and halal certification agencies to manage perception of conflict of interest. Halal certification agencies are paid for by companies for providing certification and verification services but are also expected to impose and enforce compliance with halal requirements.
13. A regulatory framework will have the benefit of a regulator as independent third party who is primarily responsible for specifying requirements through the appropriate regulatory mechanism and overseeing the framework. A regulatory framework ensures that requirements, roles and responsibilities are set out in a uniform and transparent manner.
14. A non-regulatory framework would also mean that each company would individually have to ensure that their requirements comply with market requirements. While this may not be a significant challenge in terms of meeting the needs of overseas customers, it is a significant issue where the competent authorities of overseas markets view halal matters in the same light as food safety matters.
15. Most traditional halal markets have a regulatory framework for the processing and labelling of halal animal products and there is an expectation that halal animal products exported to them are processed and labelled within equivalent or similar regulatory framework. It would be more efficient to negotiate equivalence with those markets if New Zealand has a regulatory framework.

Proposal

16. MPI proposes to establish a regulatory halal export assurance framework for the New Zealand dairy industry to facilitate market access to countries with high demand for halal dairy material and halal dairy products. The framework will be established by a notice issued under section 60 of the Animal Products Act 1999. A draft of the proposed Notice is attached and it specifies the requirements that must be met in order for dairy material and dairy products to be labelled as halal when exported or to be issued with a halal certificate.
17. The proposed Notice specifies a framework underpinned by cooperation between dairy companies (exporters and operators), halal certification agencies (i.e. Approved Halal Organisations (AHOs)) and Government (MPI). A general outline of regulatory roles for MPI and AHOs are set out in the background section and clause 2.1 of the Notice.
18. Dairy companies' representatives from the Dairy Companies Association of New Zealand (DCANZ) and MPI agreed to propose a regulatory framework after considering the benefits and challenges of having a framework during a series of collaborative meetings. A working group consisting of dairy companies' representatives from DCANZ and MPI officials put the proposed Notice together.
19. The proposed Notice generally consolidates current and common industry practices that are consistent with known market requirements and deemed acceptable by halal certification agencies that currently provide halal certification services to the dairy industry. The proposed Notice has also been reviewed by existing halal certification agencies (i.e. deemed AHOs listed in Annex 3 of the proposed Notice).

4.2 APPLICATION AND SCOPE

Current state and context

20. As stated, there is a lack of clarity and uniformity in relation to the exact scope of the halal framework as currently operated by individual dairy companies. Scope, in this sense, means a definite list of applicable halal requirements, the exact types of products, premises or operations to which they apply, and how compliance with the requirements are monitored and enforced.
21. Lack of clarity and uniformity in scope have negative implications on the level of trust and confidence placed by overseas consumers and regulators on New Zealand dairy products labelled as halal.

Proposal

22. MPI proposes to clearly define the scope of the regulatory halal assurance framework.
23. In terms of product type covered, the Notice will apply to all dairy material and dairy products that are intended to be labelled, marked or represented as halal when exported, regardless of intended export markets.
24. Milk is halal by default but the continuation of that halal status may change if other things are added to it. Therefore in terms of premises types covered by the Notice, comprehensive halal requirements will apply to the following premises types where addition of non-dairy material may occur:
 - (a) the final manufacturer of halal dairy material or halal dairy products; and
 - (b) any premises that supply the final manufacturer with dairy material if those supplying premises incorporate non-dairy animal material or non-dairy animal product, ingredients, processing aids or food additives into the dairy material.
25. As explained later in this document, the above classes of premises will be required to have an approved halal programme detailing how the requirements will be met. Those premises will also be subject to routine assessments (audits) by AHOs as explained later in this discussion document.

4.3 BECOMING A HALAL PREMISES

Current state and context

26. Currently, it is not clear which premises types or processing types halal requirements apply to. This leads to uncertainty in respect of the required level of compliance at different premises.

Proposal

Only halal premises may carry out halal processing

27. MPI proposes that halal processing requirements are imposed on the following premises types (which are as identified in clauses 3.3 and 4.1 of the proposed Notice):
 - (a) the final manufacturer of halal dairy material or halal dairy products; and

- (b) any premises that supplies the final manufacturer with dairy material if that supplying premises incorporates non-dairy animal material or product, ingredients, processing aids or food additives into the dairy material.
- 28. These premises types have been singled out because these are where most of the processing activities with halal implications occur. Milk is halal by default and would only attract interest and scrutiny from a halal perspective when things (non-dairy animal material or product, ingredients, processing aids or food additives) are added to it. This generally happens at these premises types.
- 29. The proposed Notice requires premises of the above classes to be listed as “halal premises” before they can carry out halal processing.

Criteria for becoming a halal premises

- 30. The proposed Notice effectively specifies two steps to becoming a halal premises, which are as follows:
 - (a) the premises must have a halal programme approved by an AHO; and
 - (b) the premises must be listed as a “halal premises” by MPI.
- 31. The operator must first get their halal programme approved by their AHO(s) before they can apply to MPI for listing as halal premises. Halal processing cannot commence until the listing process is completed. The process for the approval of halal programmes is explained in section 4.4 below.

Temporary recognition of premises with a halal certification arrangement prior to commencement of the Notice

- 32. To ensure a smooth transition into the new regulatory framework, the Notice specifies provisions for temporary recognition of the status of premises that currently have a halal certification arrangement with a halal certification body (i.e. generally an AHO approved under the Halal Notice for Meat). For those premises, they will be deemed to be “halal premises” for a period of 18 months from the date of commencement of the Notice. They will be required to be listed before the expiry of the 18 months period.
- 33. Additionally, premises that currently have a halal certification arrangement with a halal certification body will have their existing documented procedures for halal processing and certification deemed to be an “approved halal programme” for a period of 18 months from the date of commencement of the Notice. The operators of those premises will be required to apply for approval of their halal programmes before the expiry of the 18 months period.
- 34. Operators who intend to take advantage of the deeming provisions should confirm their intention to their AHO(s) immediately after the Notice is issued and before commencement. MPI will require AHOs to provide a list of all the premises they currently provide halal certification services to. Premises on the AHO lists will be deemed to be halal premises for 18 months.

Revocation of “halal premises” status

- 35. A premises may cease to become a “halal premises” for the purposes of halal certification if it’s approved halal programme is suspended by the AHO or has expired and no renewal application has been received by the AHO.

Routine on-site audit/assessment of halal premises

36. It is proposed that halal premises are subject to routine assessment/audit by AHO(s) who provide halal certification services to them. This is to ensure that premises are implementing their approved halal programme and are complying with the Notice on a consistent basis.
37. Two applicable assessment frequencies are being proposed, which are as follows:
 - (a) halal premises that process halal dairy products that **DON'T** require halal certificates would be subject to 1 assessment every 6 months; and
 - (b) halal premises that processes halal dairy products that **DO** require halal certificates would be subject to 1 assessment every 4 months.
38. A more frequent frequency for category (b) above is deemed appropriate because it involves situations where AHOs are directly attesting to the halal status of the products so it is essential that the AHOs get regular opportunities to assess those premises.
39. The proposed assessment/audit system is performance based so an AHO may impose more frequent assessment as a result of non-compliance. Assessment reports would be provided to the operator.

Halal decision-making body and halal quality assurance officer (refer to clauses 4.7 and 4.8 of the proposed Notice)

40. It is proposed that halal premises have a halal decision-making body, which would be responsible for developing, managing and evaluating the premises' halal programme. This is an important role given that the halal programme dictates how halal requirements are implemented at the premises and is the ultimately indicator of whether or not dairy products processed at the premises are halal.
41. It is proposed that halal premises would need to have a halal quality assurance officer, who would be responsible for ensuring that the halal premises' day to day operations are in accordance with its approved halal programme, and major non-compliances are reported to the operator, the premises' AHO(s).

4.4 APPROVAL OF HALAL PROGRAMMES

Current state and context

42. As stated, having an approved halal programme is being proposed as a condition to becoming a halal premises. Currently, there is a lack of clarity both in relation to applicable halal processing requirements and the mechanisms for ensuring that such requirements are being effectively implemented at dairy RMP premises. Since operators are ultimately responsible for implementing halal processing requirements, it is vital to the credibility of the regulatory framework that processing premises have clear and comprehensive documented systems specifying how halal requirements are to be implemented.

Proposal

Certain premises must have a halal programme (refer to clause 3.3 of the proposed Notice)

43. MPI proposes that “halal premises” should have an approved halal programme. As stated, halal premises are:
- (a) final manufacturers of halal dairy material or halal dairy products; and
 - (b) premises that supply the final manufacturers with dairy material if those supplying premises incorporate non-dairy animal material or product, ingredients, processing aids or food additives into the dairy material.
44. Premises that do not fit into any of the above classes are not required to be “halal premises” for the purposes of halal certification and are therefore also not required to have an approved halal programme.
45. To ensure certainty, transparency and uniformity, and promote trust and confidence in our system the proposed Notice defines what a halal programme is, who must have it (as explained in the preceding clause), contents, form and scope of a halal programme, application for approval of a halal programme, and the criteria for AHOs in approving, refusing, suspending or renewing halal programmes.

Purpose of the halal programme (refer to clause 3.2 of the proposed Notice)

46. The halal programme would be the primary mechanism for ascertaining whether halal premises are capable of producing halal products. It will set out the procedures and processes that premises would follow to ensure that halal requirements are fully implemented so the resulting dairy products are halal.

Form of a halal programme (refer to clause 3.5(1) of the proposed Notice)

47. The form of a halal programme would have to be agreed between the operator and the AHO(s) which provides halal certification services to their premises.

A halal programme may cover more than one premises (refer to clauses 3.5(2) and 3.8(3) of the proposed Notice)

48. A halal programme may apply to more than one premises (multi-premises halal programme). For multi-premises halal programme to be approved by the AHO the operator must ensure that the programme adequately covers all the premises it applies to, the registered operator of the programme will have sufficient control, authority, and accountability for all matters covered by the programme in relation to all premises subject to its coverage.
49. Also, the registered operator of the programme must have obtained the consent or otherwise taken into account the views of operators of premises that are to be covered by the programme, and each operator whose premises is to be covered by the programme is aware of the implications for his or her operations in the event of a suspension of the programme.
50. It will be the responsibility of the AHOs to ensure this requirement is being implemented appropriately.

Contents of a halal programme (refer to clause 3.6 of the proposed Notice)

51. The proposed contents of a halal programme are set out in clause 3.6 of the proposed Notice, and includes information such as the name and address of halal premises to which the programme applies, the types of dairy products to be processed at the premises, the scope of halal activities, and traceability system.

Approval of halal programmes by AHOs (refer to clauses 3.7 and 3.8 of the proposed Notice)

52. The proposed Notice sets out the criteria to be applied by AHOs when considering applications for approval of halal programmes. The AHOs must be satisfied that the programme complies with the content requirements specified in clause 3.6 and adequately covers the premises to which it applies.
53. A mandatory site inspection is also part of the approval criteria. This is to ensure that the premises is fully equipped to implement the programme and that the programme, when implemented, would consistently and reliably produce halal dairy material and halal dairy products.
54. Where a halal premises is being provided halal certification services by two or more AHOs, those AHOs must consult amongst themselves when approving the halal programme for the premises to ensure that the same version of the programme is being considered. However, there will be cases where the relevant competent authority of an importing country may require halal certification by a specific AHO. In those cases, only the AHO recognised by that competent authority will be allowed to assess the requirements in the halal programme specific to that market.
55. AHOs would be required to keep copies of assessment reports in relation to all halal programmes they assessed for 4 years and provide such reports to the Director-General or an animal product officer immediately upon request.
56. Where approval is granted, it would last for three years. The operator must apply for renewal of the programme prior to the 3 year anniversary date of the last approval or re-approval.

Refusal to approve a halal programme (refer to clause 3.9 of the proposed Notice)

57. The proposed Notice sets out the criteria for refusing an application for approval of a halal programme. An AHO may only refuse an application if not satisfied that the stated approval criteria have been met. To ensure fairness, the Notice requires an AHO to follow the following process when proposing to refuse an application for approval of a halal programme:
- (a) notify the operator of the AHO's proposal to refuse the application, outlining the reasons for the proposal; and
 - (b) give the operator a reasonable opportunity to respond to the proposal; and
 - (c) consider any response received from the operator; and
 - (d) if the AHO still considers that the refusal is justified, refuse the application and notify the operator and MPI of the final decision and the reasons behind it.
58. Refusal decisions would be subject to review by MPI upon the application of the affected operators. Any review will exclusively focus on whether the above process was

followed as opposed to any consideration made by the AHO as to whether the operator or the halal programme complies with halal requirements.

Suspension of a halal programme (refer to clause 3.12)

59. The proposed Notice would give AHOs the authority to suspend a halal programme if it is no longer relevant to the premises to which it relates or if it becomes incapable of consistently and reliably producing halal dairy material and halal dairy products. Suspension may be lifted if appropriate corrective actions have been carried out to the satisfaction of the relevant AHO(s)
60. Suspension decisions would be subject to review by MPI upon the application of the affected operators. The review would focus on whether proper process was followed as opposed to the merit of the decision (i.e. the review would not be about whether the decision was the right or wrong decision).

4.5 APPROVAL AS AN APPROVED HALAL ORGANISATION

Current state and context

61. Currently, halal certification agencies that provide halal certification services within the dairy industry do not have any formal legal recognition. This is primarily due to the absence of a regulatory framework as previously explained.
62. Regulatory oversight over the practices of those certification agencies is essential to promote trust and confidence in our halal assurance framework. It alleviates conflict of interest issues arising from these certification agencies being trusted to enforce compliance on businesses who pay them for the provision of halal certification services. Regulatory recognition is necessary to demonstrate that certification agencies are subject to transparent and established requirements, and their compliance are monitored and enforced by an independent regulator.

Proposal

Becoming an approved halal organisation

63. MPI proposes a mechanism for halal certification agencies that provide halal certification services to the dairy industry to become AHOs. A certification body would therefore not be allowed to provide halal export certification services unless it is an AHO.
64. The requirements for approval as an AHO specified in the proposed Notice are identical to the requirements specified in the Halal Notice for meat exports.

Criteria for becoming an approved halal organisation

65. Approval as an AHO will be carried out by MPI based on the criteria set out under clause 6.2.1 of the proposed Notice. Importantly, the organisation must be:
 - (a) managed and operated by people who are practising Muslims; and

- (b) accredited to ISO:17065 by an accreditation body or commit to gaining this accreditation before 01 December 2019;
- (c) accepted as a halal certification body by a relevant national authority of one of either Indonesia, Malaysia, Saudi Arabia or United Arab Emirates.

Description of ISO:17065

Conformity assessment - Requirements for agencies certifying products, processes and services. It contains requirements for the competence, consistent operation and impartiality of product, process and service certification agencies. Certification agencies operating to this International Standard need not offer all types of products, processes and services certification. Certification of products, processes and services is a third-party conformity assessment activity.

- 66. Notably, to ensure continuity, halal certification agencies that currently provide halal export certification services to the dairy industry would be deemed to be AHOs from the date of commencement of the Notice. Those halal certification agencies are listed under Annex 3 of the proposed Notice. This would mean that they do not need to re-apply to become an AHO; however, they would still need to pursue accreditation for ISO:17065 before 01 December 2019.
- 67. New halal certification agencies that intend to become AHOs must go through the application process as specified in Part 6 of the proposed Notice.

Listing of approved halal organisation required for certain markets

- 68. Once a halal certification body is approved as an AHO, it would be able to provide halal certification services for dairy products to any countries **OTHER THAN** those countries listed under Annex 2 of the proposed Notice (Annex 2 countries).
- 69. The AHO would need to go through an extra step, which is the listing process, if it wants to be able to certify halal dairy products to Annex 2 countries. To be listed for an Annex 2 country, the AHO would have to provide to MPI written evidence of acceptance from the relevant national authority of the country for which listing is sought.

Refusal of application to become and AHO and revocation of AHO approval

- 70. As proposed, MPI would have the authority to refuse an application for approval as an AHO only if the applicant fails to meet any of the stated criteria. Where this happens, MPI would be obligated to engage with the applicant before finalising the decision. As such, MPI would notify the applicant giving reasons and a reasonable opportunity to respond.
- 71. MPI will also have the authority to revoke the approval of an AHO on grounds specified in clause 6.2.5 of the proposed Notice. Those grounds include fraudulent activities relating to halal certification, substantive non-compliance with the Notice, dormancy and failure to cooperate with an MPI audit of AHO compliance. MPI would also be obligated to engage with the applicant before finalising the decision. As such, MPI would notify the applicant giving reasons and a reasonable opportunity to respond.
- 72. The proposed Notice will also allow MPI to suspend or revoke an AHO's listing for an Annex 2 country if satisfied that the relevant national authority for that country has

withdrawn or suspended its acceptance. Where this happens, the AHO would be notified and their name removed from the relevant MPI register. Re-listing would depend on evidence of reconfirmation of acceptance by the relevant national authority for country concerned.

Requirements on AHO personnel

73. The proposed Notice identifies two different categories of personnel who would provide halal certification services for the AHOs, as follows:
- (a) Assessment and approval persons – these are AHO employees that process application for approval of halal programmes and carry out on-site assessments; and
 - (b) Issuing officers – these are AHO employees who issue halal certificates and halal premises registration certificates.
74. The two categories of AHO personnel would be required to meet the competency criteria specified in the proposed Notice. They all have to be practising Muslims and have attained competency in NZQA standards 25924, 25926, 26025 and 29088. It would be the responsibility of the AHOs to ensure that their personnel are competent and they would be required to keep evidence of competency.

Title and Description of NZQA Halal Unit Standards

NZQA 25924: Demonstrate knowledge of audit requirements in the certification of Halal food and food products. This theory-based unit standard is for experienced people who audit Halal processes for certification for a primary products food processing operation.

NZQA 25926: Demonstrate knowledge of Shariah in the production and certification of Halal food and food products. This theory-based unit standard is for Muslim food processors and people who audit the Halal process for certification for a primary products food processing operation.

NZQA26025: Audit the production of Halal food and food products for certification. This unit standard is for people who audit the Halal process for certification for a primary food processing operation.

NZQA29088: Produce Halal dairy products. This unit standard is for people involved in Halal dairy production who act in an unsupervised capacity.

75. Assessment and approval persons and issuing officers would also be required to be independent and impartial in undertaking their functions to ensure that the Notice is being complied with.

Suspension of AHO personnel

76. As proposed, MPI would have the authority to suspend an assessment and approval person or an issuing officer if the way they undertake their functions fall short of the required competency standard or they have been engaging in fraudulent activities. MPI would be obligated to engage with the AHO before making a decision. As such, MPI

would notify the AHO giving them reasons for proposing the suspension and a reasonable opportunity to respond.

4.6 HALAL PROCESSING REQUIREMENTS (REFER TO PART 5 OF THE PROPOSED NOTICE)

Current state and context

77. As stated, one of the weaknesses of the existing non-regulatory framework is the lack of clarity and uniformity in respect of the definite list of halal requirements underpinning companies' existing halal certification practices. This ultimately has a negative effect on the level of trust and confidence that overseas regulators and consumers have in New Zealand's dairy products that are labelled as halal.

Proposal

78. As stated, processing of halal dairy material and halal dairy products would only be carried out by "halal premises" operating in accordance with the approved halal programme.

No contact between halal dairy products with haram material or non-halal dairy products (refer to clause 5.2.1 of the proposed Notice)

79. MPI proposes a prohibition in contact between halal dairy products and haram material, and also between halal dairy products and non-halal dairy products. The proposed Notice defines haram material and non-halal dairy products as follows:

***haram material** means anything that is derived from a haram species, and includes any substance containing material from haram species or carrion, alcohol beverages and any other material that may cause intoxication.*

***non-halal dairy products** means any dairy products, other than haram product, that are not processed in accordance with this Notice.*

80. The integrity of the halal status of products are of fundamental importance to Muslim consumers and to the relevant competent authorities of traditional Muslim markets. Therefore, it is important that the proposed regulatory framework provides the necessary assurance that halal dairy products are, at all stages of the export supply chain, secured from things that are considered unacceptable in the Muslim faith (i.e. non-halal and haram products).

Sourcing of dairy material used in the manufacture of halal dairy products (refer to clause 5.2.2 of the proposed Notice)

81. Operators of halal premises would be required to keep evidence which proves the halal status of any dairy or non-dairy material they source from other premises for the purposes of manufacturing halal dairy products.
82. Where halal premises source dairy material from another dairy RMP premises, an annual written confirmation from the source premises would suffice. However, the two premises must have an agreement which provides for the source premises operator to notify the halal premises operator if there is any change that may affect the halal status of the dairy material they supply.

Sourcing of non-dairy material or other ingredients, processing aids or food additives used in the manufacture of halal dairy products (refer to clause 5.2.3 of the proposed Notice)

83. Non-dairy animal material or product, or other ingredients, processing aids or food additives must be halal if they are to be used in the manufacture of halal dairy products. As stated, the source premises would have to be a “halal premises” if the dairy material they supply have been processed with non-dairy animal material or product, or other ingredients, processing aids or food additives.
84. Operators of halal premises would be required to keep evidence to prove the halal status of ingredients, processing aids and food additives. Where the ingredients, processing aids or food additives are produced within New Zealand, the following evidence would be acceptable:
- (a) a manufacturer’s declaration; and/or
 - (b) an accompanying certificate of analysis; or
 - (c) an appropriate halal certificate or written confirmation from the halal premises’ AHO.
85. Where the ingredients, processing aids or food additives are imported, the following evidence would be acceptable:
- (a) a manufacturer’s declaration; and/or
 - (b) an accompanying certificate of analysis from a laboratory that is certified by an accreditation body to ISO 17025; or
 - (c) an appropriate confirmation from the relevant national authority of the exporting country.

Storage of halal dairy products at independent stores

86. As stated, independent stores that are used for storing halal dairy products would not be required to be “halal premises” for the purposes of halal certification. This means that such stores would not be required to have an approved halal programme, be listed with MPI or subject to routine assessments by AHOs.
87. However, it is important that halal dairy products are stored in a manner that preserves the integrity of associated halal status. As such, independent stores must ensure that if they also store haram animal products, such products are in sealed packages and segregated from halal dairy products. Compliance with this requirement would be subject to the store’s routine verification as carried out by the relevant recognised agency.

Processing at halal premises (refer to clause 5.3 of the proposed Notice)

88. MPI proposes to specify the requirements relating to the extent of halal and non-halal storage or processing operations allowed at halal premises. As proposed, halal premises would be allowed to store non-halal dairy material and products (but not haram products) provided that both halal and non-halal dairy material and products are each in separate sealed packages and stored on separate pellets. Additionally, the operator must

have a system that could reliably identify halal from non halal dairy products to the satisfaction of the AHOs.

89. In relation to processing, halal premises would be allowed to process non-halal dairy products on the same processing line they use to process halal dairy products provided there is time separation between processing and the processing line and equipment are thoroughly cleaned between use.

4.7 TRACEABILITY REQUIREMENTS

Current state and context

90. Traceability is an essential part of any export assurance regulatory framework. It is an effective mechanism for ensuring that the export eligibility status of a product is well documented as it is transferred through the export supply chain. It provides transparency in relation to the types of processing that a product is subject to at different points of the chain and the identity of premises where such processing took place.
91. There is currently no clear direction or standard as to the level of traceability that dairy companies should implement when processing halal dairy material or halal dairy products. As things are currently done on an ad hoc basis, what is deemed to be an acceptable standard of traceability is subject to each company's interpretation. The lack of consistency deprives New Zealand of the opportunity to have a coherent traceability story that could be readily used for promoting the integrity of dairy exports or for negotiating market access conditions.

Proposal

Identification of halal dairy products (refer to clause 2.3.1(1) of the proposed Notice)

92. MPI proposes to allow companies the flexibility to demonstrate traceability through their own inventory systems but clearly set out the outcomes that such systems should achieve. These outcomes include tracking the halal status of dairy products received, processed or transferred from the premises; ensuring there is no mislabelling; differentiation and separation of halal and non-halal dairy products.

Halal labelling/marketing where required by importing country (refer to clause 2.3.1(2) of the proposed Notice)

93. Where an importing country requires export packages to be halal labelled or marked, it is proposed that the halal mark, as defined in the Notice, is applied to the wrapping and/or packaging before products are transferred from the RMP premises of final control for export.

Where halal labelling/marketing IS NOT required by importing country (refer to clause 2.3.1(3) of the proposed Notice)

94. Where halal labelling or marking is not required by the importing country, it is proposed that operators are allowed the flexibility to choose any of the following options:
- (a) choose not to apply any halal mark, label or identification; or

- (b) choose to identify, label or mark halal dairy material and halal dairy products using any of the following:
 - (i) the logo of their AHO; or
 - (ii) the logo specified in Annex 4 of the proposed Notice; or
 - (iii) a logo recognised by the relevant national authority in the importing country; or
 - (iv) any other globally-recognised logo relevant to the certification covering the production of the halal dairy material or halal dairy products.

4.8 ISSUING OF HALAL CERTIFICATES AND PREMISES REGISTRATION CERTIFICATES

Current state and context

- 95. Currently, the process for issuing halal certificates and halal premises registration certificates, the contents of these certificates, or what they look like vary amongst AHOs. MPI has discussed, with both industry and AHOs, a proposal to utilise MPI's Animal Products Electronic Certification System (AP E-cert) for the purposes of halal certification.

Proposal

- 96. As proposed, the halal certificate templates would be developed in AP E-cert by MPI in agreement with AHOs and industry. Templates would be tailored to each AHO with specific access rights to protect confidentiality.
- 97. To ensure efficiency, exporters would be able to use the final eligibility declaration as a basis for generating a halal certificate request for any particular consignment. AHOs would only be able to access halal certificate requests that are raised using templates that are specifically tailored to them.
- 98. Once an exporter submits a request, it would be immediately accessible to the relevant AHO for consideration. If there are issues with a request, relevant communication between the AHO and the exporter could be facilitated through available AP E-cert functionality. MPI has already carried out a demonstration of the AP E-cert process to existing AHOs and would be on hand to provide a refresher if needed.
- 99. Applying for a halal certificate is only mandatory if required by a country-specific OMAR. Without any such OMAR, it would be up to an exporter to decide whether or not to apply for a halal certificate.
- 100. AHOs will have the power to refuse to issue a halal certificate for a consignment of dairy material or dairy products if they have reasonable grounds to believe that the dairy material or dairy products do not meet, or no longer meet the requirements of the Notice or any other country-specific OMAR concerning halal status.
- 101. Where an AHO proposes to refuse a halal certificate request, they will have to notify the exporter in writing specifying the reason(s) for the proposed refusal and give the exporter a reasonable opportunity to respond. If the AHO decides to refuse to issue the halal certificate after considering the exporter's response, the AHO will be required to notify the exporter in writing outlining the final reasons for refusal.

4.9 APPROVED HALAL ORGANISATIONS FORUM

Current state and context

102. The existing non-regulatory halal framework does not provide for a common forum where halal certification agencies could meet and discuss halal issues or share ideas. This adds to the perception that there are discrepancies in respect of halal standards set by each certification agencies for companies to which they provide halal certification services.

Proposal

103. MPI proposes to establish a forum to be called the Approved Halal Organisations Forum. A similar forum already exists for the purposes of the regulatory halal export assurance framework for meat and poultry. The forum would be used as a platform for cooperation and relationship-building between AHOs. The forum would discuss halal operational matters and report to MPI with the objective of safeguarding and strengthening the regulatory framework.
104. The forum would practically be the same as the existing one established under the halal notice for meat and poultry. This is due to the fact that all existing halal certification agencies provide services to both the meat and dairy industries, with the exception of Asia Pacific Halal Services New Zealand (dairy only).

4.10 HALAL ACEDEMY

Current state and context

105. The existing non-regulatory halal framework does not provide for a forum where international and New Zealand halal experts could convene for the purposes of discussing common halal issues. The halal notice for meat and poultry already provides for this.

Proposal

106. The proposed Notice specifies provisions authorising MPI to convene, from time to time, a forum to be called the New Zealand Halal Academy. Membership of the academy are as set out in clause 9.2 of the proposed Notice. The purpose for convening the academy is to provide a platform for cooperation between New Zealand halal experts and their counterparts in overseas halal markets. This will facilitate equivalency and market access.